

163812

Dec. 16, 1979

PUBLIC LAW 96-149—DEC. 16, 1979

93 STAT. 1089

Public Law 96-149
96th Congress

An Act

To amend the National Consumer Cooperative Bank Act to provide for a small business representative on the Bank's Board.

Dec. 16, 1979
[S. 1788]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 103(a) of the National Consumer Cooperative Bank Act is amended—

National
Consumer
Cooperative
Bank Act,
amendment.
92 Stat. 502.
12 USC 3013.

- (1) by striking out "thirteen" in the first sentence and inserting in lieu thereof "fifteen";
- (2) by striking out "seven" in the third sentence and inserting in lieu thereof "eight";
- (3) by inserting after the third sentence the following: "The President shall appoint one member of the Board from among proprietors of small business concerns, as defined under section 3 of the Small Business Act, which are manufacturers or retailers. The member of the Board appointed in accordance with the preceding sentence shall not be subject to the resignation and termination provisions of subsection (b)."; and
- (4) by striking out "104" in the last sentence.

15 USC 632.

(b) Section 103(b) is amended—

- (1) by striking out the third sentence thereof and inserting in lieu thereof the following: "Two additional members of the Board designated by the President (who shall be members who had been appointed by the President) shall resign at the annual meeting occurring after the time when the amount of paid-in capital attributable to the class B and class C stock equals or exceeds eight-fifteenths of the total amount of paid-in capital of the Bank. An additional member of the Board designated by the President (who shall be a member who had been appointed by the President) shall resign at the annual meeting occurring after the time when the amount of paid-in capital attributable to the class B and class C stock equals or exceeds three-fifths of the total amount of paid-in capital of the Bank.";
- (2) by inserting after "Five" in the next to the last sentence "of the".

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SECRETARY OF STATE OF KENTUCKY
FRANKFORT, KENTUCKY

JAN 22 1982

James J. Miller
SECRETARY OF STATE *mjb*

moratorium on industrial cost
of Representatives of the
bled. That (a) subsection
of 1977 (91 Stat. 1610) is
eighteenth month which
section" and inserting in

Water Act of 1977 (91
en-month" each place it
ch place "thirty-month".
(a) and (b) of this section

(Comm. on Public Works and
and Public Works).

; passage vacated and S. 301,
with an amendment.

92 Stat. 502.
12 USC 3013.

(c) Section 103(d) of such Act is amended by striking "all" in the first sentence and inserting after "five" the words "of the".

(d) The second sentence of section 103(h) of such Act is amended by striking out "Until" and inserting in lieu thereof "The member of the Board appointed from among proprietors of small business and, until".

Approved December 16, 1979.

LEGISLATIVE HISTORY:

SENATE REPORT No. 96-328 (Comm. on Banking, Housing, and Urban Affairs)
CONGRESSIONAL RECORD, Vol. 125 (1979):
Sept. 27, considered and passed Senate.
Dec. 5, considered and passed House.

GENERAL SERVICES ADMINISTRATION
National Archives and Records Service

To all to whom these presents shall come, Greeting:

By virtue of the authority vested in me by the Administrator of General Services, I certify on his behalf, under the seal of the National Archives of the United States, that the attached reproduction(s) is a true and correct copy of documents in his custody.



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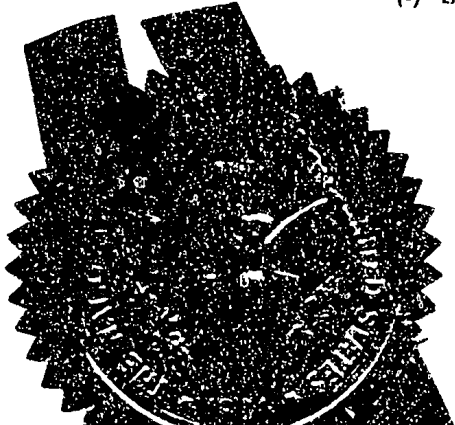
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By virtue of the authority vested in me by the Administrator of General Services, I certify on his behalf, under the seal of the National Archives of the United States, that the attached reproduction(s) is a true and correct copy of documents in his custody.

Charles H. Mills
SECRETARY OF STATE *m LB*



SIGNATURE <i>John E. Byrne</i>	
NAME JOHN E. BYRNE	DATE 1/6/82
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Washington, D. C. 20408

GSA FORM
APR 68 4791A

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"(2) Within the limits of funds and borrowing authority available to the Bank pursuant to this Act, gross obligations for the principal amount of direct loans authorized by the Bank during fiscal years 1982 and 1983 shall not exceed \$10,478,000,000, of which amount \$5,056,000,000 is designated for fiscal year 1982 and \$5,413,000,000 is designated for fiscal year 1983."

(b) On or before December 15, 1981, the Secretary of the Treasury shall transmit a report to both Houses of the Congress regarding the status of negotiations with the Organization for Economic Cooperation and Development on improving the International Arrangement on Guidelines for Officially Supported Export Credits and on the status of any other multilateral or bilateral negotiations or discussions for the purpose of improving any other arrangements, standards, minutes, and practices involving official export financing in which the United States participates. Such report shall include—

- (1) an assessment of the progress, if any, that has been made in these negotiations, and of the prospects for a successful conclusion to these negotiations within a reasonable time; and
- (2) a recommendation by the Secretary of the Treasury as to whether the Congress, in order to improve the prospects for a successful conclusion to these negotiations, should enact legislation for the purpose of enhancing the ability of the Export-Import Bank of the United States to offer or support export credit fully competitive with the subsidized official export credit offered or supported by other governments.

DEPARTMENT OF THE TREASURY

SEC. 382. (a) Section 5 of the Act of November 8, 1978 (92 Stat. 3092; Public Law 95-612), is amended—

- (1) in subsection (a), by striking out "\$24,000,000 for fiscal year 1979 and \$22,375,000 for fiscal year 1980," and inserting in lieu thereof "\$22,836,000 for fiscal year 1982, and such sums as may be necessary for each fiscal year thereafter"; and
- (2) in subsection (b), by striking out "for fiscal year 1980 not to exceed \$800,000" and inserting in lieu thereof "not to exceed \$1,000,000 for fiscal year 1982, and such sums as may be necessary for each fiscal year thereafter."

(b) The last sentence of section 3552 of the Revised Statutes (31 U.S.C. 369) is amended to read as follows: "There are authorized to be appropriated for fiscal year 1982 not to exceed \$54,706,000 for all expenditures (salaries and expenses) of the mints and assay offices not herein otherwise provided for."

(2) The amendment made by paragraph (1) shall take effect on October 1, 1981.

COUNCIL ON WAGE AND PRICE STABILITY

SEC. 383. Section 6 of the Council on Wage and Price Stability Act (12 U.S.C. 1904 note) is hereby repealed.

USURY PROVISION

SEC. 384. Section 501(a)(1)(C)(vi) of the Depository Institutions Deregulation and Monetary Control Act of 1980 (12 U.S.C. 1755f, note) is amended by inserting "or a residential manufactured home" after "residential real property".

RESERVE REQUIREMENTS

SEC. 385. (a) Section 19(b)(8)(E) of the Federal Reserve Act (12 U.S.C. 461(b)(8)(E)) is amended by striking out the first two sentences thereof and inserting in lieu thereof the following: "This subparagraph applies to any depository institution that, on August 1, 1978, (i) was engaged in business as a depository institution in a State outside the continental limits of the United States, and (ii) was not a member of the Federal Reserve System at any time on or after such date. Such a depository institution shall not be required to maintain reserves against its deposits held or maintained at its offices located in a State outside the continental limits of the United States until the first day of the sixth calendar year which begins after the effective date of the Monetary Control Act of 1980."

(b) The third sentence of section 19(b)(8)(E) of such Act (12 U.S.C. 461(b)(8)(E)) is amended by striking out "its deposits" and inserting in lieu thereof "such deposits".

Subtitle C—National Consumer Cooperative Bank Act Amendments

SHORT TITLE

SEC. 390. This subtitle may be cited as the 'National Consumer Cooperative Bank Act Amendments of 1981'.

ACCELERATION OF FINAL GOVERNMENT EQUITY REDEMPTION DATE

SEC. 391. (a)(1) The National Consumer Cooperative Bank Act (12 U.S.C. 3001 et seq.) is amended by inserting after section 115 the following:

"ACCELERATION OF FINAL GOVERNMENT EQUITY REDEMPTION DATE

"Sec. 116. (a)(1)(A) The Final Government Equity Redemption Date shall occur on December 31, 1981, or not later than 10 days after the date of the enactment of the first Act providing for appropriations for fiscal year 1982 (other than continuing appropriations) for the Department of Housing and Urban Development and Independent Agencies, whichever occurs later.

"(B) Not later than 5 days after the Final Government Equity Redemption Date, the Secretary of the Treasury shall publish a notice in the Federal Register indicating the day on which the Final Government Equity Redemption Date occurred.

