

(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.