

Statutory Notes and Related Subsidiaries

EFFECTIVE DATE OF 1988 AMENDMENT

Amendment by section 102(b), (f) of Pub. L. 100-399 effective immediately after amendment made by section 401 of Pub. L. 100-233, which was effective 6 months after Jan. 6, 1988, and amendment by section 102(a), (c)-(e) of Pub. L. 100-399 effective as if enacted immediately after enactment of Pub. L. 100-233, which was approved Jan. 6, 1988, see section 1001 of Pub. L. 100-399, set out as a note under section 2002 of this title.

SENSE OF CONGRESS

Pub. L. 100-233, title I, §102(b), Jan. 6, 1988, 101 Stat. 1579, provided that: "It is the sense of Congress that the banks and associations (except banks for cooperatives) operating under the Farm Credit Act of 1971 (12 U.S.C. 2001 et seq.) should administer distressed loans to farmers with the objective of using the loan guarantee programs of the Farmers Home Administration and other loan restructuring measures, including participation in interest rate buy-down programs that are Federally or State funded, and other Federal and State sponsored financial assistance programs that offer relief to financially distressed farmers, as alternatives to foreclosure, considering the availability and appropriateness of such programs on a case-by-case basis."

§ 2202b. Effect of restructuring on borrower stock**(a) Farm Credit Bank**

If a Farm Credit Bank forgives and writes off, under section 2202a of this title, any of the principal outstanding on a loan made to any borrower, the Federal land bank association of which the borrower is a member and stockholder shall cancel the same dollar amount of borrower stock held by the borrower in respect of the loan, up to the total amount of such stock, and, to the extent provided for in the bylaws of the bank relating to its capitalization, the bank shall retire an equal amount of stock owned by the Federal land bank association.

(b) Production credit association

If a production credit association forgives and writes off, under section 2202a of this title, any of the principal outstanding on a loan made to any borrower, the association shall cancel the same dollar amount of borrower stock held by the borrower in respect of the loan, up to the total amount of such stock.

(c) Retention of stock

Notwithstanding subsections (a) and (b), the borrower shall be entitled to retain at least one share of stock to maintain the borrower's membership and voting interest in the association.

(Pub. L. 92-181, title IV, §4.14B, as added Pub. L. 100-233, title I, §102(a), Jan. 6, 1988, 101 Stat. 1577; amended Pub. L. 100-399, title I, §102(g), Aug. 17, 1988, 102 Stat. 990.)

Editorial Notes

AMENDMENTS

1988—Subsec. (a). Pub. L. 100-399 substituted in subsec. heading "Farm Credit Bank" for "Federal land bank" and in text "a Farm Credit Bank" for "a Federal land bank" and ", to the extent provided for in the bylaws of the bank relating to capitalization, the bank shall" for "the Federal land bank shall".

Statutory Notes and Related Subsidiaries

EFFECTIVE DATE OF 1988 AMENDMENT

Amendment by Pub. L. 100-399 effective immediately after amendment made by section 401 of Pub. L. 100-233, which was effective 6 months after Jan. 6, 1988, see section 1001(b) of Pub. L. 100-399, set out as a note under section 2002 of this title.

§ 2202c. Repealed. Pub. L. 115-334, title V, § 5411(23), Dec. 20, 2018, 132 Stat. 4682

Section, Pub. L. 92-181, title IV, §4.14C, as added Pub. L. 100-233, title I, §102(a), Jan. 6, 1988, 101 Stat. 1578; amended Pub. L. 100-399, title I, §102(h), Aug. 17, 1988, 102 Stat. 990, related to review of restructuring denials and establishment of a National Special Asset Council.

§ 2202d. Protection of borrowers who meet all loan obligations**(a) Foreclosure prohibited**

A qualified lender may not foreclose on any loan because of the failure of the borrower thereof to post additional collateral, if the borrower has made all accrued payments of principal, interest, and penalties with respect to the loan.

(b) Prohibition against required principal reduction

A qualified lender may not require any borrower to reduce the outstanding principal balance of any loan made to the borrower by any amount that exceeds the regularly scheduled principal installment payment (when due and payable), unless—

- (1) the borrower sells or otherwise disposes of part or all of the collateral; or
- (2) the parties agree otherwise in a written agreement entered into by the parties.

(c) Nonenforcement

After a borrower has made all accrued payments of principal, interest, and penalties with respect to a loan made by a qualified lender, the lender shall not enforce acceleration of the borrower's repayment schedule due to the borrower having not timely made one or more principal or interest payments.

(d) Placing loans in nonaccrual status**(1) Notification**

If a qualified lender places any loan in nonaccrual status, the lender shall document such change of status and promptly notify the borrower thereof in writing of such action and the reasons therefor.

(2) Review of denial

If the borrower was not delinquent in any principal or interest payment under the loan at the time of such action and the borrower's request to have the loan placed back into accrual status is denied, the borrower may obtain a review of such denial before the appropriate credit review committee under section 2202 of this title.

(3) Application

This subsection shall only apply if a loan being placed in nonaccrual status results in an adverse action being taken against the borrower.

(Pub. L. 92-181, title IV, §4.14D, as added Pub. L. 100-233, title I, §107, Jan. 6, 1988, 101 Stat. 1581.)