"(2)(A) Before the Final Government Equity Redemption Date, the Secretary of the Treasury shall purchase all class A stock for which the Congress has appropriated funds.

"(B) After the Final Government Equity Redemption Date, the Secretary of the Treasury shall not purchase any class A stock.

"(3)(A) On the Final Government Equity Redemption Date, all class A stock held by the Secretary of the Treasury on such date shall be redeemed by the Bank in exchange for class A notes which are issued by the Bank to the Secretary of the Treasury on behalf of the United States and which have a total face value equal to the total par value of the class A stock which is so redeemed, plus any unpaid dividends on such stock.

"(B) During the period beginning on the Final Government Equity Redemption Date and ending on December 31, 1990, not less than 30

National Consumer Cooperative Bank Act Amendments of 1981.

12 USC 3001 note.

Post. p. 456.

12 USC 3026.

Publication in Federal Register.

Report to Congress.

Appropriation authorization.

Effective date. 31 USC 300 note.

Repeal.

percent of the revenue derived from the sale of stock by the Bank, other than the sale of class B stock or class C stock, shall be used, upon receipt, to retire class A notes.

"(C) After December 31, 1990, the Bank shall maintain a repayment schedule for class A notes which will assure full repayment of all class A notes not later than December 31, 2020. The requirement specified in the previous sentence is in addition to the requirement regarding the redemption of class A notes which is specified in section 104(c).

12 USC 3014.

"(b)(1) The United States shall not be responsible for any obligation of the Bank which is incurred after the Final Government Equity Redemption Date.

"(2) As soon as practicable after the date of the enactment of this section, the Board shall adopt bylaws which will assist in expediting and coordinating the activities which will occur with respect to the Final Government Equity Redemption Date."

"(2) The amendment made by paragraph (1) shall take effect on the date of the enactment of this Act.

(b)(1) Only for purposes of section 107(a) of the National Consumer Cooperative Bank Act (12 U.S.C. 3017(a)), class A notes shall be deemed to be paid-in capital of the Bank.

(2) This subsection shall take effect on the day after the Final Government Equity Redemption Date.

By-law.

Effective date.
12 USC 3026 note.

Effective date.
12 USC 3017 note.

TAX STATUS OF THE BANK

Sec. 392. (a) Section 109 of the National Consumer Cooperative Bank Act (12 U.S.C. 3019) is amended—

(1) by striking out "Until the Final Government Equity Redemption Date, but not thereafter, the Bank" and inserting in lieu thereof "(a) The Bank"; and

(2) by adding at the end thereof the following:
"(b) Notwithstanding any other provision of law, for purposes of subchapter I of the Internal Revenue Code of 1954—

"(1) the Bank shall be treated as a corporation operating on the cooperative basis within the meaning of section 1381(a)(2) of such Code;

"(2) the term 'patronage dividend', as defined in section 1388(a) of such Code includes, only as such section applies to the Bank, any patronage refunds in the form of class B or class C stock or allocated surplus that are distributed or set aside by the Bank pursuant to section 104(i) of this Act;

"(3) the terms 'written notice of allocation' and 'qualified written notices of allocation', as defined in sections 1388 (b) and (c) of such Code, include (to the extent of par value), only as such sections apply to the Bank, any class B or class C stock distributed by the Bank pursuant to section 104(i) of this Act and shall also include any allocated surplus set aside by the Bank pursuant to section 104(i) of this Act;

"(4) patrons of the Bank shall be deemed to have consented under section 1388(c)(2) of such Code to the inclusion in their incomes of any qualified written notices of allocation received by such patrons from the bank; and

"(5) any amounts required to be included in the incomes of patrons of the Bank with respect to class B or class C stock or allocated surplus shall be treated as earnings from business done by such patrons of the Bank with or for their own patrons."

26 USC 1381.

Definitions.
26 USC 1388.

12 USC 3014.

(b) The amendments made by subsection (a) shall take effect on the day after the Final Government Equity Redemption Date.

BOARD OF DIRECTORS

SEC. 393. (a) Subsections (a), (b), (c), and (d) of section 103 of such Act (12 U.S.C. 3013) are amended to read as follows:

"(a) The Bank shall be governed by a Board of Directors (hereinafter in this Act referred to as the 'Board') which shall consist of 15 members. All members shall serve for a term of 3 years. After the expiration of the term of any member, such member may continue to serve until his successor has been elected or has been appointed and qualified. Any member appointed by the President may be removed for cause by the President.

"(b)(1) The President shall appoint, by and with the advice and consent of the Senate—

"(A) one member who shall be selected from among proprietors of small business concerns, as defined under section 3 of the Small Business Act, which are manufacturers or retailers,

"(B) one member who shall be selected from among the officers of the agencies and departments of the United States; and

"(C) one member who shall be selected from among persons having extensive experience in the cooperative field representing low-income cooperatives eligible to borrow from the Bank.

"(2) Twelve members of the Board shall be elected by the holders of class B stock and class C stock in accordance with the provisions of subsection (d) and the bylaws of the Bank.

"(c)(1) On the day after the Final Government Equity Redemption Date, all members of the Board of Directors of the Bank who were appointed by the President shall resign, except that—

"(A) the member who shall have been appointed by the President from among proprietors of small business concerns, and

"(B) one member who shall be designated by the President and who shall have been appointed by the President from among the officers and employees of the agencies and departments of the United States Government,

may continue to serve until their successors have been appointed and qualified.

"(2) Any member of the Board of Directors of the Bank who was elected by the holders of class B or class C stock before the Final Government Equity Redemption Date shall serve the remainder of the term for which such member was elected.

"(3) Any member appointed pursuant to subsection (b)(1) shall be entitled to sit on any committee of the Board, but not more than one member so appointed may sit on any one committee.

"(d)(1) All elections of members of the Board by the holders of class B stock and class C stock shall be conducted in accordance with the bylaws of the Bank. Such bylaws shall conform to the requirements of this section. Nominations for such elections shall be made by the following classes of cooperatives: (A) housing, (B) consumer goods, (C) low-income cooperatives, (D) consumer services, and (E) all other eligible cooperatives.

"(2)(A) Vacant shareholder directorships shall be filled so that at any time when there are three or more shareholder directors on the Board, there shall be at least one director representing each of the following classes of cooperatives: (i) housing cooperatives, (ii)

Effective date
12 USC 3019 note.

Removal.
Appointment.

12 USC 371.

Resignation.

Vacant shareholder directorships.

Effective date
12 USC 3015
note.

(2) The amendment made by paragraph (1) shall take effect on the day after the Final Government Equity Redemption Date.
(f) Section 105(a)(5) of such Act (12 U.S.C. 3015(a)(5)) is amended by inserting "(except that this requirement shall not apply to any housing cooperative in existence on March 21, 1980, which did not meet such requirement on such date)" after "one vote per person basis".

(g)(1) The second sentence of section 107(a) of such Act (12 U.S.C. 3017(a)) is amended by striking out "after consultation with the Secretary of the Treasury".

(2) The amendment made by paragraph (1) shall take effect on the day after the Final Government Equity Redemption Date.

Effective date
12 USC 3017
note.

NONPROFIT CORPORATION

SEC. 395. (a) The National Consumer Cooperative Bank Act (12 U.S.C. 3001 et seq.) is amended by inserting after section 210 the following:
"ESTABLISHMENT OF NONPROFIT CORPORATION

12 USC 3042

"Sec. 211. (a)(1) Upon the incorporation of the nonprofit corporation described in subsection (b), the Office of Self-Help Development and Technical Assistance is hereby abolished.
(2)(A) If the nonprofit corporation described in subsection (b) agrees to accept the liabilities of the Office, the Bank, notwithstanding any other provision of law, shall transfer all assets, liabilities, and property of the Office to such nonprofit corporation on the day on which such nonprofit corporation is incorporated.
(B) Such assets shall include all sums which are appropriated to the Office by the Congress and all sums which are contained in the Account established pursuant to section 202. If any such sums are appropriated after the date on which the transfer described in subparagraph (A) occurs, the Bank shall promptly transfer such sums to such nonprofit corporation.
(b)(1) As soon as possible after the date of the enactment of this section, the Board shall establish a nonprofit corporation under the laws of the District of Columbia and, notwithstanding the laws of the District of Columbia, name the directors of such nonprofit corporation.

12 USC 3042

(2) Notwithstanding the laws of the District of Columbia, the Board of Directors of such nonprofit corporation shall—
(A) select an executive director who shall be responsible for the administration of such nonprofit corporation;
(B) set the compensation of such executive director and the other employees of such nonprofit corporation;
(C) promulgate and publish the policies of such nonprofit corporation and make such policies available at all times to eligible cooperatives; and
(D) perform the functions specified in subparagraphs (A) and (C) of paragraph (3).
(3) Such nonprofit corporation shall only perform—
(A) the functions which are authorized to be performed pursuant to sections 203 through 204 and section 210;
(B) such functions as are necessary to comply with the laws under which it was incorporated in the District of Columbia; and
(C) such functions as are necessary to remain qualified as an organization described in section 501(c)(3) of the Internal Revenue Code of 1954.

