

Public Law 202 - 83d Congress  
Chapter 335 - 1st Session  
H. R. 4353

AN ACT

411 67 Stat. 390.

To increase farmer participation in ownership and control of the Federal Farm Credit System; to create a Federal Farm Credit Board; to abolish certain offices; to impose a franchise tax upon certain farm credit institutions; and for other purposes.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* Farm Credit Act of 1953.

TITLE

SECTION 1. This Act may be cited as the "Farm Credit Act of 1953".

DECLARATION OF POLICY

SEC. 2. It is declared to be the policy of the Congress to encourage and facilitate increased borrower participation in the management, control, and ultimate ownership of the permanent system of agricultural credit made available through institutions operating under the supervision of the Farm Credit Administration, and the provisions of this Act shall be construed in keeping with this policy. The Federal Farm Credit Board hereinafter provided for shall within one year after appointment make recommendations to the Congress of means, supplemental to those provided by this Act, of carrying into effect such declared policy, including, but not limited to, means of increasing borrower participation in ownership of the Federal Farm Credit System to the end that the investment of the United States in the Federal intermediate credit banks, production credit corporations, Central Bank for Cooperatives, and regional banks for cooperatives may be retired.

FARM CREDIT ADMINISTRATION

SEC. 3. The Farm Credit Administration shall be an independent agency in the executive branch of the Government. It shall be housed in the Department of Agriculture in the District of Columbia, and it may, with the consent of the Secretary of Agriculture, utilize the services and facilities of the Department of Agriculture. The Federal Farm Credit Board, hereinafter provided for, shall have direction, supervision, and control of the Farm Credit Administration and of its operations and functions, as in this Act provided.

FEDERAL FARM CREDIT BOARD

SEC. 4. (a) There shall be established, in the Farm Credit Administration, a Federal Farm Credit Board (hereinafter referred to as the "Board"). Said Board shall consist of thirteen members. Twelve of the members, one from each of the farm credit districts of the United States, shall be known as appointed members and shall be appointed by the President with the advice and consent of the Senate. In making appointments to the Board the President shall have due regard to a fair representation of the public interest, the welfare of all farmers and the various types of cooperative agricultural credit interests; shall give special consideration to persons who are experienced in cooperative agricultural credit; and shall, before making such appointments, receive and consider nominations made as follows: The national farm loan associations in the district shall designate one nominee, the production credit associations in the district shall designate one nominee, and the cooperatives which are stockholders or subscribers to the guaranty fund of the bank for cooperatives of the

All 67 Stat., 391.

50 Stat. 705.  
12 USC 640e,  
640f.

district shall designate one nominee, in accordance with the procedure prescribed in sections 5 (e) and 5 (f) of the Farm Credit Act of 1937 for the nomination and election of members of a district farm credit board, except that only the two persons receiving the highest number of votes shall be included in the list of nominees prepared as a result of the voting under the procedure prescribed in said section 5 (e): *Provided*, That the names of all those who are tied for second place as a result of said voting shall be included in the list; and in case of a tie in the voting under the procedure prescribed in said section 5 (f) the procedure prescribed therein shall be followed again until the tie is broken: *And provided further*, That if the same person would otherwise be on the list of nominees of more than one of said groups as a result of the voting under said section 5 (e) he may choose the one list on which his name shall appear, and otherwise his name shall appear only on the list of the two highest nominees of the group which gave him the highest percentage of its votes. Subsequent appointments shall be made after receiving and considering nominations made in like manner.

Board mem-  
bers.  
Eligibility,  
terms, etc.

(b) Each appointed member of said Board shall be a citizen of the United States and shall have been a resident of the farm credit district from which appointed for not less than ten years next preceding his appointment, and the removal of residence from the district during his tenure shall operate as a termination of his membership on said Board. No appointed member of said Board shall be eligible to serve for more than one full term of six years, and, in addition, a term of less than six years if he is one of the first members to be appointed, or is appointed to fill, the unexpired portion of one term expiring before his appointment to a full term. No person shall be eligible for nomination or appointment to membership as an appointed member on said Board if such person has within one year next preceding the commencement of the term been a salaried officer or employee of the Farm Credit Administration, or a salaried officer or employee of any corporation operating under the supervision of the Farm Credit Administration. Any person who is a member of the district farm credit board when appointed as a member of the Federal Farm Credit Board shall resign as a member of the district board before assuming his duties as a member of the Federal Farm Credit Board. No person who becomes an appointed member of said Board shall be eligible to continue to serve as a member thereof if such person becomes a member of any district farm credit board, or an officer or employee of the Farm Credit Administration, or an officer or employee of any corporation operating under the supervision of the Farm Credit Administration.

