Farm Credit Administration

§ 615.5171

Transfer of capital from banks to associations.

(a) Definitions for this section—(1) Transfer of capital means any payment or forbearance by a Farm Credit Bank or agricultural credit bank (collectively, bank) to an affiliated association, including but not limited to:

(i) The purchase of nonvoting stock or participation certificates;

(ii) The payment of cash;

(iii) Debt forgiveness or reduction;

(iv) Interest rate concessions or interest-free loans;

(v) The transfer of loans at other than fair market value;

(vi) The reduction or elimination of standard loan servicing or other fees; and


§ 615.5142 Association investments.

An association may hold eligible investments listed in §615.5140, with the approval of its funding bank, for the purposes of reducing interest rate risk and managing surplus short-term funds. Each bank must review annually the investment portfolio of every association that it funds.

§ 615.5143 Disposal of ineligible investments.

You must dispose of an ineligible investment within 6 months unless we approve, in writing, a plan that authorizes you to divest the instrument over a longer period of time. An acceptable divestiture plan must require you to dispose of the ineligible investment as quickly as possible without substantial financial loss. Until you actually dispose of the ineligible investment, the managers of your investment portfolio must report at least quarterly to your board of directors about the status and performance of the ineligible instrument, the reasons why it remains ineligible, and the managers' progress in disposing of the investment.

§ 615.5144 Banks for cooperatives and agricultural credit banks.

As may be authorized by the banks for cooperatives or agricultural credit banks boards of directors ownership investment may be made in foreign business entities solely for the purpose of obtaining credit information and other services needed to facilitate transactions which may be financed under section 3.7(b) of the Farm Credit Act Amendments of 1980.

Real estate and personal property may be acquired, held, or disposed of by any Farm Credit institution for the necessary and normal operations of its business. The purchase, lease, or construction of office quarters shall be limited to facilities reasonably necessary to meet the foreseeable requirements of the institution. Property shall not be acquired if it involves, or appears to involve, a bank or association in the real estate or other unrelated business.

Subpart F—Property, Transfers of Capital, and Other Investments

§ 615.5170 Real and personal property.

§ 615.5171 Transfer of capital from banks to associations.

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(i) The purchase of nonvoting stock or participation certificates;

(ii) The payment of cash;

(iii) Debt forgiveness or reduction;

(iv) Interest rate concessions or interest-free loans;

(v) The transfer of loans at other than fair market value;

(vi) The reduction or elimination of standard loan servicing or other fees; and


§ 615.5140 Eligible investments.

Eligible investments means any investment that is not ineligible under §615.5141.

§ 615.5141 Ineligible investments.

Eligible investments include:

(i) Investments not permitted under §615.5142;

(ii) Investments not permitted under §615.5143;

(iii) Investments not permitted under §615.5144.

§ 615.5142 Association investments.

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