Functions.

12 USC
3042-3048,
3050.

26 USC 501.

low-income cooperatives, and (iii) consumer goods and services cooperatives.

(B) Each nominee for a shareholder directorship of a particular class shall have at least three years experience as a director or senior officer in the class of cooperatives to be represented.

(C) No one class of cooperatives specified in paragraph (1) shall be represented on the Board by more than three directors.

(b) Section 103(h) of such Act (12 U.S.C. 3013(h)) is amended—
(1) in the second sentence thereof, by striking out " , until the Final Government Equity Redemption Date" and all that follows through "class B and class C stock" and inserting in lieu thereof "the member of the Board appointed pursuant to subsection (b)(1)(C)", and

(2) by adding at the end thereof the following: "The members of the Board who are elected by the holders of class B stock and class C stock shall be compensated in accordance with the bylaws of the Bank. All compensation and expenses paid to the members of the Board of Directors shall be paid by the Bank."

(c) The amendments made by subsections (a) and (b) shall take effect on the day after the Final Government Equity Redemption Date.

EXAMINATIONS AND AUDITS; CONFORMING AMENDMENTS

SEC. 394. (a)(1) Section 115 of the National Consumer Cooperative Bank Act (12 U.S.C. 3025) is amended to read as follows:

"EXAMINATION AND AUDIT
"Sec. 115. The Farm Credit Administration and the General Accounting Office are hereby authorized and directed to examine and audit the Bank. Reports regarding such examinations and audits shall be promptly forwarded to both Houses of the Congress. The Bank shall reimburse the Farm Credit Administration for the costs of any examination or audit conducted by the Farm Credit Administration."

(2) The amendment made by paragraph (1) shall take effect on the day after the Final Government Equity Redemption Date.
(b) The second sentence of section 108(a) of such Act (12 U.S.C. 3018(a)) is amended by striking out "October 1, 1983" and inserting in lieu thereof "October 1, 1985".
(c)(1) The first sentence of section 104(s) of such Act (12 U.S.C. 3014(a)) is amended by inserting "by other public or private investors," after "by public bodies."
(2) The amendment made by paragraph (1) shall take effect on the day after the Final Government Equity Redemption Date.
(d)(1) The last sentence of section 102 of such Act (12 U.S.C. 3012) is amended to read as follows: "In determining whether a public offering is taking place for the purpose of the Securities Act of 1933, there shall be excluded from consideration all class B and class C stock purchases which took place prior to the date of the enactment of the National Consumer Cooperative Bank Act Amendments of 1981."
(2) The amendment made by paragraph (1) shall take effect on the day after the Final Government Equity Redemption Date.
(e)(1) The first sentence of section 105(a) of such Act (12 U.S.C. 3015(a)) is amended by striking out "entirely owned" and inserting in lieu thereof "primarily owned".

Effective date
12 USC 3013
note.

Reports to Congress.

Effective date
12 USC 3025
note.

12 USC 3014
note.

12 USC 3012
note.

"(4) Notwithstanding any other provision of law—

(A) the Bank may provide administrative or staff support to such nonprofit corporation; and

(B) any member of the Board of Directors of the Bank may serve as a member of the Board of Directors of such nonprofit corporation.

"(c)(1) Notwithstanding any other provision of law, such nonprofit corporation shall be deemed to be, and treated as, qualified as an organization described in section 501(c)(3) of the Internal Revenue Code of 1954 from the date on which such nonprofit corporation is established under the laws of the District of Columbia until the date on which the Internal Revenue Service makes a final determination on the application which such nonprofit corporation will submit to the Internal Revenue Service seeking status as an organization qualifying under such section.

"(2) When performed by such nonprofit corporation, the functions described in subsection (b)(3)(A) shall be deemed to be performed for 'charitable purposes' within the meaning of section 501(c)(3) of the Internal Revenue Code of 1954.

"(d)(1) The Board of Directors of the Bank may make contributions to the nonprofit corporation in such amounts as the Board of Directors of the Bank deems appropriate, except that—

(A) such contributions may be made only out of the Bank's earnings, determined in accordance with generally accepted accounting principles; and

(B) the Bank shall set aside amounts sufficient to satisfy its obligations to the Secretary of the Treasury for payments of principal and interest on class A notes and other debt before making any contributions to such nonprofit corporation.

"(2) During any period in which the nonprofit corporation described in subsection (b) is qualified as an organization described in section 501(c)(3) of the Internal Revenue Code of 1954, contributions made by the Bank pursuant to paragraph (1) shall be treated as charitable contributions within the meaning of section 170(c)(2) of the Internal Revenue Code of 1954, and may be deducted notwithstanding the provisions of section 170(b)(2) of such Code.

"(3) During any period in which the nonprofit corporation described in subsection (b) is qualified as an organization described in section 501(c)(3) of the Internal Revenue Code of 1954, contributions to such nonprofit corporation by any person shall qualify as charitable contributions, as defined in section 170(c) of such Code, for purposes of the charitable contribution deduction provided for in section 170(a) of such Code, and shall also qualify for the deductions for estate and gift tax purposes provided for in sections 2055 and 2522 of the Internal Revenue Code of 1954.

"(e) Notwithstanding the laws of the District of Columbia, the Board of Directors of such nonprofit corporation shall adopt and publish its own conflict of interest rules which shall be no less stringent in effect than the conflict of interest provisions adopted by the Board of Directors of the Bank pursuant to section 114.

(b)(1) The first sentence of section 202 of the National Consumer Cooperative Bank Act (12 U.S.C. 3042) is amended by striking out "\$10,000,000 for the fiscal year ending September 30, 1979, and for the next two succeeding fiscal years an aggregate amount not to exceed \$16,000,000, for the purpose of making advances under section 203 of this Act" and by inserting in lieu thereof "for the purpose of making advances under section 203 of this Act an amount not to exceed \$14,000,000 for fiscal year 1982".

26 USC 501

Contributions

26 USC 170.

26 USC 2055,
2522.

12 USC 3024.

12 USC 3043.

(2) Section 104(a) of such Act (12 U.S.C. 3014(a)) is amended by striking out the second and third sentences thereof and inserting in lieu thereof the following: "There are authorized to be appropriated not to exceed \$47,000,000 for fiscal year 1982 for purposes of purchasing class A stock."

(3) The amendments made by paragraphs (1) and (2) shall take effect on October 1, 1981.

CONFORMING AMENDMENTS; DEFINITIONS

SEC. 396. (a) For purposes of this subtitle, the term "Final Government Equity Redemption Date" shall have the same meaning given such term in section 101(5) of the National Consumer Cooperative Bank Act (12 U.S.C. 3011(5)).

(b) The first sentence of section 101 of the National Consumer Cooperative Bank Act (12 U.S.C. 3011) is amended to read as follows: "The Congress of the United States hereby creates and charters a body corporate to be known as the National Consumer Cooperative Bank (hereinafter in this Act referred to as the 'Bank')."

(c)(1) Section 104(b) of such Act (12 U.S.C. 3014(b)) is amended—
(A) in the first sentence, by striking out "class A, class B," and inserting in lieu thereof "class B"; and

(B) by amending the second and third sentences to read as follows: "Class A notes which are held by the United States shall have first preference with respect to assets and interest payments over all classes of stock issued by the Bank. So long as any class A notes are outstanding, the Bank shall not pay any dividend on any class of stock at a rate greater than the statutory interest rate payable on class A notes."

