

(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

quarters and provide for the space requirements of its principal and other offices.

(Pub. L. 95-351, title I, §110, Aug. 20, 1978, 92 Stat. 510.)

§ 3021. Annual report to Congress; contents

The Board of the Bank shall report annually to the appropriate committees of the Congress on the Bank's capital, operations, and financial condition and make recommendations for legislation needed to improve its services.

(Pub. L. 95-351, title I, §111, Aug. 20, 1978, 92 Stat. 510.)

§ 3022. Authorization of additional appropriations; restrictions on use

In addition to appropriations specifically authorized in this chapter, there are authorized to be appropriated \$2,000,000 for the fiscal year ending September 30, 1979, and for each of the two succeeding fiscal years, ending September 30, 1980, and September 30, 1981, such sums as may be necessary: *Provided*, That none of these appropriated sums shall be used to retire any indebtedness of the Bank incurred pursuant to section 3017 of this title. Any sums so appropriated shall remain available until expended.

(Pub. L. 95-351, title I, §112, Aug. 20, 1978, 92 Stat. 510.)

§ 3023. Appeal procedures applicable upon denial or restriction of application for assistance

(a) If an application for assistance under this chapter is denied in whole or in part, the applicant shall be informed within thirty days in writing of the reasons for the denial or restriction.

(b) Any applicant for assistance under this chapter receiving notice of denial or restriction of the application may, within thirty days of receipt of such notice, request the Board of Directors to review the application and notice of denial or restriction for a determination of whether the action of the Bank was correctly within the terms of this chapter, the regulations, and the policy of the Board. The Board shall consider the request for review at its next meeting and promptly inform the applicant of its determination and the reasons therefor.

(Pub. L. 95-351, title I, §113, Aug. 20, 1978, 92 Stat. 510.)

§ 3024. Conflict of interest rules; adoption and publication; requirements

The Board of Directors shall adopt and publish its own conflict of interest rules which shall be no less stringent in effect than the Federal Executive conflict of interest rules contained in Executive Order Numbered 11222 in prohibiting participation or action or the use of inside information for personal advantage on any matter involving a corporation, trust, partnership, or cooperative organization in which a board member, officer, or employee holds a substantial financial interest or holds a position as board member or senior officer, the activities of which organization might be relevant to, be competitive with, or be inconsistent with the objectives

of any bank created under this chapter. These rules shall require—

(1) each nominee for elected membership on the Board established under this chapter to make public and file with the election official before the date of election a statement of his financial interest and position, if any, in such organizations; and

(2) each senior executive officer and appointed member of the Board to file with the appointing officer, before entering that office a statement of his financial interest and position, if any, in such organizations, which shall be available for inspection upon request.

(Pub. L. 95-351, title I, §114, Aug. 20, 1978, 92 Stat. 510; Pub. L. 97-35, title III, §396(f), Aug. 13, 1981, 95 Stat. 440.)

Editorial Notes

REFERENCES IN TEXT

Executive Order Numbered 11222, referred to in text, which was formerly set out as a note under section 201 of Title 18, Crimes and Criminal Procedure, was revoked by Ex. Ord. No. 12674, §501(a), Apr. 12, 1989, 54 F.R. 15161.

AMENDMENTS

1981—Pub. L. 97-35 struck out provisions authorizing section to remain in effect until the Final Government Equity Redemption Date.

Statutory Notes and Related Subsidiaries

EFFECTIVE DATE OF 1981 AMENDMENT

Amendment by 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.

§ 3025. Examination and audit

The Farm Credit Administration and the Government Accountability Office are hereby authorized and directed to examine and audit the Bank. Reports regarding such examinations and audits shall be promptly forwarded to both Houses of the Congress. The Bank shall reimburse the Farm Credit Administration for the costs of any examination or audit conducted by the Farm Credit Administration.

(Pub. L. 95-351, title I, §115, Aug. 20, 1978, 92 Stat. 511; Pub. L. 97-35, title III, §394(a)(1), Aug. 13, 1981, 95 Stat. 436; Pub. L. 108-271, §8(b), July 7, 2004, 118 Stat. 814.)

Editorial Notes

AMENDMENTS

2004—Pub. L. 108-271 substituted "Government Accountability Office" for "General Accounting Office".

1981—Pub. L. 97-35 substituted provisions relating to examination and audit by the Farm Credit Administration and the General Accounting Office, for provisions relating to annual examinations and audits by an agency or instrumentality of the Federal Government designated by the President.

Statutory Notes and Related Subsidiaries

EFFECTIVE DATE OF 1981 AMENDMENT

Pub. L. 97-35, title III, §394(a)(2), Aug. 13, 1981, 95 Stat. 436, provided that: "The amendment made by