(c) The term of office of the appointed members of said Board shall be six years, beginning with the first day of the calendar month in which this Act takes effect, and such members shall serve until their successors are duly appointed and qualified; however, of the first appointed members appointed hereunder, two shall be appointed for a term of one year from said date, two for a term of two years, two for a term of three years, two for a term of four years, two for a term of five years, and two for a term of six years. All vacancies in the offices of appointed members on said Board shall be filled for the unexpired portion of the term upon like nominations and by like appointments as herein provided for the appointment of the first such members of said Board.

(d) The thirteenth member of the Board shall be designated by the Secretary of Agriculture, shall serve at the pleasure of the Secretary, and shall be known as the Secretary's Representative on said Board. He shall be a citizen of the United States and shall have been a resident of the United States for not less than ten years next preceding his designation to membership on said Board. No person shall be eligible

to be designated by the Secretary or to serve as the Secretary's Representative on said Board, if such person is a member of a district farm credit board, an officer or employee of any corporation operating under the supervision of the Farm Credit Administration. The Secretary's representative shall not be eligible to serve as Chairman, Vice Chairman, or Secretary of the Board, but shall otherwise possess all rights and privileges of membership on said Board.

(e) As soon as practicable after the memberships on said Board have been filled as in this Act provided, the members of said Board shall meet, subscribe the oath of office, and organize by electing from the appointed members a Chairman and a Vice Chairman; and said Board shall appoint a secretary from within or without its membership as it may see fit. The Board shall elect annually for a term of one year the Chairman, Vice Chairman, and Secretary, who shall serve until their successors are elected and take office. The Chairman shall preside at all meetings and the Vice Chairman shall preside in the absence or disability of the Chairman. The Board may, in the absence of both the Chairman and Vice Chairman, elect any appointed member to act as Chairman pro tempore. Seven members shall constitute a quorum of the Board for the transaction of business. The Board may function notwithstanding vacancies provided a quorum as herein established shall be present. The Board shall meet at such times and places as it may fix and determine, but shall hold at least four regularly scheduled meetings a year; and special meetings may be held on call of the Chairman or any three members of the Board.

(f) Each member of the Board shall receive the sum of \$50 for each day or part thereof spent in the performance of his official duties, which compensation, however, shall not be paid for more than seventy-five days (or parts of days) in any calendar year; and shall not be paid to the Secretary's representative if he is a full-time officer or employee of the United States, or such payment is otherwise prohibited by law; and in addition, shall be reimbursed for necessary travel, subsistence, and other expenses incurred in the discharge of his official duties, without regard to other laws with respect to allowances which may be made on account of travel and subsistence expenses of officers and employed personnel of the United States. Compensation of Board members.

(g) The Board shall adopt such rules as it may see fit for the transaction of its business, and shall keep permanent and complete records and minutes of its acts and proceedings.

GOVERNOR OF FARM CREDIT ADMINISTRATION

SEC. 5. (a) The Board shall appoint a Governor of the Farm Credit Administration (hereinafter referred to as the "Governor") who shall serve at the pleasure of the Board, and who shall, subject to the general supervision and direction of the Board as to matters of a broad and general supervisory, advisory, or policy nature, and except as otherwise herein specifically provided, be responsible for the execution of this Act, all Acts amendatory thereof and supplemental thereto, and all Acts creating the powers, functions, and duties of the Farm Credit Administration: *Provided, however,* That pending retirement of Government capital in institutions supervised by the Farm Credit Administration, the appointment of the Governor shall be subject to the approval of the President; and during such period the President shall have power to require the removal of the Governor.

(b) The Board shall fix the compensation of the Governor: *Pro- Salary. vided,* That the salary of the Governor shall not exceed \$17,500 a year, together with necessary traveling and subsistence expenses, or per diem allowance in lieu thereof within the limitations prescribed by law, while away from his official station upon official business.

All 67 Stat. 393.

Personnel.

