§611.1135  Incorporation of service corporations.

(a) What is the process for chartering a service corporation? A Farm Credit bank or association (you or your) may organize a corporation acting alone or with other Farm Credit banks or associations to perform, for you or on your behalf, any function or service that you are authorized to perform under the Act and Farm Credit Administration (we, us, or our) regulations, with two exceptions. Those exceptions are that your corporation may not extend credit or provide insurance services. To organize a service corporation, you must submit an application to us following the applicable requirements of paragraph (c) of this section. If what you propose in your application meets the requirements of the Act, our regulations, and any other conditions we may impose, we may issue a charter for your service corporation making it a federally chartered instrumentality of the United States. Your service corporation will be subject to examination, supervision, and regulation by us.

(b) Who may own equities in your service corporation? (1) Your service corporation may only issue voting and non-voting stock to:
   (i) One or more Farm Credit banks and associations; and
   (ii) Persons that are not Farm Credit banks or associations, provided that at least 80 percent of the voting stock is at all times held by Farm Credit banks or associations.
   (2) For the purposes of this subpart, we define persons as individuals or legal entities organized under the laws of the United States or any state or territory thereof.

(c) What must be included in your application to form a service corporation? Your application for a corporate charter must include:
   (1) The certified resolution of the board of each organizing bank or association authorizing the incorporation;
   (2) A request signed by the president(s) of the organizing bank(s) or association(s) to us to issue a charter, supported by a detailed statement demonstrating the need and the justification for the proposed entity; and
   (3) The proposed articles of incorporation addressing, at a minimum, the following:
      (i) The name of your corporation;
      (ii) The city and state where the principal offices of your corporation are to be located;
      (iii) The general purposes for the formation of your corporation;
      (iv) The general powers of your corporation;
      (v) The procedures for a Farm Credit bank or association or persons that are not Farm Credit institutions to become a stockholder;
      (vi) The procedures to adopt and amend your corporation’s bylaws;
      (vii) The title, par value, voting and other rights, and authorized amount of each class of stock that your corporation will issue and the procedures to retire each class;
      (viii) The notice and quorum requirement for a meeting of shareholders, and the vote required for shareholder action on various matters;
      (ix) The procedures and shareholder voting requirements for the merger, voluntary liquidation, or dissolution of your corporation or the distribution of corporate assets;
      (x) The standards and procedures for the application and distribution of your corporation’s earnings; and
      (xi) The length of time your corporation will exist.
§ 611.1200 Applicability of this subpart.

The regulations in this subpart apply to each bank and association that desires to terminate its System institution status and become chartered as a bank, savings association, or other financial institution.

§ 611.1136 Regulation and examination of service organizations.

(a) What regulations apply to a service organization? Because a service organization is formed by banks and associations, it is subject to applicable Farm Credit Administration (we, our) regulations.

(b) Who examines a service organization? We examine service organizations.

(c) What types of service organizations are subject to our regulations and examination? All incorporated service corporations and unincorporated service organizations formed by banks and associations are subject to our regulations and examination.

§ 611.1137 Title VIII service corporations.

(a) What is a title VIII service corporation? A title VIII service corporation is a service corporation organized for the purpose of exercising the authorities granted under title VIII of the Act to act as an agricultural mortgage marketing facility.

(b) How do I form a title VIII service corporation? A title VIII service corporation is formed and subject to the same requirements as a service corporation formed under §611.1135, with one exception. The Federal Agricultural Mortgage Corporation or its affiliates may not form or own stock in a title VIII service corporation.

Subparts J–O [Reserved]

Subpart P—Termination of System Institution Status

SOURCE: 71 FR 44420, Aug. 4, 2006, unless otherwise noted.

§ 611.1200 Applicability of this subpart.

The regulations in this subpart apply to each bank and association that desires to terminate its System institution status and become chartered as a bank, savings association, or other financial institution.