

cept that if such holder has not been a borrower from the bank in which it holds such stock within a period of two years next preceding the date fixed by the Farm Credit Administration prior to the commencement of voting, it shall not be entitled to vote.

(e) Nonvoting investment stock

Nonvoting investment stock may be issued in such series and in such amounts as may be determined by the board and may be exchanged for voting stock or sold or transferred to any person subject to the approval of the issuing bank.

(f) Participation certificates

Participation certificates may be issued to parties to whom voting stock may not be issued.

(Pub. L. 92-181, title III, §3.3, Dec. 10, 1971, 85 Stat. 603; Pub. L. 96-592, title III, §302, Dec. 24, 1980, 94 Stat. 3443; Pub. L. 99-205, title II, §205(e)(3), (4), Dec. 23, 1985, 99 Stat. 1705; Pub. L. 100-233, title VIII, §§802(o), 805(k), Jan. 6, 1988, 101 Stat. 1712, 1715; Pub. L. 110-234, title V, §§5402, 5403(a), May 22, 2008, 122 Stat. 1154; Pub. L. 110-246, §4(a), title V, §§5402, 5403(a), June 18, 2008, 122 Stat. 1664, 1915.)

Editorial Notes

CODIFICATION

Pub. L. 110-234 and Pub. L. 110-246 made identical amendments to this section. The amendments by Pub. L. 110-234 were repealed by section 4(a) of Pub. L. 110-246.

AMENDMENTS

2008—Subsec. (b). Pub. L. 110-246, §5402, which directed substitution of “par” for “per”, could not be executed because “per” did not appear.

Subsec. (c)(ii), (iii). Pub. L. 110-246, §5403(a), added cl. (ii) and redesignated former cl. (ii) as (iii).

1988—Subsec. (a). Pub. L. 100-233, §802(o)(1), struck out “, with the approval of Farm Credit Administration,” after “board determines”.

Subsec. (b). Pub. L. 100-233, §802(o)(2), struck out “with the approval of the Farm Credit Administration” after “board may determine”.

Subsec. (d). Pub. L. 100-233, §805(k), substituted “by” for “by by” after “regulations issued”.

Subsec. (e). Pub. L. 100-233, §802(o)(3), struck out “and approved by the Farm Credit Administration” after “Board”.

1985—Subsec. (d). Pub. L. 99-205, §205(e)(3), inserted “under regulations issued by” after “authorized”.

Subsec. (e). Pub. L. 99-205, §205(e)(4), struck out “, except for stock held by the Governor,” before “may be exchanged”.

1980—Subsec. (f). Pub. L. 96-592 added subsec. (f).

Statutory Notes and Related Subsidiaries

EFFECTIVE DATE OF 2008 AMENDMENT

Amendment of this section and repeal of Pub. L. 110-234 by Pub. L. 110-246 effective May 22, 2008, the date of enactment of Pub. L. 110-234, see section 4 of Pub. L. 110-246, set out as an Effective Date note under section 8701 of Title 7, Agriculture.

EFFECTIVE DATE OF 1985 AMENDMENT

Amendment by Pub. L. 99-205 effective thirty days after Dec. 23, 1985, see section 401 of Pub. L. 99-205, set out as a note under section 2001 of this title.

§ 2125. Dividends

Dividends may be payable only on nonvoting investment stock, if declared by the board of di-

rectors of the bank, subject to the general direction of the Farm Credit Administration.

(Pub. L. 92-181, title III, §3.4, Dec. 10, 1971, 85 Stat. 604; Pub. L. 99-205, title II, §205(e)(5), title VI, §606, Dec. 23, 1985, 99 Stat. 1705, 1711; Pub. L. 100-233, title VIII, §805(l), Jan. 6, 1988, 101 Stat. 1715.)

Editorial Notes

AMENDMENTS

1988—Pub. L. 100-233 struck out “other than stock held by the Farm Credit Administration,” after “investment stock,”.

1985—Pub. L. 99-205 struck out “the Governor of” before “the Farm Credit Administration” and inserted “, subject to the general direction of the Farm Credit Administration”.

Statutory Notes and Related Subsidiaries

EFFECTIVE DATE OF 1985 AMENDMENT

Amendment by Pub. L. 99-205 effective thirty days after Dec. 23, 1985, see section 401 of Pub. L. 99-205, set out as a note under section 2001 of this title.

§ 2126. Retirement of stock

Nonvoting investment stock and participation certificates may be called for retirement at par. With the approval of the issuing bank, the holder may elect not to have the called stock or participation certificates retired in response to a call, reserving the right to have such stock or participation certificates included in the next call for retirement. Voting stock may also be retired at par, on call or on such revolving basis as the board may determine with due regard for its total capital needs: *Provided, however,* That all equities in the banks issued or allocated with respect to 1971 and prior years shall be retired on a revolving basis according to the year of issue with the oldest outstanding equities being first retired. Equities issued for subsequent years shall not be called or retired until equities described in the preceding sentence of this proviso have been retired.

(Pub. L. 92-181, title III, §3.5, Dec. 10, 1971, 85 Stat. 604; Pub. L. 96-592, title III, §303, Dec. 24, 1980, 94 Stat. 3444; Pub. L. 99-205, title II, §205(e)(6), Dec. 23, 1985, 99 Stat. 1705; Pub. L. 100-233, title VIII, §802(p), Jan. 6, 1988, 101 Stat. 1712; Pub. L. 115-334, title V, §5411(6), Dec. 20, 2018, 132 Stat. 4679.)