(c) It shall be the duty of the Governor to comply with all orders and directions which he receives from the Board; as to all third persons, all acts of the Governor shall be conclusively presumed to be in compliance with the orders and directions of the Board.

(d) The Governor shall appoint such other personnel as may be necessary to carry out the functions, powers, and duties vested in the Farm Credit Administration. The Farm Credit Administration shall consist of the Board, the Governor, and such other personnel as are employed in carrying out the functions, powers, and duties vested in the Farm Credit Administration. All functions, powers, and duties of the Farm Credit Administration, except those herein conferred upon the Board, shall be exercised and performed by the Governor and may be exercised and performed by him through such officers and employees of the Farm Credit Administration as he shall designate.

(e) The term of office of the incumbent of the office of Governor of the Farm Credit Administration appointed before the effective date of this Act and holding office on that date shall terminate on that date and said office shall thereby become vacant: *Provided*, That if as of that date a Governor has not been appointed, and qualified, under this Act, the Secretary of Agriculture shall designate an assistant to the Secretary to serve as Acting Governor of the Farm Credit Administration and such Acting Governor shall exercise and perform all functions, powers, and duties vested in the Farm Credit Administration until the appointment and qualification of a Governor as in this Act provided. The Acting Governor shall be subject to the powers of the Board when the Board has been appointed and qualified.

RESPONSIBILITIES OF THE BOARD

Report.

SEC. 6. It shall be the function and duty of the Board (1) to see that the policies fixed by the Board hereunder are carried out; (2) to require such reports as it deems necessary from the Governor and from any of the officials or corporations under the control or supervision of the Farm Credit Administration; (3) to make an annual report to Congress, including therein any recommendations of amendments to the laws relative to Federal agricultural credit; and (4) to exercise general direction and supervision over the performance of all functions, powers, and duties vested in the Governor when relating in the judgment of the Board to matters of a broad and general supervisory, advisory, or policy nature. It shall function as a unit without delegating authority to individual members and shall not operate in an administrative capacity; and all administrative powers, functions, and duties of the Farm Credit Administration shall be exercised and performed by the Governor.

OFFICES ABOLISHED AND FUNDS TRANSFERRED

Central Bank for Cooperatives.

Federal Farm Mortgage Corp.

SEC. 7. (a) The offices of the Land Bank Commissioner, Production Credit Commissioner, Cooperative Bank Commissioner, and Intermediate Credit Commissioner are hereby abolished. The Governor shall designate an officer or employee of the Farm Credit Administration to serve at the pleasure of the Governor as a member of the board of directors of the Central Bank for Cooperatives, as chairman of the board of said board of directors, and as executive officer of said bank, in lieu of the Cooperative Bank Commissioner. The Governor shall designate an officer or employee of the Farm Credit Administration to serve at the pleasure of the Governor as a member of the board of directors of the Federal Farm Mortgage Corporation, in lieu of the Land Bank Commissioner. The Federal Farm Mortgage Corporation and its functions and activities are hereby transferred to the Farm Credit

Administration and shall be administered therein under the general direction and supervision thereof.

(b) Employees in the Department of Agriculture who are being utilized on the effective date of this Act primarily for the performance of functions, powers, and duties heretofore or by this Act vested in the Farm Credit Administration, shall be transferred to the jurisdiction and control of the Farm Credit Administration in those instances in which the Governor determines that they are qualified and necessary to carry out the functions, powers, and duties of the Farm Credit Administration.

(c) All assets, funds, contracts, property, and records used and employed in the execution of the functions, powers, and duties heretofore or by this Act vested in the Farm Credit Administration are hereby transferred to the jurisdiction and control of the Farm Credit Administration.

(d) So much of the unexpended balances of appropriations, allocations, and other funds available or to be made available for salaries, expenses, and all other administrative expenditures as the Director of the Bureau of the Budget shall determine for use in the execution of the functions heretofore or by this Act vested in the Farm Credit Administration, shall be transferred to and vested in the Farm Credit Administration.

(e) All unexpended balances of appropriations, allocations, or other funds, other than those mentioned in subsection (d) of this section, available (including those available for the fiscal year ending June 30, 1953) for the Farm Credit Administration and/or for the Secretary of Agriculture on account of the functions and activities of Farm Credit Administration, shall be transferred to the Farm Credit Administration and shall remain available for the exercise of the functions and activities of the Farm Credit Administration.

