

which was effective 6 months after Jan. 6, 1988, see section 1001(b) of Pub. L. 100-399, set out as a note under section 2002 of this title.

#### 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.

### § 2206. Participation loans

Notwithstanding any other provisions of this chapter, the terms of any loan participated in by two or more Farm Credit System institutions operating under different subchapters of this chapter, including provisions for capitalization of the portion of the loan participated in by each institution, shall be as may be agreed upon among such institutions and authorized under regulations issued by the Farm Credit Administration, except that for purposes of determining borrower eligibility, membership, term, amount, loan security, and purchase of stock or participation certificates by the borrower, the provisions of law applicable to the loan shall be the provisions in the subchapter under which the institution that originates the loan operates.

(Pub. L. 92-181, title IV, §4.18, as added Pub. L. 96-592, title IV, §403, Dec. 24, 1980, 94 Stat. 3446; amended Pub. L. 99-205, title II, §205(f)(7), Dec. 23, 1985, 99 Stat. 1706.)

#### Editorial Notes

##### AMENDMENTS

1985—Pub. L. 98-205 inserted “under regulations issued” after “authorized”.

#### 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.

### § 2206a. Authority of Farm Credit Banks and direct lender associations to participate in loans to similar entities for risk management purposes

#### (a) Definitions

As used in this section:

##### (1) Participate and participation

The terms “participate” and “participation” shall have the meaning provided in section 2122(11)(B)(iii) of this title.

##### (2) Similar entity

The term “similar entity” means a person that—

(A) is not eligible for a loan from the Farm Credit Bank or association; and

(B) has operations that are functionally similar to a person that is eligible for a loan from the Farm Credit Bank or association in that the person derives a majority of the income of the person from, or has a majority of the assets of the person invested in, the conduct of activities that are functionally similar to the activities that are conducted by an eligible person.

#### (b) Loan participation authority

Notwithstanding any other provision of this chapter, any Farm Credit Bank or direct lender

association chartered under this chapter may participate in any loan of a type otherwise authorized under subchapter I or II made to a similar entity by any person in the business of extending credit, except that a Farm Credit Bank or direct lender association may not participate in a loan under this section if—

(1) the participation would cause the total amount of all participations by the Farm Credit Bank or association under this section involving a single credit risk to exceed 10 percent (or the applicable higher lending limit authorized under regulations issued by the Farm Credit Administration if the stockholders of the respective Farm Credit Bank or association so approve) of the total capital of the Farm Credit Bank or association;

(2) the participation by the Farm Credit Bank or association would equal or exceed 50 percent of the principal of the loan or, when taken together with participations in the loan by other Farm Credit System institutions, would cause the cumulative amount of the participations by all Farm Credit System institutions in the loan to equal or exceed 50 percent of the principal of the loan;

(3) the participation would cause the cumulative amount of participations that the Farm Credit Bank or association has outstanding under this section to exceed 15 percent of the total assets of the Farm Credit Bank or association; or

(4) the loan is of the type authorized under section 2019(b) or 2075(a)(2) of this title.

(Pub. L. 92-181, title IV, §4.18A, as added Pub. L. 103-376, §5, Oct. 19, 1994, 108 Stat. 3498; Pub. L. 107-171, title V, §5401(b), May 13, 2002, 116 Stat. 349.)

#### Editorial Notes

##### AMENDMENTS

2002—Subsec. (a)(1). Pub. L. 107-171, §5401(b)(1), substituted “2122(11)(B)(iii) of this title” for “2122(11)(B)(iv) of this title”.

Subsec. (c). Pub. L. 107-171, §5401(b)(2), struck out heading and text of subsec. (c). Text read as follows:

“(1) IN GENERAL.—With respect to a similar entity that is eligible to borrow from a bank for cooperatives under subchapter III of this chapter, the authority of a Farm Credit Bank or association to participate in a loan to the entity under this section shall be subject to the prior approval of the bank for cooperatives having, at the time the loan is made, the greatest loan volume in the State in which the headquarters office of the similar entity is located.

“(2) TERMS AND CONDITIONS.—Approval under paragraph (1) may be granted on an annual basis and under such terms and conditions as may be agreed on between the Farm Credit Bank or association, as the case may be, and the bank for cooperatives granting the approval.

“(3) APPROVAL BY SUPERVISING FARM CREDIT BANK.—An association may not participate in a loan to a similar entity under this section without the approval of the supervising Farm Credit Bank of the association.”

### § 2207. Young, beginning, and small farmers and ranchers

(a) Under policies of the Farm Credit Bank board, each association shall prepare a program for furnishing sound and constructive credit and related services to young, beginning, and small