(2) Section 104(c) of such Act (12 U.S.C. 3014(c)) is amended—
(A) by striking out the first sentence thereof;

(B) in the second sentence—
(i) by striking out "class A stock" and inserting in lieu thereof "class A notes";

(ii) by striking out "dividends" each place it appears therein and inserting in lieu thereof "interest payments"; and

(iii) by striking out "Provided, That" and inserting in lieu thereof "except that";

(C) in the third sentence, by striking out "dividends" and inserting in lieu thereof "interest payments";

(D) by amending the fourth sentence to read as follows: "Any such interest payment may be deferred by the Board of Directors with the approval of the Secretary of the Treasury, except that any interest payment so deferred shall bear interest at a rate equal to the rate determined pursuant to the first sentence of this subsection";

(E) in the fifth sentence, by striking out "any other class of stock" and all that follows through the end thereof and inserting in lieu thereof "any class of stock at any time when the deferred interest payments on class A notes shall not have been paid in full, together with any unpaid interest on such notes";

(F) in the sixth sentence—
(i) by striking out "class A stock" each place it appears therein and inserting in lieu thereof "class A notes";

(ii) by striking out "other";
(iii) by striking out "dividends" and inserting in lieu thereof "interest payments"; and

Appropriation
authorizationEffective date
12 USC 3014
note.12 USC 3012
note

- (iv) by striking out "par value" and inserting in lieu thereof "face value"; and
- (C) in the seventh sentence—
 - (i) by striking out "class A stock" each place it appears therein and inserting in lieu thereof "class A notes";
 - (ii) by striking out "cumulative dividends" and inserting in lieu thereof "interest payments";
 - (iii) by striking out "Provided, That" and inserting in lieu thereof "except that";
 - (iv) by striking out "of shares" after "fiscal year a number", and
 - (v) by striking out "par value" each place it appears therein and inserting in lieu thereof "face value".
- (3) Section 104(e) of such Act (12 U.S.C. 3014(e)) is amended—
 - (A) by striking out "class A stock" each place it appears therein and inserting in lieu thereof "class A notes"; and
 - (B) in the last sentence thereof, by striking out "statutory dividend" and inserting in lieu thereof "statutory interest payment".
- (4) Section 104(f) of such Act (12 U.S.C. 3014(f)) is amended—
 - (A) by striking out "class A stock in" and inserting in lieu thereof "class A notes are"; and
 - (B) by striking out "class A stock as to dividends" and inserting in lieu thereof "class A notes as to dividends, interest payments."
- (5) Section 104(g)(2)(B) of such Act (12 U.S.C. 3014(g)(2)(B)) is amended by striking out "section 103(c)" and inserting in lieu thereof "section 103(d)(2)(A)".
- (6) The second sentence of section 104(h) of such Act (12 U.S.C. 3014(h)) is hereby repealed.
- (7) The first sentence of section 104(i) of such Act (12 U.S.C. 3014(i)) is amended—
 - (A) by striking out "cumulative dividends on class A stock" and inserting in lieu thereof "interest payments on class A notes"; and
 - (B) by striking out "class A stock in" and inserting in lieu thereof "class A notes in".
- (d) Section 107 of such Act (12 U.S.C. 3017) is amended—
 - (1) by striking out subsection (b); and
 - (2) by redesignating subsections (c) and (d) as subsections (b) and (c), respectively.
- (e) The second sentence of section 108(b) of such Act (12 U.S.C. §108(b)) is amended by striking out "and so long as" and all that follows through "class B stock in the Bank".
- (f) The last sentence of section 114 of such Act (12 U.S.C. 3024) is hereby repealed.
- (g) Section 203 of such Act (12 U.S.C. 3043) is amended by striking out "out of the Account" each place it appears therein.
- (h)(1) Section 201 of the Government Corporation Control Act (31 U.S.C. 856) is amended by striking out "(7) the Rural Telephone Bank" and all that follows through the end thereof and inserting in lieu thereof "(7) the Rural Telephone Bank, (8) the United States Railway Association, and (9) the National Credit Union Administration Central Liquidity Facility".
- (2) Section 302 of the Government Corporation Control Act (31 U.S.C. 867) is amended—
 - (A) by inserting "or" after "the Regional Banks for Cooperatives," and

- (B) by striking out "or the National Consumer Cooperative Bank."
- (3) The second sentence of section 803(d) of the Government Corporation Control Act (31 U.S.C. 863(d)) is amended by striking out "National Consumer Cooperative Bank."
- (4) Section 5315 of title 5, United States Code, is amended by striking out "Director, Office of Self-Help Development and Technical Assistance, National Consumer Cooperative Bank."
- (i) The amendments made by subsections (b) through (h) shall take effect on the day after the Final Government Equity Redemption Date.

Effective date
12 USC 8011
note

TITLE IV--THE DISTRICT OF COLUMBIA

LIMITATION ON THE AMOUNT OF FUNDS AUTHORIZED AND EXPENDED FOR LOANS FOR CAPITAL PROJECTS

- Sec. 401. (a) Subsection (c) of section 723 of title 5, District of Columbia Self-Government and Governmental Reorganization Act (D.C. Code, sec. 47-241 note) is amended to read as follows:
 - "(c) Subject to the limitations contained in section 508(b), there is authorized to be appropriated to make loans under this section the sum of \$155,000,000 for the fiscal year ending on September 30, 1982, the sum of \$155,000,000 for the fiscal year ending on September 30, 1983, and the sum of \$155,000,000 for the fiscal year ending on September 30, 1984."
- (b) The amendment made by this section shall take effect on October 1, 1981.

D.C. Code
47-228

Effective date.

TITLE V--EDUCATION PROGRAMS

SHORT TITLE

- Sec. 501. This title may be cited as the "Omnibus Education Reconciliation Act of 1981".

Omnibus
Education
Reconciliation
Act of 1981.

20 USC 8488
note.

Subtitle A--Authorization Savings for Fiscal Years 1982, 1983, and 1984

EFFECT ON OTHER LAWS; GENERAL RESTRICTIONS

- Sec. 502. (a) Any provision of law which is not consistent with the provisions of this subtitle is hereby superseded and shall have only such force and effect during each of the fiscal years 1982, 1983, and 1984 which is consistent with this subtitle.
- (b) Notwithstanding any authorization of appropriations for fiscal year 1982, 1983, or 1984 contained in any provision of law which is specified in this subtitle (including any authorization of appropriations contained in section 523 of this title), no funds are authorized to be appropriated in excess of the limitations imposed upon appropriations by the provisions of this subtitle.
- (c) No funds are authorized to be appropriated for the fiscal year 1982, 1983, or 1984 to pay for the expenses of any advisory council which provides advice to a program for which there are no authorizations of appropriations made under this subtitle or made by an amendment made by this subtitle.

20 USC 8488
note.

GENERAL SERVICES ADMINISTRATION
National Archives and Records Service

To all to whom these presents shall come, Greeting:

By virtue of the authority vested in me by the Administrator of General Services, I certify on his behalf, under the seal of the National Archives of the United States, that the attached reproduction(s) is a true and correct copy of documents in his custody.

SIGNATURE <i>James B. Byers</i>	
NAME JAMES B. BYERS	DATE 1-8-82
TITLE Chief, Central Reference	
The National Archives Washington, D. C. 20408	

Public Law 95-351
95th Congress

An Act

To provide for consumers a further means of minimizing the impact of inflation and economic depression by narrowing the price spread between costs to the producer and the consumer of needed goods, services, facilities, and commodities through the development and funding of specialized credit sources for, and technical assistance to, self-help, not-for-profit cooperatives, and for other purposes.

AUG. 20, 1978
[H. R. 2777]

As it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "National Consumer Cooperative Bank Act".

National
Consumer
Cooperative Bank
Act,
12 USC 3001
note,
12 USC 3001.

STATEMENT OF FINDINGS AND PURPOSE

SEC. 2. The economic and financial structure of this country in combination with the Nation's natural resources and the productivity of the American people has produced one of the highest average standards of living in the world. However, the Nation has been experiencing inflation and unemployment together with an increasing gap between producers' prices and consumers' purchasing power. This has resulted in a growing number of our citizens, especially the elderly, the poor, and the inner city resident, being unable to share in the fruits of our Nation's highly efficient economic system. The Congress finds that user-owned cooperatives are a proven method for broadening the ownership and control of the economic organizations, increasing the number of market participants, narrowing price spreads, raising the quality of goods and services available to their membership, and building bridges between producers and consumers, and their members and patrons. The Congress also finds that consumer and other types of self-help cooperatives have been hampered in their formation and growth by lack of access to adequate cooperative credit facilities and lack of technical assistance. Therefore, the Congress finds a need for the establishment of a National Consumer Cooperative Bank which will make available necessary financial and technical assistance to cooperative self-help endeavors as a means of strengthening the Nation's economy.

TITLE I—NATIONAL CONSUMER COOPERATIVE BANK

CREATION AND CHARTER OF BANK

SEC. 101. There is hereby created and chartered a body corporate, the National Consumer Cooperative Bank, hereinafter referred to as the "Bank", as an instrumentality of the United States, and until otherwise provided, shall be a mixed ownership Government corporation. The Bank shall have perpetual existence unless and until its charter is revoked or modified by Act of Congress. The right to revise, amend, or modify the charter of the Bank is specifically and exclusively reserved to the Congress. The principal office of the Bank shall be in Washington, District of Columbia, and, for the purpose of venue, shall be considered a resident thereof. It shall make loans and

12 USC 3011.

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SECRETARY OF STATE OF KENTUCKY
FRANKFORT, KENTUCKY

JAN 22 1982

James J. Hill
SECRETARY OF STATE

offer its services throughout the United States, its territories and possessions, and in the Commonwealth of Puerto Rico. The Bank shall—

- (1) encourage the development of new and existing cooperatives eligible for its assistance by providing specialized credit and technical assistance;
- (2) maintain broad-based control of the Bank by its voting stockholders;
- (3) encourage broad-based ownership, control, and active participation by members in eligible cooperatives;
- (4) assist in improving the quality and availability of goods and services to consumers; and
- (5) encourage ownership of its equity securities by cooperatives and others as provided in section 104, so that the date when all of the Bank's class A stock owned by the United States has been fully redeemed (the "Final Government Equity Redemption Date") occurs as early as practicable.