#### DELEGATIONS TO DISTRICT INSTITUTIONS

SEC. 8. The Farm Credit Administration is authorized and directed, by order or rules and regulations, to delegate to a Federal land bank such of the duties, powers, and authority of the Farm Credit Administration with respect to and over National Farm Loan Associations, their officers and employees, in the farm credit district wherein such Federal land bank is located, as may be determined to be in the interest of effective administration; and, in like manner, to delegate to a production credit corporation such of the duties, powers, and authority of the Farm Credit Administration with respect to and over production credit associations, their officers and employees, in the farm credit district wherein such production credit corporation is located, as may be determined to be in the interest of effective administration; and, in either case the duties, powers, and authority so delegated shall be performed and exercised under such conditions and requirements and upon such terms as the Farm Credit Administration may specify. Any Federal land bank or production credit corporation to which any such duties, powers, or authority may be delegated is hereby authorized and empowered to accept, perform, and exercise such duties, powers, and authority as may be so delegated to it.

#### DIVISION OF COOPERATIVE MARKETING TRANSFERRED

SEC. 9. There is hereby transferred from the Farm Credit Administration to the jurisdiction and control of the Secretary of Agriculture the Division of Cooperative Marketing (by whatever name now called) authorized and created under and by virtue of an Act of Congress of July 2, 1926 (Public, Numbered 450, Sixty-ninth Con-

44 Stat. 802.  
7 USC 451-457.

All 67 Stat. 395.

gress), entitled "An Act to create a Division of Cooperative Marketing in the Department of Agriculture; to provide for the acquisition and dissemination of information pertaining to cooperation; to promote the knowledge of cooperative principles and practices; to provide for calling advisers to counsel with the Secretary of Agriculture on cooperative activities; to authorize cooperative associations to acquire, interpret, and disseminate crop and market information, and for other purposes", together with all functions pertaining to the work and services of such Division, its personnel, property (including office equipment), assets, funds, contracts, and records used and employed in the execution of its functions, powers, and duties, and so much of the unexpended balances of appropriations, allocations, and other funds available or to be made available for salaries, expenses, and all other administrative expenditures as the Director of the Bureau of the Budget shall determine, for use in the execution of the functions, powers, and duties of said Division.

FRANCHISE TAX PROVISIONS

39 Stat. 379. SEC. 10. Section 23 of the Federal Farm Loan Act, as amended, is further amended by adding at the end thereof a new paragraph as follows:  
12 USC 901,  
902.

"Notwithstanding any other provision of this Act, in the case of a Federal land bank having outstanding capital stock held by the United States during the whole or any part of a fiscal year, said bank shall, after complying with the reserve requirements of the preceding paragraphs of this section and before declaring any dividends to shareholders, pay to the United States a franchise tax equal to 25 per centum of its net earnings then remaining, not to exceed, however, a rate of return of such Government capital calculated at a rate equal to the computed average annual rate of interest on all public issues of public debt obligations of the United States issued during the fiscal year ending next before such tax is due, as certified to the Farm Credit Administration by the Secretary of the Treasury."

48 Stat. 259. SEC. 11. Section 6 of the Farm Credit Act of 1933 is amended by adding at the end thereof a new paragraph as follows:  
12 USC 1131o.

"(e) Each production credit corporation shall, at the end of each fiscal year (1) apply its earnings described in subsection (c) of this section in accordance with the provisions of subsections (c) and (d) of this section; and (2) apply its earnings from all other sources, first, to the payment of any operating expenses for the year remaining unpaid; second, to restore losses and impairment of capital, if any, of the corporation; third, to the creation and maintenance of a surplus equal to 25 per centum of the paid-in capital of the corporation; fourth, to the payment of 25 per centum of its earnings from all sources then remaining to the United States as a franchise tax, and fifth, to the payment of the remaining earnings into its surplus account."