§ 2202e. Waiver of mediation rights by borrowers

No System institution may make a loan secured by a mortgage or lien on agricultural property to a borrower on the condition that the borrower waive any right under the mediation program of any State.

(Pub. L. 92-181, title IV, §4.14E, as added Pub. L. 100-233, title V, §511, Jan. 6, 1988, 101 Stat. 1664; amended Pub. L. 103-354, title II, §282(f)(2), Oct. 13, 1994, 108 Stat. 3235.)

Editorial Notes

AMENDMENTS

1994—Pub. L. 103-354 struck out “agricultural loan” before “mediation program”.

PART D—ACTIVITIES OF INSTITUTIONS OF THE SYSTEM

Editorial Notes

CODIFICATION

Pub. L. 100-233, title VIII, §805(t)(1), Jan. 6, 1988, 101 Stat. 1716, added part D heading.

§ 2203. Nomination of association directors; representative selection of nominees

Each production credit association and each Federal land bank association shall elect a nominating committee by vote of the stockholders at the annual meeting to serve for the following year. Each nominating committee shall review lists of farmers from the association territory, determine their willingness to serve, and submit for election a slate of eligible candidates which shall include at least two nominees for each elective office to be filled. In doing so, the committee shall endeavor to assure representation to all sections of the association territory and as nearly as possible to all types of agriculture practiced within the area. Employees of the association shall not be eligible to be nominated, elected, or serve as a member of the board. Nominations shall also be accepted from the floor. Members of the board are not eligible to serve on the nominating committee. Regulations of the Farm Credit Administration governing the election of bank directors shall similarly assure a choice of two nominees for each elective office to be filled and that the bank board represent as nearly as possible all types of agriculture in the district.

(Pub. L. 92-181, title IV, §4.15, Dec. 10, 1971, 85 Stat. 613; Pub. L. 100-399, title IX, §901(g), Aug. 17, 1988, 102 Stat. 1007.)

Editorial Notes

AMENDMENTS

1988—Pub. L. 100-399 substituted “bank directors” for “district directors” and “bank board” for “district board”.

Statutory Notes and Related Subsidiaries

EFFECTIVE DATE OF 1988 AMENDMENT

Amendment by Pub. L. 100-399 effective as if enacted immediately after enactment of Pub. L. 100-233, which

was approved Jan. 6, 1988, see section 1001(a) of Pub. L. 100-399, set out as a note under section 2002 of this title.

§ 2204. Repealed. Pub. L. 102-552, title V, § 508, Oct. 28, 1992, 106 Stat. 4132

Section, Pub. L. 92-181, title IV, §4.16, Dec. 10, 1971, 85 Stat. 613, prohibited tax-exempt guarantees.

§ 2205. Interest rates

Interest rates on loans from institutions of the Farm Credit System shall not be subject to any interest rate limitation imposed by any State constitution or statute or other laws. Such limitation is preempted for purposes of this chapter. Interest rates on loans made by agricultural credit corporations organized in conjunction with cooperative associations for the purpose of financing the ordinary crop operations of the members of such associations or other producers and eligible to discount with the Farm Credit Banks shall be exempt from any interest rate limitation imposed by any State constitution or statute or other laws which are hereby preempted for purposes of this chapter.

(Pub. L. 92-181, title IV, §4.17, as added Pub. L. 96-592, title IV, §403, Dec. 24, 1980, 94 Stat. 3446; amended Pub. L. 99-205, title II, §205(f)(6), Dec. 23, 1985, 99 Stat. 1706; Pub. L. 99-509, title I, §1035, Oct. 21, 1986, 100 Stat. 1878; Pub. L. 100-399, title IX, §901(h), Aug. 17, 1988, 102 Stat. 1007; Pub. L. 115-334, title V, §5411(24), Dec. 20, 2018, 132 Stat. 4682.)

Editorial Notes

AMENDMENTS

2018—Pub. L. 115-334 struck out “Federal intermediate credit banks and” before “Farm Credit Banks”.

1988—Pub. L. 100-399 substituted “and Farm Credit Banks” for “pursuant to section 2074 of this title”.

1986—Pub. L. 99-509 substituted first two sentences for former first sentence which read as follows: “Interest rates on loans from institutions of the Farm Credit System shall be determined with the approval of, as provided in section 2252(a)(5) of this title, the Farm Credit Administration as provided in this chapter, notwithstanding any interest rate limitation imposed by any State constitution or statute or other laws which are hereby preempted for purposes of this chapter.”

1985—Pub. L. 99-205 inserted “, as provided in section 2252(a)(5) of this title,” after “with the approval of” in first sentence.

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EFFECTIVE DATE OF 1988 AMENDMENT

Amendment by Pub. L. 100-399 effective immediately after amendment made by section 401 of Pub. L. 100-233, which was effective 6 months after Jan. 6, 1988, see section 1001(b) of Pub. L. 100-399, set out as a note under section 2002 of this title.

EFFECTIVE DATE OF 1985 AMENDMENT

Amendment by Pub. L. 99-205 effective thirty days after Dec. 23, 1985, see section 401 of Pub. L. 99-205, set out as a note under section 2001 of this title.

§ 2206. Participation loans

Notwithstanding any other provisions of this chapter, the terms of any loan participated in by two or more Farm Credit System institutions operating under different subchapters of this