GENERAL CORPORATE POWERS

12 USC 3012.

SEC. 102. The Bank shall have the power to make and service loans, commitments for credit, guarantees, furnish financially related services, technical assistance and the results of research, issue its obligations within the limitations imposed by section 107 in such amounts, at such times, and on such terms as the Bank may determine, and to exercise the other powers and duties prescribed in this Act, and shall have the power to—

- (1) operate under the direction of its Board of Directors;
- (2) adopt, alter, and use a corporate seal, which shall be judicially noted;
- (3) elect by its Board of Directors a president, one or more other officers, a secretary, a treasurer, and provide for such other officers, employees, and agents as may be necessary, and define their duties in accordance with regulations and standards adopted by the Board, and require surety bonds or make other provisions against losses occasioned by acts of employees;
- (4) prescribe by its Board of Directors its bylaws not inconsistent with law, which shall establish the terms of office and the procedure for election of elective members; provide in a manner not inconsistent with this Act for the classes of its stock and the manner in which its stock shall be issued, transferred, and retired; and prescribe the manner in which its officers, employees, and agents are elected or selected, its property acquired, held and transferred, its loans, commitments, other financial assistance, guarantees and appraisals may be made, its general business conducted, and the privilege granted it by law exercised and enjoyed;
- (5) enter into contracts and make advance, progress, or other payments with respect to such contracts, without regard to the provisions of section 3648 of the Revised Statutes;
- (6) sue and be sued in its corporate name and complain and defend, in any court of competent jurisdiction, State or Federal;
- (7) acquire, hold, lease, mortgage, or dispose of, at public or private sale, real and personal property and sell or exchange any securities or obligations, and otherwise exercise all the usual incidents of ownership of property necessary or convenient to its

51 USC 529.

business: *Provided*, That any such acquisition or ownership of real property shall not deprive a State or political subdivision thereof of its civil or criminal jurisdiction in and over such property or impair the civil rights of the inhabitants of such property under Federal, State, or local laws:

- (8) obtain insurance against loss in connection with property and other assets;
- (9) modify or consent to the modification with respect to the rate of interest, time of payment of any installment of principal or interest, security, or any other term of any contract or agreement to which it is a party or has an interest pursuant to this Act;
- (10) utilize and act through any Federal, State, or local public agency or instrumentality, or private agency or organization with the consent of the agency or organization concerned, and contract with such agency, instrumentality, or organization for furnishing or reviving technical services and benefits of research, services, funds or facilities; and make advance, progress, or other payments with respect to such contracts without regard to section 3648 of the Revised Statutes;
- (11) within the limitations of section 107, borrow money and issue notes, bonds and debentures or other obligations individually or in concert with other financial institutions, agencies or instrumentalities, of such character and such terms and conditions and at rates of interest as may be determined;
- (12) issue certificates of indebtedness to its stockholders or members and pay interest on funds left with the Bank, and accept grants or interest free temporary use of funds made available to it;
- (13) participate with one or more other financial institutions, agencies, instrumentalities, or foundations in loans or guarantees under this Act on terms as may be agreed upon;
- (14) accept guarantees from other agencies for which loans made by the Bank may be eligible;
- (15) establish one or more branch offices and one or more advisory councils in connection with any such branch offices, as may from time to time be authorized by the Board of Directors;
- (16) buy and sell obligations of, or insured by, the United States or any agency or instrumentalities thereof, or securities backed by the full faith and credit of any such agency or instrumentality and, after the final Government Equity Redemption Date, make such other investments as may be authorized by the Board of Directors;
- (17) approve the salary scale of officers and employees of the Bank, in accordance with regulations and standards adopted by the Board of Directors, without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates, but, except as otherwise provided in this Act, the General Schedule pay rates shall be applicable until all class A stock held by the Secretary of the Treasury has been retired; and
- (18) have such other incidental powers as may be necessary or expedient to carry out its duties under this Act.

Regulations.

5 USC 5101

at 497

5 USC 5351.

The stock or other securities or instruments issued by the Bank shall, to the same extent as securities which are the direct obligations of the United States, be "exempt securities" within the meaning of the laws administered by the Securities and Exchange Commission.

12 USC 3013.

BOARD OF DIRECTORS

Sec. 103. (a) The Bank shall be governed by a Board of Directors (hereinafter referred to as the "Board") which shall consist of thirteen members. Subject to the provisions of subsection (b) of this section, all members of the Board shall be appointed by the President, with the advice and consent of the Senate, for terms of three years or until their successors have been appointed and qualified. The President shall appoint seven members of the Board from among the officers of the agencies and departments of the United States Government: *Provided*, That at any one time no more than one member shall be from any one agency or department. The remaining members shall be from the general public (and not from the officers or employees of the United States Government) but shall have extensive experience in the cooperative field representative of the following classes of cooperatives: (1) housing, (2) consumer goods, (3) low-income cooperatives, (4) consumer services, and (5) all other eligible cooperatives, and for these appointments the President shall consider nominees submitted by national associations of cooperatives. Any member appointed by the President may be removed at any time with or without cause by the President. If a vacancy occurs on the Board for any reason other than a resignation pursuant to subsection (b) of this section, a new member shall be appointed by the President to serve until the next annual meeting of the Bank, at which time the vacancy shall be filled for the remainder of the unexpired term by the President or the holders of class B and class C stock, as provided in this section 104.

(b) At the first annual meeting occurring after the time when the amount of paid-in capital of the Bank attributable to the shares of class B stock and class C stock equals or exceeds \$3,000,000, three members of the Board appointed by the President from the general public shall resign. Similarly, when the amount of paid-in capital attributable to the shares of class B and class C stock equals or exceeds \$10,000,000 the terms of the other three members appointed by the President from the general public shall terminate. An additional member of the Board designated by the President (who shall be a member who had been appointed by the President) shall resign at each of the annual meetings occurring after the time when the amount of paid-in capital attributable to the class B and class C stock equals or exceeds seven-thirtieths and eight-thirtieths of the total amount of paid-in capital of the Bank. As members of the Board resign in accordance with the foregoing provisions, the directorships vacated shall be deemed shareholder directorships and shall be filled by the holders of class B stock and class C stock in accordance with the provisions of subsection (c) of this section. Five remaining members of the Board appointed by the President shall resign on the Final Government Equity Redemption Date. Thereafter, one member of the Board shall continue to be appointed by the President from among proprietors of small business concerns, as defined under section 3 of the Small Business Act, which are manufacturers or retailers.

(c) At all elections of Directors by holders of class B stock and class C stock, nominations shall be made by the classes of eligible cooperatives specified in subsection (a). Vacant shareholder directorships shall be filled, whether by appointment or election, so that at any time when there are three or more shareholder directors on the board, there shall be at least one director representing each of the classes of housing cooperatives, low-income cooperatives, and consumer goods and services cooperatives. Each nominee for shareholder direc-

torship of a particular class shall have at least three years experience as a director or senior officer in the class of cooperatives to be represented. No one class of cooperatives specified in subsection (a) shall be represented on the Board by more than three directors.

(d) When all five remaining members of the Board appointed by the President have resigned pursuant to subsection (b) of this section, their successors and the successors to shareholder directors shall thereafter be elected pursuant to such rules as the Board may from time to time prescribe in the bylaws of the Bank.

(e) No director shall be eligible to be elected for more than two consecutive full three-year terms. No officer of the Bank shall be eligible to serve simultaneously as a director on the Board of the Bank. The Bank shall give adequate advance notice to all voting stockholders of nominees and of the procedures for nominating other candidates. Each voting stockholder shall make the information required in this paragraph available to its members.

(f) The Board shall annually elect from among its members a chairman and vice chairman and select a secretary who need not be a member. The Board shall establish the policies of the Bank governing its funding, lending, and other financial and technical assistance, and shall direct the management of the Bank.

Rules.

(g) The Board shall meet at least quarterly. Its meeting shall be open to members or representatives of all eligible cooperatives and other eligible organizations, as observers only, and to persons or representatives of groups who identify their interest in the Bank and who are invited to attend a meeting, subject to such rules as the Board may establish for the conduct of such meetings. Those rules shall include the manner of giving notice of meetings, the procedure for the conduct of meetings, the manner of submitting topics for the agenda, the allocation of time of presentations, and debate. The chairman, when sustained by the majority of the board present, may adjourn the open meeting into an executive session on motion of the chairman, any Board member, or at the request of any applicant, borrower, officer, or employee when the matter under discussion involves an application, a loan, a personnel action, or other matter which might tend to impinge on the right of privacy of any person.