48 Stat. 263. SEC. 12. Section 36 of the Farm Credit Act of 1933 is amended to read as follows:  
12 USC 1134l.

"The Central Bank for Cooperatives shall, at the end of its fiscal year, apply the amount of its earnings in excess of operating expenses during such fiscal year: First, to making up any losses incurred; second, to the restoration of the amount of the impairment, if any, of capital and guaranty fund as determined by the chairman of the board; third, 25 per centum of the remainder of such excess of earnings shall be applied to the creation and maintenance of a surplus equal to at least 25 per centum of the amount of the capital and guaranty fund; fourth, if said bank shall have outstanding capital stock held by the United States during the whole or any part of the

fiscal year, it shall next pay to the United States as a franchise tax, a sum equal to 25 per centum of its net earnings then remaining, not exceeding, however, a rate of return on such Government capital calculated at a rate equal to the computed average annual rate of interest on all public issues of public debt obligations of the United States issued during the fiscal year ending next before such tax is due, as certified to the Farm Credit Administration by the Secretary of Treasury; and fifth, any sums remaining shall be carried into its surplus account or devoted to the payment of dividends, as may be determined by the chairman of the board. Subscribers to the guaranty fund shall be entitled to dividends in the same amounts as the subscribers to the stock. No rate of dividend in excess of 7 per centum per annum shall be paid. Dividends on stock held by the Farm Credit Administration or the Governor thereof, when paid, shall be credited to the revolving fund created under section 6 of the Agricultural Marketing Act, as amended."

46 Stat. 14.  
12 USC 1141d.  
48 Stat. 264.  
12 USC 1134d.

SEC. 13. Section 42 of the Farm Credit Act of 1933 is amended to read as follows:

"The provisions of section 35, as amended, and the provisions of section 36, as amended, shall apply in the case of Banks for Cooperatives in the same manner and to the same extent as such provisions are applicable to the Central Bank for Cooperatives, except that powers conferred on the Chairman of the Board of the Central Bank for Cooperatives shall be exercised by the Boards of Directors of the Banks for Cooperatives, subject to the approval of the Farm Credit Administration."

12 USC 1134k,  
1134l.

MEMBERSHIP OF DISTRICT FARM CREDIT BOARDS

SEC. 14. Section 5 (b) of the Farm Credit Act of 1937 is amended to read as follows:

50 Stat. 704.  
12 USC 640b.

"(b) There shall be in each farm credit district a farm credit board which shall be selected as hereinafter specified and shall be composed of seven members. Each farm credit board shall include in its title the name of the city in which the Federal land bank, Federal intermediate credit bank, production credit corporation, and regional bank for cooperatives of the district are located. Three of the seven members of said board shall be known as elected directors, of whom one shall be chosen by national farm loan associations, one shall be chosen by production credit associations of the district, and one shall be chosen by cooperatives which are stockholders or subscribers to the guaranty fund of the regional bank for cooperatives in the district. Subject to the other provisions hereof, three of the seven members shall be known as district directors and shall be appointed by the Governor of the Farm Credit Administration by and with the advice and consent of the Federal Farm Credit Board. The seventh member of such board shall be known as director-at-large and shall be appointed by the Governor of the Farm Credit Administration by and with the advice and consent of the Federal Farm Credit Board. No person shall be eligible hereafter for nomination or appointment to membership as an appointed member on said Board if such person has within one year next preceding the commencement of the term been a salaried officer or employee of the Farm Credit Administration, or a salaried officer or employee of any corporation operating under the supervision of the Farm Credit Administration. Each farm credit board shall elect from its members a chairman and vice chairman, and shall appoint a secretary from within or without its membership as it may see fit. The chairman, vice chairman, and secretary shall each be elected for a term of one year and until their successors are elected and take office and the board shall elect such officers each

year. The chairman shall preside at all meetings and the vice chairman shall preside in the absence or disability of the chairman. The board may, in the absence of both the chairman and vice chairman, elect a member to act as chairman pro tempore."

12 USC 640d. SEC. 15. Section 5 of the Farm Credit Act of 1937 is amended by striking out the entire text of subdivision (d) thereof and inserting in lieu thereof the following:

"(d) (1) The member of the farm credit board of each farm credit district known as the 'third district director', who is in office on the effective date of the Farm Credit Act of 1953, shall serve as such until his term of office expires. Thereafter, there shall be no member of the district farm credit board to be known as the 'third district director'.

