|  |  |
| --- | --- |
| **Type**: | Statute |
| **Statute:** | 1971 ACT AS AMENDED |
| **Title:** | Title III Banks for Cooperatives |
| **Part:** | [Part] |
| **Subtitle:** | Part A Banks for Cooperatives |
| **Chapter Name:** | [Chapter Name] |
| **U.S. Code Citation** | 12 U.S.C. 2122 |
| **Date Created**: | 12/13/2012 |
| **Date Modified**: | 3/6**/**2019 |

12 U.S.C. 2122 **SEC. 3.1. CORPORATE EXISTENCE; GENERAL CORPORATE POWERS**.

Each bank for cooperatives shall be a body corporate and, subject to regulation by the Farm Credit Administration, shall have power to—

**(1)**  Adopt and use a corporate seal.

**(2)** Have succession until dissolved under the provisions of this Act or other Act of Congress.

**(3)** Make contracts.

**(4)**  Sue and be sued.

**(5)** Acquire, hold, dispose, and otherwise exercise all of the usual incidents of ownership of real and personal property necessary or convenient to its business.

**(6)** Make loans and commitments for credit, provide services and other assistance as authorized in this Act, and charge fees therefor.

**(7)** Operate under the direction of its board of directors.

**(8)** Elect by its board of directors a president, any vice presidents, a secretary, a treasurer, and provide for such other officers, employees, and agents as may be necessary, including joint employees as provided in this Act, define their duties and require surety bonds or make other provisions against losses occasioned by employees.

**(9)** Prescribe by its board of directors its bylaws not inconsistent with law providing for the classes of its stock and the manner in which its stock shall be issued, transferred, and retired; its officers, employees, or agents elected or provided for; its property acquired, held, and transferred; its loans made; its general business conducted; and the privileges granted it by law exercised and enjoyed.

**(10)** Borrow money and issue notes, bonds, debentures, or other obligations individually or in concert with one or more other banks of the System, of such character, and such terms, conditions, and rates of interest as may be determined.

**(11)(A)** Participate in loans under this title with one or more other banks for cooperatives and with commercial banks and other financial institutions upon such terms as may be agreed among them and participate with one or more other Farm Credit System institutions in loans made under this title or other titles of this Act on the basis prescribed in section [4.18](http://ww3.fca.gov/readingrm/handbook/Statutes/SEC.%204.18.docx) of this Act.

**(B)(i)** Participate in any loan of a type otherwise authorized under this title that is made to a similar entity by any institution in the business of extending credit, including purchases of participations in loans to finance international trade transactions involving the sale of agricultural commodities or the products thereof, except that—

**(I)** a bank for cooperatives may not participate in a loan—

**(aa)** if the participation would cause the total amount of all loan participations by the bank under this subparagraph involving a single credit risk to exceed 10 percent of the bank's total capital; or

**(bb)** if the participation by the bank will itself 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, will 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;

**(II)** a bank for cooperatives may not participate in a loan to a similar entity under this subparagraph if the similar entity has a loan or loan commitment outstanding with a Farm Credit Bank or an association chartered under this Act, unless agreed to by the Bank or association; and

**(III)** the cumulative amount of participations that a bank for cooperatives may have outstanding under this subparagraph at any time may not exceed 15 percent of the bank's total assets.

**(ii)** As used in this subparagraph, the term "similar entity" means an entity that, while not eligible for a loan under section [3.8](http://ww3.fca.gov/readingrm/handbook/Statutes/SEC.%203.08.docx), is functionally similar to an entity eligible for a loan under section [3.8](http://ww3.fca.gov/readingrm/handbook/Statutes/SEC.%203.08.docx) in that it derives a majority of its income from, or has a majority of its assets invested in, the conduct of activities functionally similar to those conducted by the entity.

**(iii)** As used in this subparagraph, the term "participate" or "participation" refers to multilender transactions, including syndications, assignments, loan participations, subparticipations, or other forms of the purchase, sale, or transfer of interests in loans, other extensions of credit, or other technical and financial assistance.

**(12)**  Deposit its securities and its current funds with any member bank of the Federal Reserve System or any insured State nonmember bank (within the meaning of section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813)) or, to the extent necessary to facilitate transactions which may be financed under section [3.7](http://ww3.fca.gov/readingrm/handbook/Statutes/SEC.%203.07.docx)(b) of this Act, any other financial organization, domestic or foreign, as may be authorized by its board of directors, and pay fees therefor and receive interest thereon as may be agreed. When designated for that purpose by the Secretary of the Treasury, it shall be a depository of public money, except receipts from customs, under such regulations as may be prescribed by the Secretary; may be employed as a fiscal agent of the Government, and shall perform all such reasonable duties as a depository of public money or financial agent of the Government as may be required of it. No Government funds deposited under the provisions of this subsection shall be invested in loans or bonds or other obligations of the bank.

**(13)(A)** Buy and sell obligations of or insured by the United States or of any agency thereof, or securities backed by the full faith and credit of any such agency and make such other investments as may be authorized under regulations issued by the Farm Credit Administration.

**(B)** As may be authorized by its board of directors, buy from and sell to Farm Credit System institutions interests in loans and in other financial assistance extended and nonvoting stock.

**(C)** As may be authorized by its board of directors, and solely for the purposes of obtaining credit information and other services needed to facilitate transactions which may be financed under section [3.7](http://ww3.fca.gov/readingrm/handbook/Statutes/SEC.%203.07.docx)(b) of this Act, invest in ownership interests in foreign business entities that are principally engaged in providing credit information to and performing such servicing functions for their members’ in connection with the members international activities.

**(14)** Conduct studies and adopt standards for lending.

**(15)** Amend and modify loan contracts, documents, and payment schedules, and release, subordinate, or substitute security for any of them.

**(16)** Exercise by its board of directors or authorized officers, employees, or agents all such incidental powers as may be necessary or expedient to carry on the business of the bank.

**(17)** As may be authorized by the board of directors, maintain credit balances and pay or receive fees or interest thereon, for the purpose of assisting in the transfer of funds to or from parties to transactions that may be financed under section [3.7](http://ww3.fca.gov/readingrm/handbook/Statutes/SEC.%203.07.docx)(b) of this Act: **Provided, however,** That nothing herein shall authorize the banks for cooperatives to engage in the business of accepting domestic deposits.

**(18)** As may be authorized by its board of directors, agree with other Farm Credit System institutions to share loan or other losses, whether to protect against capital impairment or for any other purpose.