(h) Members of the Board appointed by the President from among the officers of the agencies and departments of the United States Government shall not receive any additional compensation by virtue of their service on the Board. Until the Final Government Equity Redemption Date, members of the Board appointed by the President from among the general public or elected by the holders of the class B and class C stock shall (1) receive compensation at a rate equal to the daily equivalent of the rate prescribed for grade GS-18 under section 5332 of title 5, United States Code, for each day that they are engaged in the performance of their duties on the Board, and (2) be allowed travel expenses, including per diem in lieu of subsistence, in the same manner as persons employed intermittently in the Government service are allowed expenses under section 5703(b) of title 5, United States Code, for each day that they are away from their homes or regular places of business in the performance of their duties on the Board.

5 USC 5332
note.

CAPITALIZATION

Sec. 104. (a) The capital of the Bank shall consist of capital subscribed by borrowers from the Bank, by cooperatives eligible to become borrowers, by organizations owned and controlled by such bor-

12 USC 3014.

15 USC 632.

owers, by foundations, trust or charitable funds, by public bodies, and by the United States. Beginning with the fiscal year ending September 30, 1979, the United States shall purchase class A stock and for that fiscal year there are authorized to be appropriated \$100,000,000 for such purposes, and there are authorized to be appropriated for the next four succeeding fiscal years an amount not to exceed \$200,000,000 in the aggregate. Any amounts so authorized but not appropriated or not utilized to purchase such stock of the Bank in any such fiscal year is authorized to be appropriated or reapportioned and so used in subsequent fiscal years.

(b) The capital stock of the Bank shall include class A, class B, and class C stock and such other classes with such rights, powers, privileges, and preferences of the separate classes as may be specified, not inconsistent with law, in the bylaws of the Bank. Class A preferred stock held by the United States shall be a preferred stock with first preference with respect to assets and dividends over all other classes of stock issued by the Bank. So long as any class A stock is outstanding, the Bank shall not pay any dividend on any other class of stock at a rate greater than the statutory dividend payable on the class A stock. Class B and class C stock shall be common stock with voting rights as provided for herein and shall be issued only to eligible borrowers and organizations controlled by such borrowers or organizations eligible to borrow, and shall be transferable only on the books of the Bank and then only to another eligible borrower. No holder of voting stock of the Bank shall be entitled to more than one vote regardless of the number of shares of stock of other classes held, except as provided in subsection (g) of this section.

(c) Class A stock with a par value of \$100 per share shall be issued by the Bank to the Secretary of the Treasury on behalf of the United States in exchange for capital furnished pursuant to subsection (a) of this section. The holder of class A stock shall be entitled to dividends at a rate determined by the Secretary of the Treasury taking into consideration the average market yield, during the month preceding the close of each fiscal year, on outstanding marketable obligations of the United States of comparable maturity: *Provided*, That until October 1, 1980, such dividends shall not exceed 25 per centum of gross revenues for the year less necessary operating expenses, including a reserve for possible losses. Such dividends shall be payable annually into miscellaneous receipts of the Treasury and shall be cumulative. Any such dividend payment may be deferred by the Board of Directors with the approval of the Secretary of the Treasury, but any dividend payment so deferred shall bear interest at the same rate as the rate at which dividends accumulate on the class A stock. Without the approval of the Secretary of the Treasury, the Bank shall not pay any dividend or distribution on, or make any redemption or repurchase of, any other class of stock at any time when the cumulative dividends on the class A stock shall not have been paid in full (together with any unpaid interest thereon). Upon any liquidation or dissolution of the Bank, the holder of class A stock shall be entitled to receive out of the assets of the Bank available for distribution to its stockholders, prior to any payment to the holders of any other class of stock of the Bank, an amount not less than the aggregate par value of all class A stock outstanding, plus all accrued and unpaid dividends accrued thereon and including the date of payment (together with all unpaid interest thereon). The class A stock shall be redeemed and retired as soon as practicable consistent with the purposes of this Act (such redemption to be at a price equal to the

par value of the class A stock so redeemed plus cumulative dividends accrued thereon to the date of redemption): *Provided*, That beginning on October 1, 1980, there shall be redeemed as a minimum with respect to each fiscal year a number of shares of class A stock having an aggregate par value equal to the aggregate consideration received by the Bank for the issue of its class B and class C stock during that fiscal year. Each such redemption shall take place not later than ninety days after the close of each fiscal year.

(d) Class B stock shall be held only by recipients of loans under section 105 of this Act, and such borrowers shall be required to own class B stock in an amount not less than 1 per centum of the face amount of the loan at the time the loan is made. Such borrowers may be required by the Bank to own additional class B or class C stock at the time the loan is made, but not to exceed an amount equal to 10 per centum of the face amount of the loan, or from time to time, as the Bank may determine. Such additional stock ownership requirements may be on the basis of the face amount of the loan, the outstanding balances, or on a percentage of interest payable during any year or any quarter thereof, as the Bank may determine will provide adequate capital for the operation of the Bank and equitable ownership thereof among borrowers.

(e) Class C stock shall be available for purchase and shall be held only by borrowers or by organizations eligible to borrow under section 105 of this Act or by organizations controlled by such borrowers, and shall be entitled to dividends in the manner specified in the bylaws of the Bank. Such dividends shall be payable only from income, and, until all class A stock has been retired, the rate of such dividends shall not exceed the rate of the statutory dividend on class A stock.

(f) Nonvoting stock of other classifications and other priorities may be issued at the discretion of the Board, to other investors, except that so long as any class A stock is outstanding, the Board shall not authorize or issue any class of stock, whether voting or nonvoting, that would rank prior or equal to the class A stock as to dividends or upon liquidation or dissolution.

(g)(1) The bylaws of the Bank may provide for more than one vote on the basis of—

(A) the amount of class B stock, class C stock, or both classes held, with such limitations as will encourage investments in class C stock;

(B) the amount of patronage of the Bank; and

(C) number of members in the cooperative.

(2) Such bylaws shall avoid—

(A) voting control of the Bank from becoming concentrated with the larger affluent or smaller less affluent organizations;

(B) a disproportionately larger vote in one or more of the groups of cooperatives referred to in section 108(c) of this Act; and

(C) the concentration of more than 5 per centum of the total voting control in any one class B or class C stockholder.

(h) The Bank may accept nonreturnable capital contributions on which no interest, dividend, or patronage refund shall be payable from associations, foundations, or funds or public bodies or agencies at the discretion of the Board. For the purpose of accepting such contributions, the Bank will be a governmental unit within the meaning of section 179(b)(1)(A)(v) of the Internal Revenue Code of 1954.

(i) After payment of all operating expenses of the Bank, including interest on its obligations, and after setting aside appropriate funds

for reserves for losses, for cumulative dividends on class A stock and dividends on class C stock and for any redemption of class A stock in accordance with subsection (c), the Bank shall annually set aside the remaining earnings of the Bank for patronage refunds in the form of class H or C stock or allocated surplus in accordance with the bylaws of the Bank. After ten years from the date of issue of any such stock, or at such earlier time as all the Government-held stock is retired, patronage refunds may be made in cash, or partly in stock and partly in cash.

SOLVABILITY

12 USC 3015.

SEC. 105. (a) For the purpose of all titles of this Act, subject to the limitations of subsection (d) of this section, an eligible cooperative is an organization chartered or operated on a cooperative, not-for-profit basis for producing or furnishing goods, services or facilities, primarily for the benefit of its members or voting stockholders who are ultimate consumers of such goods, services, or facilities, or a legally chartered entity entirely owned and controlled by any such organization or organizations, if it—

(1) makes such goods, services or facilities directly or indirectly available to its members or voting stockholders on a not-for-profit basis;

(2) does not pay dividends on voting stock or membership capital in excess of such percentage per annum as may be approved under the bylaws of the Bank;

(3) provides that its net savings shall be allocated or distributed to all members or patrons, in proportion to their patronage, or shall be retained for the actual or potential expansion of its services or the reduction of its charges to the patrons, or for such other purposes as may be authorized by its membership not inconsistent with its purposes;

(4) makes membership available on a voluntary basis, without any social, political, racial, or religious discrimination and without any discrimination on the basis of age, sex, or marital status, to all persons who can make use of its services and are willing to accept the responsibilities of membership, subject only to limitations under applicable Federal or State laws or regulations;

(5) in the case of primary cooperative organizations restricts its voting control to members or voting stockholders on a one vote per person basis and takes positive steps to insure economic democracy and maximum participation by members of the cooperative including the holding of annual meetings and, in the case of organizations owned by groups of cooperatives, provides positive protections to insure economic democracy; and

(6) is not a credit union, mutual savings bank, or mutual savings and loan association.

(b) No organization shall be ineligible because it produces, markets, or furnishes goods, services, or facilities on behalf of its members as primary producers, unless the dollar volume of loans made by the Bank to such organizations exceeds 10 per centum of the gross assets of the Bank.

(c) As used in this section, the term "net savings" means, for any period, the borrower's gross receipts, less the operating and other expenses deductible therefrom in accordance with generally accepted accounting principles, including, without limitation, contributions to

"Net savings."

allowable reserves, and after deducting the amounts of any dividends on its capital stock or other membership capital payable during, or within forty-five days after, the close of such period.