"(2) Notwithstanding the above provision with respect to the appointment of district directors, one additional member of said board shall be elected by each of the groups aforesaid (national farm loan associations and borrowers through agencies, production credit associations, and cooperatives which are stockholders or subscribers to the guaranty fund of the regional bank for cooperatives of the district), and serve in lieu of a district director, under the following circumstances and conditions:

"(A) Whenever, as determined by the Farm Credit Administration, the sum of the capital stock held by national farm loan associations, surplus, and reserves of a Federal land bank shall equal or exceed 66 $\frac{2}{3}$  per centum of the total of the capital stock, surplus, and reserves of such bank as of the date three months before the expiration of the term of office of the district director (or third district director) whose term next expires, the successor to such director shall be elected by the national farm loan associations of the district in the manner herein provided, shall be known as an elected director, and successors to that office shall be so elected and known from term to term while such conditions obtain: *Provided*, That if and when, as determined by the Farm Credit Administration, such conditions do not obtain as of the date three months before the expiration of the term of office of any director so elected under the provisions of this subparagraph, the successor to such director shall be appointed by the Governor of the Farm Credit Administration by and with the advice and consent of the Federal Farm Credit Board, shall be known as a district director, and successors to that office shall be so appointed and known from term to term for such terms as appointment is not precluded by the election of an additional director by one of the groups aforesaid as herein provided: *And provided further*, That such national farm loan associations shall again and from time to time elect one additional director as aforesaid if and when the required conditions named in this subparagraph shall be determined to obtain as aforesaid.

"(B) Whenever, as determined by the Farm Credit Administration, the sum of the capital stock held by persons other than the production credit corporation of the district, surplus, and reserves of the production credit associations (collectively) of a farm credit district shall equal or exceed 66 $\frac{2}{3}$  per centum of the total of the capital stock, surplus, and reserves of the production credit associations (collectively) of said district as of the date three months before the expiration of the term of office of the district director (or third district director) whose term next expires, the successor to such director shall be elected by the production credit associations of the district in the manner herein provided, shall be known as an elected director, and successors to that office shall be so elected and known from term to term while such conditions obtain: *Provided*, That, if and when, as determined by the Farm Credit Administration, such conditions do not obtain as of the date three months before the expiration of the term of office of

any director so elected under the provisions of this subparagraph, the successor to such director shall be appointed by the Governor of the Farm Credit Administration by and with the advice and consent of the Federal Farm Credit Board, shall be known as a district director, and successors to that office shall be so appointed and known from term to term for such terms as appointment is not precluded by the election of an additional director by one of the groups aforesaid as herein provided: *And provided further*, That such production credit associations shall again and from time to time elect one additional director as aforesaid, if and when the required conditions named in this subparagraph shall be determined to obtain as aforesaid.

“(C) Whenever, as determined by the Farm Credit Administration, the sum of the capital stock and subscriptions to the guaranty fund held by cooperatives which are stockholders or subscribers to the guaranty fund of a regional bank for cooperatives, surplus and reserves of said bank shall equal or exceed 66 $\frac{2}{3}$  per centum of the total capital stock, subscriptions to the guaranty fund, surplus and reserves of said bank as of the date three months before the expiration of the term of office of the district director (or third district director) whose term next expires, the successor to such director shall be elected by the cooperatives which are stockholders or subscribers to the guaranty fund of said bank in the manner herein provided, shall be known as an elected director, and successors to that office shall be so elected and known from term to term while such conditions obtain: *Provided*, That if and when, as determined by the Farm Credit Administration, such conditions do not obtain as of the date three months before the expiration of the term of office of any director so elected under the provisions of this subparagraph, the successor to such director shall be appointed by the Governor of the Farm Credit Administration by and with the advice and consent of the Federal Farm Credit Board, shall be known as a district director, and successors to that office shall be so appointed and known from term to term for such terms as appointment is not precluded by the election of an additional director by one of the groups aforesaid as herein provided: *Provided further*, That such cooperatives which are stockholders or subscribers to the guaranty fund of said bank shall again and from time to time elect one additional director as aforesaid if and when the required conditions named in this subparagraph shall be determined to obtain as aforesaid: *Provided further*, That at no time and under no conditions shall there be in office less than one or more than two members of said board who are serving by election of any one of the groups aforesaid (national farm loan associations and borrowers through agencies, production credit associations, and cooperatives which are stockholders or subscribers to the guaranty fund of the regional bank for cooperatives of the district): *And provided further*, That if two or more of said groups shall, under the terms and provisions hereof, become qualified to elect an additional director pending the expiration of the term of office of the district director (or third district director) whose term next expires, preference shall be given, first to national farm loan associations and borrowers through agencies, next to production credit associations, and next to cooperatives which are stockholders or subscribers to the guaranty fund of the regional bank for cooperatives, to elect an additional director as herein provided as the terms of office of district directors, including the third district director if he be still in office, expire.

