

struck out former subsec. (b) relating to discretionary authority for issuance to and purchase by Secretary of Treasury.

Statutory Notes and Related Subsidiaries

EFFECTIVE DATE OF 1981 AMENDMENT

Pub. L. 97-35, title III, §394(g)(2), Aug. 13, 1981, 95 Stat. 437, provided that: "The amendment made by paragraph (1) [amending this section] shall take effect on the day after the Final Government Equity Redemption Date [Dec. 31, 1981]." For definition of "Final Government Equity Redemption Date", see section 396(a) of Pub. L. 97-35, set out as a note under section 3012 of this title.

Amendment by section 396(d) of Pub. L. 97-35 effective on the day after the Final Government Equity Redemption Date (Dec. 31, 1981), see section 396(i) of Pub. L. 97-35, set out as a note under section 3011 of this title.

§ 3017a. Class A notes as paid-in capital of the Bank

Only for purposes of section 3017(a) of this title, class A notes shall be deemed to be paid-in capital of the Bank.

(Pub. L. 97-35, title III, §391(b)(1), Aug. 13, 1981, 95 Stat. 434.)

Editorial Notes

CODIFICATION

Section was enacted as part of the National Consumer Cooperative Bank Act Amendments of 1981 and also as part of the Omnibus Budget Reconciliation Act of 1981, and not as part of the National Consumer Cooperative Bank Act which comprises this chapter.

Statutory Notes and Related Subsidiaries

EFFECTIVE DATE

Pub. L. 97-35, title III, §391(b)(2), Aug. 13, 1981, 95 Stat. 434, provided that: "This subsection [enacting this section] shall take effect on the day after the Final Government Equity Redemption Date [Dec. 31, 1981]." For definition of "Final Government Equity Redemption Date", see section 396(a) of Pub. L. 97-35, set out as a note under section 3012 of this title.

§ 3018. Loans

(a) General requirements for loans and commitments for loans; limitations; allocation of assistance for low-income persons; criteria and factors for making loans, etc.; publication

The Bank may make loans and commitments for loans under this subsection to any organization determined by the Bank to be eligible under the provisions of section 3015 of this title, and may purchase or discount obligations of members of such organizations if the Bank, to the exclusion of all other persons, entities, agencies, or jurisdictions, also determines that the applicant has or will have a sound organizational and financial structure, income in excess of its operating costs and assets in excess of its obligations, and a reasonable expectation of a continuing demand for its production, goods, commodities, or services, or the use of its facilities, so that the loan will be fully repayable in accordance with its terms and conditions. Commencing on October 1, 1985, the Bank shall not make any loan to a cooperative for the purpose of financing the construction, ownership, acqui-

sition, or improvement of any structure used primarily for residential purposes if, after giving effect to such loan, the aggregate amount of all loans outstanding for such purpose would exceed 30 per centum of the gross assets of the Bank. The Board of Directors shall use its best efforts to insure that at the end of each fiscal year of the Bank at least 35 per centum of its outstanding loans are to—

- (1) cooperatives at least a majority of the members of which are low-income persons, and
- (2) other cooperatives, if the proceeds of such loans are directly applied to finance a facility, activity, or service that the Board finds will be used predominantly by low-income persons.

The Board shall adopt and publish in the Federal Register rules defining the term "low-income persons" for purposes of this subsection. The criteria to be applied and the factors to be considered by the Bank in making loans, loan commitments, purchases, discounts, and guarantees shall include an assessment of the impact of the loan on existing small businesses in the eligible organizations' business territory. The criteria and factors shall be stated in rules of the Bank which shall be published and made available to applicants and, upon request, to any other person or organization.

(b) Repayment requirements; criteria for terms, rates, and charges; advancement of loan proceeds

Loans under this section shall be repayable in not more than forty years and, except for loans with final due date not longer than five years from the date of the loan, shall be amortized as to principal and interest. In setting the terms, rates, and charges, it shall be the objective of the Bank to provide the type of credit needed by eligible borrowers, at the lowest reasonable cost on a sound business basis, taking into account the cost of money to the Bank, necessary reserve and expenses of the Bank, and the technical and other assistance attributable to loans under this section made available by the Bank. The loan terms may provide for interest rates to vary from time to time during the repayment period of the loan in accordance with the rates being charged by the Bank for new loans at such times. The proceeds of a loan under this subsection may be advanced by the borrower to its members or stockholders under circumstances described in the bylaws or rules of the Bank.

(c) Guarantees by Bank; requirements; charges

Subject to section 3012(13) of this title, the Bank may guarantee all or any part of the principal and interest of any loan made by any State or federally chartered lending institution to any borrower if such loan is to an organization that would be an eligible borrower from the Bank for a direct loan and is on terms and conditions (including the rate of interest) which would be permissible terms and conditions for such a direct loan. The Bank may impose a charge for any such guarantee. No loan may be guaranteed by the Bank if the income therefrom to the lender is excluded from such lender's gross income for purposes of chapter 1 of title 26.