(d) An eligible cooperative which also has been determined to be eligible for credit assistance from the Rural Electrification Administration, the National Rural Utilities Cooperative Finance Corporation, the Rural Telephone Bank, the Banks for Cooperatives or other institutions of the Farm Credit System, or the Farmers Home Administration may receive the assistance authorized by this Act only if the Bank determines that a request for assistance from any such source or sources has been rejected or denied solely because of the unavailability of funds from such source or sources, or (2) by agreement between the Bank and the agency or agencies involved.

(e) Notwithstanding any other provision of this section, a credit union serving predominantly low-income members (as defined by the Administrator of the National Credit Union Administration) may receive technical assistance under title II.

ANNUAL MEETING

12 USC 3016.

SEC. 108. The Bank shall hold an annual meeting of its stockholders which shall be open to the public. At least 30 days' advance notice of the time and place of the annual meeting shall be given to all stockholders. Borrowers from the Bank shall also give notice of the meeting to their members, who shall be entitled to attend. At such meeting the Bank shall give a full report of its activities during the year and its financial condition and may present proposals for future action and other matters of general concern to borrowers and organizations eligible to borrow from the Bank. Members and representatives of borrowers may present motions or resolutions relating to matters within the scope of this Act and may participate in the discussion thereof and other matters on the agenda.

BORROWING AUTHORITY

12 USC 3017.

SEC. 107. (a) The Bank is authorized to obtain funds through the public or private sale of its bonds, debentures, notes, and other evidences of indebtedness. Such obligations shall be issued at such times, bear interest at such rates, and contain such terms and conditions as the Board shall determine after consultation with the Secretary of the Treasury: *Provided, however*, That the amount of such obligations which may be outstanding at any one time pursuant to this section shall not exceed ten times the paid-in capital and surplus of the Bank.

(b) The Bank is also authorized, but not required, and only so long as any of its class A stock is held by the Secretary of the Treasury, to issue its obligations to the Secretary of the Treasury, in amounts not to exceed in the aggregate such amounts as are provided in appropriations Acts and the Secretary of the Treasury may in his discretion purchase any such obligations. Each purchase of obligations of the Bank under this subsection shall be upon such terms and conditions as to yield a rate of return not less than a rate determined by the Secretary of the Treasury, taking into consideration the current average yield on outstanding marketable obligations of the United States of comparable maturity. The Secretary of the Treasury may sell,

upon such terms and conditions and at such price or prices as he shall determine any of the obligations of the Bank acquired by him under this subsection.

(c) The Bank may purchase its own obligations, and may provide for the sale of any such obligations through a fiscal agent or agents, by negotiation, offer, bid, syndicate sale, or otherwise, and may deliver such obligations by book entry, wire transfer, or such other means as may be appropriate.

(d) Obligations issued under this section shall not be guaranteed by the United States and shall not constitute a debt or obligation of the United States or any agency or instrumentality thereof other than the Bank.

LEASING POWERS

12 USC 3618.

Sec. 108 (a) The Bank may make loans and commitments for loans under this subsection to any organization determined by the Bank to be eligible under the provisions of section 105 of this Act, and may purchase or discount obligations of members of such organizations if the Bank, to the exclusion of all other persons, entities, agencies, or jurisdictions, also determines that the applicant has or will have a sound organizational and financial structure, income in excess of its operating costs and assets in excess of its obligations, and a reasonable expectation of a continuing demand for its production, goods, commodities, or services, or the use of its facilities, so that the loan will be fully repayable in accordance with its terms and conditions. Commencing on October 1, 1983, the Bank shall not make any loan to a cooperative for the purpose of financing the construction, ownership, acquisition, or improvement of any structure used primarily for residential purposes if, after giving effect to such loan, the aggregate amount of all loans outstanding for such purpose would exceed 30 per centum of the gross assets of the Bank. The Board of Directors shall use its best efforts to insure that at the end of each fiscal year of the Bank at least 35 per centum of its outstanding loans are to—

(1) cooperatives at least a majority of the members of which are low-income persons, and

(2) other cooperatives, if the proceeds of such loans are directly applied to finance a facility, activity, or service that the Board finds will be used predominantly by low-income persons.

The Board shall adopt and publish in the Federal Register rules defining the term "low-income persons" for purposes of this subsection. The criteria to be applied and the factors to be considered by the Bank in making loans, loan commitments, purchases, discounts, and guarantees shall include an assessment of the impact of the loan on existing small businesses in the eligible organizations' business territory. The criteria and factors shall be stated in rules of the Bank which shall be published and made available to applicants and, upon request, to any other person or organization.

(b) Loans under this section shall be repayable in not more than forty years and, except for loans with final due date not longer than five years from the date of the loan, shall be amortized as to principal and interest. In setting the terms, rates, and charges, it shall be the objective of the Bank to provide the type of credit needed by eligible borrowers, at the lowest reasonable cost on a sound business basis, taking into account the cost of money to the Bank, necessary reserve and

expenses of the Bank, and the technical and other assistance attributable to loans under this section made available by the Bank, but so long as the Bank makes loans from the proceeds of the sale of class A stock, the interest rate shall not be less than the rates generally prevailing in the area from other sources for loans for similar purposes and maturities, taking into consideration the cost to the borrower of required purchase of class B stock in the Bank. The loan terms may provide for interest rates to vary from time to time during the repayment period of the loan in accordance with the rates being charged by the Bank for new loans at such times. The proceeds of a loan under this subsection may be advanced by the borrower to its members or stockholders under circumstances described in the bylaws or rules of the Bank.

(c) Subject to section 102(13), the Bank may guarantee all or any part of the principal and interest of any loan made by any State or federally chartered lending institution to any borrower if such loan is to an organization that would be an eligible borrower from the Bank for a direct loan and is on terms and conditions (including the rate of interest) which would be permissible terms and conditions for such a direct loan. The Bank may impose a charge for any such guarantee. No loan may be guaranteed by the Bank if the income therefrom to the lender is excluded from such lender's gross income for purposes of chapter 1 of the Internal Revenue Code of 1954.

(d) Any loan guaranteed under subsection (c) shall be assignable to the extent provided in the contract of guarantee as may be determined by the Bank. The guarantee shall be uncontestable, except for fraud or misrepresentation of which the holder had actual knowledge at the time he acquired the loan. The Bank in lieu of requiring such lender to service such guaranteed loan until final maturity or liquidation, may purchase the loan for the balance of the principal and accrued interest thereon without penalty, if it determines that (1) the liquidation of the loan would result in the insolvency of the borrower or deprive the borrower of assets essential to its continued operation, and (2) the loan will be repayable with revision of the loan rates, terms, or payment periods or other conditions not inconsistent with loans made by the Bank under subsection (a) of this section, which revisions the lender or other holder of such guaranteed loan is unwilling to make.

(e) As long as any of the class A stock of the Bank is held by the Secretary of the Treasury, the aggregate amount of commitments by the Bank to make or guarantee loans shall not exceed such amounts as may be specified in annual appropriation Acts.

TAXATION

12 USC 3619.

Sec. 109. Until the Final Government Equity Redemption Date, but not thereafter, the Bank, including its franchise, capital, reserves, surplus, mortgages, or other security holdings and income shall be exempt from taxation now or hereafter imposed by any State, county, municipality, or local taxing authority, but any real property held by the Bank shall be subject to any State, county, municipal, or local taxation to the same extent according to its value as other real property is taxed.

QUARTERS AND SPACE

12 USC 3020.

Sec. 110. Until the Final Government Equity Redemption Date, space for the principal office and any branch offices of the Bank shall be provided by the General Services Administration. Thereafter, the Bank may lease, construct, or own quarters and provide for the space requirements of its principals and other officers.

REPORTS TO CONGRESS

12 USC 3021.

Sec. 111. The Board of the Bank shall report annually to the appropriate committees of the Congress on the Bank's capital, operations, and financial condition and make recommendations for legislation needed to improve its services.

12 USC 3022.

AUTHORIZATION

Sec. 112. In addition to appropriations specifically authorized in this Act, there are authorized to be appropriated \$2,000,000 for the fiscal year ending September 30, 1979, and for each of the two succeeding fiscal years, ending September 30, 1980, and September 30, 1981, such sums as may be necessary: *Provided*, That none of these appropriated sums shall be used to retire any indebtedness of the Bank incurred pursuant to section 107 of this Act. Any sums so appropriated shall remain available until expended.

12 USC 3023.

APPEALS

Sec. 113. (a) If an application for assistance under this Act is denied in whole or in part, the applicant shall be informed within thirty days in writing of the reasons for the denial or restriction.

(b) Any applicant for assistance under this Act receiving notice of denial or restriction of the application may, within thirty days of receipt of such notice, request the Board of Directors to review the application and notice of denial or restriction for a determination of whether the action of the Bank was correct in the terms of the Act, the regulations, and the policy of the Board. The Board shall consider the request for review at its next meeting and promptly inform the applicant of its determination and the reasons therefor.