“(3) In any district which includes more than one State no person shall be eligible to be elected by any group if he is a resident of the same State as the other member elected by such group and then serving. If two directors are to be elected at the same election in any

All 67 Stat. 399.

Ante, p. 396.  
Ante, p. 397.

such district by any group, the election of the director to be elected by such group under section 5 (b) shall be first determined, and the person receiving the most votes for election under section 5 (d) (2) who is not a resident of the same State as the director elected under section 5 (b) shall be declared elected."

SEC. 16. (a) Any other provisions of law to the contrary notwithstanding after the effective date of this Act any production credit association may, with the approval of the President of the Production Credit Corporation and of the Farm Credit Administration, issue non-voting preferred stock, to be known as class C stock, which may be purchased and held by production credit corporations and by investors: *Provided*, That the issuance of such stock shall be authorized by vote of not less than two-thirds of the outstanding shares of class A stock of the association (other than shares held by the Production Credit Corporation) by the holders thereof in person or by proxy and by vote of not less than two-thirds of the outstanding shares of class B stock of the association by the holders thereof in person or by proxy; and for this purpose holders of class A stock (other than the Production Credit Corporation) and holders of class B stock shall be entitled to one vote for each share of stock held by them.

(b) Such class C stock of such associations shall be divided into shares of \$5 each. The resolution of the stockholders authorizing the issuance of class C stock and every certificate of class C stock issued shall state and express the privileges, restrictions, limitations, and qualifications affecting said stock, and the total amount of the authorized issue to which it belongs.

(c) Such class C stock may (1) be made subject to redemption in such manner, at such time or times, and at such price or prices; (2) be given such preferences as to net assets upon dissolution of the corporation, whether voluntary or involuntary; (3) be given the right to receive such cumulative or noncumulative dividends payable quarterly, semiannually, or annually, and payable as a whole or in part before any dividend shall be set apart for or paid on class A and class B stock; and (4) be made subject to such other restrictions, limitations, and qualifications: as shall be stated and expressed in the resolution of the stockholders authorizing the issuance thereof and in the face of the stock certificates.

## APPROPRIATIONS AND EXPENDITURES

SEC. 17. (a) There are authorized to be appropriated such sums as may be necessary or appropriate for administering the provision of this Act: *Provided*, That the cost of examination and of administrative supervision of the Farm Credit Administration shall continue to be supported by assessments against institutions supervised by the Farm Credit Administration as provided in the Department of Agriculture Organic Act of 1944.

58 Stat. 740.  
12 USC 832.

(b) Farm Credit Administration may, within the limits of funds available therefor, and subject to provisions of law generally applicable to Government agencies, make necessary expenditures for personnel services and rent at the seat of government and elsewhere; contract stenographic reporting services; purchase and exchange of lawbooks, books of reference, periodicals, newspapers, expenses of attendance at meetings and conferences; purchase, operation, and maintenance, at the seat of government and elsewhere, of motor-propelled passenger-carrying vehicles and other vehicles; printing and binding; and for such other facilities and services as it may from time to time find necessary for the proper administration of this Act.

Effective  
date.

SEC. 18. This Act shall take effect one hundred and twenty days

after the date of its enactment; *Provided, however,* That immediately following the enactment of this Act the Farm Credit Administration shall proceed with the designation of nominees as provided in section 4 (a) hereof and the members of the Federal Farm Credit Board shall be appointed or designated sufficiently in advance of the effective date of this Act to enable said Board to prepare to enter upon the discharge of its duties upon the effective date of this Act; and after the effective date of this Act, the compensation and expenses of the Board members shall be paid, as provided herein, from the date on which their appointments became effective, out of any funds available for the payment of administrative expenses of the Farm Credit Administration. Ante, p. 390.

SEC. 19. All Acts or parts of Acts inconsistent with the provisions of this Act are hereby repealed to the extent of such inconsistency.

SEC. 20. (a) If any provision of this Act, or the application thereof to any person or circumstances, is held invalid, the remainder of the Act, and the application of such provisions to other persons or circumstances, shall not be affected thereby. Separability clause.

(b) The right to alter, amend, or repeal this Act is hereby expressly reserved.

Approved August 6, 1953.