(d) Assignment of guaranteed loans; contestability of guarantee; criteria for purchase by Bank of guaranteed loan in lieu of requiring service by lender

Any loan guaranteed under subsection (c) shall be assignable to the extent provided in the contract of guarantee as may be determined by the Bank. The guarantee shall be uncontestable, except for fraud or misrepresentation of which the holder had actual knowledge at the time he acquired the loan. The Bank in lieu of requiring such lender to service such guaranteed loan until final maturity or liquidation, may purchase the loan for the balance of the principal and accrued interest thereon without penalty, if it determines that (1) the liquidation of the loan would result in the insolvency of the borrower or deprive the borrower of assets essential to its continued operation, and (2) the loan will be repayable with revision of the loan rates, terms, or payment periods or other conditions not inconsistent with loans made by the Bank under subsection (a) of this section, which revisions the lender or other holder of such guaranteed loan is unwilling to make.

(e) Aggregate amount of commitments to make or guarantee loans

As long as any of the class A stock of the Bank is held by the Secretary of the Treasury, the aggregate amount of commitments by the Bank to make or guarantee loans shall not exceed such amounts as may be specified in annual appropriation Acts.

(Pub. L. 95-351, title I, §108, Aug. 20, 1978, 92 Stat. 508; Pub. L. 97-35, title III, §§394(b), 396(e), Aug. 13, 1981, 95 Stat. 436, 440; Pub. L. 99-514, §2, Oct. 22, 1986, 100 Stat. 2095.)

Editorial Notes

AMENDMENTS

1986—Subsec. (c). Pub. L. 99-514 substituted “Internal Revenue Code of 1986” for “Internal Revenue Code of 1954”, which for purposes of codification was translated as “title 26” thus requiring no change in text.

1981—Subsec. (a). Pub. L. 97-35, §394(b), substituted “1985” for “1983”.

Subsec. (b). Pub. L. 97-35, §396(e), struck out provisions relating to proceeds from class A and class B stock.

Statutory Notes and Related Subsidiaries

EFFECTIVE DATE OF 1981 AMENDMENT

Amendment by section 396(e) of Pub. L. 97-35 effective on day after Final Government Equity Redemption Date (Dec. 31, 1981), see section 396(i) of Pub. L. 97-35, set out as a note under section 3011 of this title.

§ 3019. Taxation by State, county, etc., taxing authority; Federal tax status

(a) The Bank, including its franchise, capital, reserves, surplus, mortgages, or other security holdings and income shall be exempt from taxation now or hereafter imposed by any State, county, municipality, or local taxing authority, but any real property held by the Bank shall be subject to any State, county, municipal, or local taxation to the same extent according to its value as other real property is taxed.

(b) Notwithstanding any other provision of law, for purposes of subchapter T of chapter 1 of title 26—

(1) the Bank shall be treated as a corporation operating on the cooperative basis within the meaning of section 1381(a)(2) of title 26;

(2) the term “patronage dividend”, as defined in section 1388(a) of title 26 includes, only as such section applies to the Bank, any patronage refunds in the form of class B or class C stock or allocated surplus that are distributed or set aside by the Bank pursuant to section 3014(i) of this title;

(3) the terms “written notice of allocation” and “qualified written notices of allocation”, as defined in sections 1388(b) and (c) of title 26, include (to the extent of par value), only as such sections apply to the Bank, any class B or class C stock distributed by the Bank pursuant to section 3014(i) of this title and shall also include any allocated surplus set aside by the Bank pursuant to section 3014(i) of this title;

(4) patrons of the Bank shall be deemed to have consented under section 1388(c)(2) of title 26 to the inclusion in their incomes of any qualified written notices of allocation received by such patrons from the Bank; and

(5) any amounts required to be included in the incomes of patrons of the Bank with respect to class B or class C stock or allocated surplus shall be treated as earnings from business done by such patrons of the Bank with or for their own patrons.

(Pub. L. 95-351, title I, §109, Aug. 20, 1978, 92 Stat. 509; Pub. L. 97-35, title III, §392(a), Aug. 13, 1981, 95 Stat. 434; Pub. L. 99-514, §2, Oct. 22, 1986, 100 Stat. 2095.)

Editorial Notes

REFERENCES IN TEXT

Subchapter T of chapter 1 of title 26, referred to in subsec. (b), is set out as section 1381 et seq. of Title 26, Internal Revenue Code.

AMENDMENTS

1986—Subsec. (b). Pub. L. 99-514 substituted “Internal Revenue Code of 1986” for “Internal Revenue Code of 1954”, which for purposes of codification was translated as “title 26” thus requiring no change in text.

1981—Pub. L. 97-35 designated existing provisions as subsec. (a), struck out applicability of Final Government Equity Redemption Date to provisions, and added subsec. (b).

Statutory Notes and Related Subsidiaries

EFFECTIVE DATE OF 1981 AMENDMENT

Pub. L. 97-35, title III, §392(b), Aug. 13, 1981, 95 Stat. 435, provided that: “The amendments made by subsection (a) [amending this section] shall take effect on the day after the Final Government Equity Redemption Date [Dec. 31, 1981].” For definition of “Final Government Equity Redemption Date”, see section 396(a) of Pub. L. 97-35, set out as a note under section 3012 of this title.

§ 3020. Quarters and space for principal and other offices

Until the Final Government Equity Redemption Date, space for the principal office and any branch offices of the Bank shall be provided by the General Services Administration. Thereafter, the Bank may lease, construct, or own