

Public Law 87-343

AN ACT

October 3, 1961
[S. 1927]

To amend further the Federal Farm Loan Act and the Farm Credit Act of 1933, as amended, and for other purposes.

Federal Farm
Loan Act, amend-
ment.
39 Stat. 370.

Restriction on
loans.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 12 of the Federal Farm Loan Act, as amended (12 U.S.C. 771), is amended—

(1) by substituting “a fixed number of one or more installments each year” for “a fixed number of annual or semiannual installments” in paragraph “Second” thereof; and

(2) by substituting in the fourth sentence of paragraph “Sixth” thereof the following for all that comes after “but no such loan shall be made to a corporation”: “unless the principal part of its income is derived from farming operations and unless owners of stock in the corporation assume personal liability for the loan to the extent required under rules and regulations prescribed by the Farm Credit Administration.”.

(b) Section 202(c) of the Federal Farm Loan Act, as amended (12 U.S.C., supp. II, sec. 1033), is amended by changing the word “five” to the word “seven”.

Farm Credit Act
of 1933, amend-
ment.

SEC. 2. The Farm Credit Act of 1933, as amended, is amended—

(1) by adding the following subsection to section 5 thereof (12 U.S.C. 1131i):

Revolving fund.

“(f) The revolving funds created by subsections (a) and (e) of this section are hereby combined into a single revolving fund which shall be available for all purposes for which both such funds were heretofore available, and reference in any provision of law to the revolving fund created by said subsection (a) or said subsection (e) shall be deemed a reference to the single revolving fund created by this subsection.”;

69 Stat. 663.

(2) by changing section 22(a) thereof (12 U.S.C. 1131f(a)) to read:

Application of
earnings.

“(a) Each production credit association shall, at the end of each fiscal year, apply the amount of its earnings for such year in excess of operating expenses (including provision for valuation reserves against loan assets in an amount equal to one-half of 1 per centum of loans outstanding at the end of the fiscal year, to the extent that earnings for the year in excess of other operating expenses permit, until such reserves equal or exceed 3½ per centum of loans outstanding at the end of the fiscal year beyond which 3½ per centum further additions to such reserves are not required but may be made), first, to the restoration of the impairment, if any, of capital; and, second, to the establishment and maintenance of a surplus account, the minimum amount of which shall be prescribed by the Federal intermediate credit bank.”; and

Earnings and re-
serves.
69 Stat. 658.

(3) by adding the following subsection to section 36 thereof (12 U.S.C. 1134l):

“(d) Notwithstanding any other provision of this Act, in the case of liquidation or dissolution of any present or former borrower from a bank for cooperatives, the bank, may, in accordance with rules and regulations prescribed by the Farm Credit Administration, retire and cancel any capital stock or allocated surplus and contingency reserves or other equity interest, in the bank owned by such borrower at the fair book value thereof, not exceeding par, and, to the extent required, corresponding shares and allocations or other equity interests held by the regional bank in the central bank shall be retired.”.

Approved October 3, 1961.