Editorial Notes

AMENDMENTS

2018—Pub. L. 115-334 struck out “district” before “banks issued or allocated”.

1988—Pub. L. 100-233 struck out “with approval of the Farm Credit Administration” after “board may determine”.

1985—Pub. L. 99-205 substituted “Nonvoting investment stock” for “Any nonvoting stock held by the Governor of the Farm Credit Administration shall be retired to the extent required by section 2151(b) of this title before any other outstanding voting or nonvoting stock or participation certificates shall be retired except as may be otherwise authorized by the Farm Credit Administration. When those requirements have been satisfied, nonvoting investment stock”, and substituted “Voting” for “When the requirements of section 2151(b) of this title have been met, voting”.

1980—Pub. L. 96-592 inserted provisions respecting applicability to participation certificates and struck out provisions relating to maximum amount of fair book value at retirement.

Statutory Notes and Related Subsidiaries

EFFECTIVE DATE OF 1985 AMENDMENT

Amendment by Pub. L. 99-205 effective thirty days after Dec. 23, 1985, see section 401 of Pub. L. 99-205, set out as a note under section 2001 of this title.

§ 2127. Guaranty fund subscriptions in lieu of stock

If any cooperative association is not authorized under the laws of the State in which it is organized to take and hold stock in a bank for cooperatives, the bank shall, in lieu of any requirement for stock purchase, require the association to pay into or have on deposit in a guaranty fund, or the bank may retain out of the amount of the loan and credit to the guaranty fund account of the borrower, a sum equal to the amount of stock which the association would otherwise be required to own. Each reference to stock of the banks for cooperatives in this chapter shall include such guaranty fund equivalents. The holder of the guaranty fund equivalent and the bank shall each be entitled to the same rights and obligations with respect thereto as the rights and obligations associated with the class or classes of stock involved.

(Pub. L. 92-181, title III, §3.6, Dec. 10, 1971, 85 Stat. 604.)

§ 2128. Loans, commitments, and technical and financial assistance

(a) Authorities

The banks for cooperatives are authorized to make loans and commitments to eligible cooperative associations and to extend to them other technical and financial assistance at any time (whether or not they have a loan from the bank outstanding), including but not limited to discounting notes and other obligations, guarantees, currency exchange necessary to service individual transactions that may be financed under subsection (b) of this section, collateral custody, or participation with other banks for cooperatives and commercial banks or other financial institutions in loans to eligible cooperatives, under such terms and conditions as may be determined to be feasible by the board of directors of each bank for cooperatives under regulations of the Farm Credit Administration. Each bank may own and lease, or lease with option to purchase, to stockholders eligible to borrow from the bank equipment needed in the operations of the stockholder and may make or participate in loans or commitments and extend other technical and financial assistance to other domestic parties for the acquisition of equipment and facilities to be leased to such stockholders for use in their operations in the United States.

(b) Additional authorities

(1) A bank for cooperatives is authorized to make or participate in loans and commitments to, and to extend other technical and financial assistance to a domestic or foreign party with

respect to its transactions with an association that is a voting stockholder of the bank for the import of agricultural commodities or products thereof, agricultural supplies, or aquatic products through purchases, sales or exchanges, if the bank for cooperatives determines, under regulations of the Farm Credit Administration, that the voting stockholder will benefit substantially as a result of such loan, commitment, or assistance.

(2)(A) A bank for cooperatives may make or participate in loans and commitments to, and extend other technical and financial assistance to—

(i) any domestic or foreign party for the export, including (where applicable) the cost of freight, of agricultural commodities or products thereof, agricultural supplies, or aquatic products from the United States under policies and procedures established by the bank to ensure that the commodities, products, or supplies are originally sourced, where reasonably available, from one or more eligible cooperative associations described in section 2129(a) of this title on a priority basis, except that if the total amount of the balances outstanding on loans made by a bank under this clause that—

(I) are made to finance the export of commodities, products, or supplies that are not originally sourced from a cooperative, and

(II) are not guaranteed or insured, in an amount equal to at least 95 percent of the amount loaned, by a department, agency, bureau, board, commission, or establishment of the United States or a corporation wholly-owned directly or indirectly by the United States,

exceeds an amount that is equal to 50 percent of the bank's capital, then a sufficient interest in the loans shall be sold by the bank for cooperatives to commercial banks and other non-System lenders to reduce the total amount of such outstanding balances to an amount not greater than an amount equal to 50 percent of the bank's capital; and

(ii) except as provided in subparagraph (B), any domestic or foreign party in which an eligible cooperative association described in section 2129(a) of this title (including, for the purpose of facilitating its domestic business operations only, a cooperative or other entity described in section 2129(b)(1)(A) of this title) has an ownership interest, for the purpose of facilitating the domestic or foreign business operations of the association, except that if the ownership interest by an eligible cooperative association, or associations, is less than 50 percent, the financing shall be limited to the percentage held in the party by the association or associations.

(B) A bank for cooperatives shall not use the authority provided in subparagraph (A)(ii) to provide financial assistance to a party for the purpose of financing the relocation of a plant or facility from the United States to another country.

(3) A bank for cooperatives is authorized to provide such services as may be customary and normal in maintaining relationships with domestic or foreign entities to facilitate the ac-