12 USC 3024.

CONFLICT OF INTEREST

Sec. 114. The Board of Directors shall adopt and publish its own conflict of interest rules which shall be no less stringent in effect than the Federal Executive conflict of interest rules contained in Executive Order Numbered 11292 in prohibiting participation or action or the use of inside information for personal advantage on any matter involving a corporation, trust, partnership, or cooperative organization in which a board member, officer, or employee holds a substantial financial interest or holds a position as board member or senior officer, the activities of which organization might be relevant to, be competitive with, or be inconsistent with the objectives of any bank created under this Act. These rules shall require—

(1) each nominee for elected membership on the Board established under this Act to make public and file with the election

18 USC 201 note.

official before the date of election a statement of his financial interest and position, if any, in such organizations; and

(2) each senior executive officer and appointed member of the Board to file with the appointing officer, before entering that office a statement of his financial interest and position, if any, in such organizations, which shall be available for inspection upon request.

The provisions of this section shall remain in effect until the Final Government Equity Redemption Date.

EXAMINATION AND AUDIT

12 USC 3025.

Sec. 115. Until the stock of the Bank held by the United States has been fully retired, the operations of the Bank shall be examined annually under the direction of an agency or instrumentality of the Federal Government designated by the President, including the General Accounting Office, and reports of such examination shall be forwarded to the Congress. The President shall, no later than the date that 66% per centum of the class A stock is held by others than the Secretary of the Treasury, establish an Office of Supervision and Audit which shall be responsible for audits and examinations of the Bank, shall assure that the objectives of this title are carried out, and shall review and comment on the bylaws of the Bank and the general policies of the Bank and shall make an annual report to the Congress.

Office of
Supervision and
Audit.
Periodical
report to
Congress.

TITLE II—OFFICE OF SELF-HELP DEVELOPMENT AND
TECHNICAL ASSISTANCE

ESTABLISHMENT

12 USC 3061.

Sec. 201. (a) There is hereby established within the Bank an Office of Self-Help Development and Technical Assistance (hereinafter the "Office").

(b) The Office shall have a Director who shall be appointed by the President, with the advice and consent of the Senate, and who shall not be a member of the Board. Subject to review by the Board, the Director shall promulgate and publish in the Federal Register policies and procedures governing the operation of the Office.

Publication in
Federal
Register.

AUTHORIZATION

12 USC 3042.

Sec. 202. There are hereby authorized to be appropriated to the Office \$10,000,000 for the fiscal year ending September 30, 1978, and for the next two succeeding fiscal years an aggregate amount not to exceed \$85,000,000, for the purpose of making advances under section 203 of this Act. Any amounts appropriated to the Office shall be deposited by the Office in a separate account in the Bank (hereinafter the "Account"), and shall remain available until expended. Repayments of capital investment advances made pursuant to section 203(a) and interest supplement advances made pursuant to section 203(b) and payments of interest thereon pursuant to section 203(c) shall also be deposited in the Account. No other funds of the Bank shall be transferred into the Account. The Account shall be used by the Office only as authorized in section 203.

CAPITAL INVESTMENTS AND INTEREST SUPPLEMENTS

12 USC 3043.

SEC. 203. (a) The Office may make a capital investment advance out of the Account to any eligible cooperative, either in conjunction with or without a loan if the Office determines that—

- (1) (A) the applicant's initial or supplemental capital requirements exceeds its ability to obtain such capital through a loan under section 108 or from other sources; or
- (H) the membership of the applicant is, or will consist, substantially of low-income persons, as defined by the Board of Directors, or the applicant proposes to undertake to provide specialized goods, services, or facilities to serve their needs; and
- (2) the applicant cannot obtain sufficient funds through a loan under section 108 or otherwise, and the applicant presents a plan which the Office determines will permit the replacement of a capital investment advance out of member equities within a period not to exceed thirty years.

(b) The Office may make advances out of the Account to pay all or part of the interest payable to the Bank or any other lender by an eligible cooperative applicant which the Office determines cannot pay a market rate of interest because it sells goods or services to, or provides facilities for the use of, persons of low income: *Provided*, That such advances will not exceed an amount equal to 4 per centum of the principal amount of the indebtedness of such applicant to the Bank or such other lender for any year in which the net income of the cooperative is insufficient to meet scheduled interest payments.

(c) Capital investment advances made by the Office pursuant to subsection (a) and interest supplement advances made by the Office pursuant to subsection (b) shall bear interest at a rate determined by the Board of Directors of the Bank, and the Board of Directors may authorize an interest rate applicable to such advances lower than the rate applicable to loans by the Bank pursuant to section 108.

ORGANIZATIONAL ASSISTANCE

12 USC 3044.

SEC. 204. The Office shall make available information and services concerning the organization, financing, and management of cooperatives to best achieve the objectives of this Act and to best provide the means through which various types of goods, services, and facilities can be made available to members and patrons. The Office may enter into agreements with other agencies of Federal, State, and local governments, colleges and universities, foundations, or other organizations for the development and dissemination of such information, and services described in this title. The Office may make or accept grants or transfer of funds for such purposes.

INVESTIGATION AND REVENUE

12 USC 3045.

SEC. 205. The Office may undertake investigations of new types of services which can more effectively be provided through cooperative not-for-profit organizations and make surveys of areas where the increased use of such organizations will contribute to the economic well-being of the community.

FINANCIAL ANALYSIS AND MARKET SURVEYS

12 USC 3046.

SEC. 206. The Office may, at the request of any eligible cooperative, provide a financial analysis of the applicant's capital structure and needs and its cost of operations, survey the market for the goods or services the cooperative makes or desires to make available to its members or patrons or the users of its facilities.

DIRECTOR AND MANAGEMENT TRAINING AND ASSISTANCE

12 USC 3047.

SEC. 207. The Office shall develop and make available, alone or in concert with other organizations, a program for training directors and staff of eligible cooperatives to improve their understanding of their responsibilities; the problems of and solutions for effective and efficient operation of their organizations or of cooperatives in general; and may by any means it deems appropriate, conduct membership studies, provide membership education programs, and programs for informing consumers and the general public of the advantages of cooperative action. Management supervision, review, and consultations shall be available from the Office to any eligible cooperative.

GOVERNMENT ASSISTANCE PROGRAMS

12 USC 3048.

SEC. 208. The Office shall work closely with all United States Government agencies offering programs for which consumer cooperatives may be eligible to assure that information concerning all such programs is made available to eligible cooperatives.

AUTHORIZATION

12 USC 3049.

SEC. 209. There are authorized to be appropriated to the Office \$2,000,000 for the fiscal year ending September 30, 1979, and for each of the two succeeding fiscal years, such sums as may be necessary for the administration of this title. Any sums so appropriated shall remain available until expended.

FEES FOR SERVICES

12 USC 3050.

SEC. 210. The Office may make the technical assistance services under this title available for such fees as it may establish, except that such services as the Office may determine may be made available without charge to eligible cooperatives depending on the nature of the services or on ability to pay. Any fees collected shall be accounted for separately and be available for expenses of the Office.

TITLE III—GENERAL PROVISIONS

AMENDMENTS TO EXISTING LAW

SEC. 301. (a) Section 201 of the Government Corporation Control Act (31 U.S.C. 865) is amended by redesignating paragraph (6) the second time it appears therein as paragraph (7), by striking out "and" immediately before "(9)" and by inserting "and (10) the National Consumer Cooperative Bank" immediately before "the period at the end thereof."

(b) Section 308 of the Government Corporation Control Act (31 U.S.C. 837) is amended by striking out "or" before "the Federal Land Banks" and inserting immediately after "the Federal Land Banks," the following: "or the National Consumer Cooperative Bank,"

(c) The second sentence of subsection (d) of section 308 of the Government Corporation Control Act (31 U.S.C. 835(d)) is amended by inserting "National Consumer Cooperative Bank," immediately before "Rural Telephone Bank".

Sec. 302. Section 6315 of title 6, United States Code, is amended by adding at the end thereof the following:

"(122) President, National Consumer Cooperative Bank.
 "(123) Director, Office of Self-Help Development and Technical Assistance, National Consumer Cooperative Bank."

Approved August 20, 1978.

LEGISLATIVE HISTORY:

HOUSE REPORTS: No. 95-311 (Comm. on Banking, Finance, and Urban Affairs) and No. 95-1359 (Comm. of Conference).

SENATE REPORT No. 95-795 (Comm. on Banking, Housing, and Urban Affairs).

CONGRESSIONAL RECORD:

Vol. 123 (1977): July 13, 14, considered and passed House.
 Vol. 124 (1978): July 13, considered and passed Senate, amended.
 July 24, 25, in the House; objection to request for unanimous consent to Senate amendment; conference requested.
 July 27, Senate agreed to conference report.
 Aug. 9, House agreed to conference report.

*Filed Per
Gary Payne
Legal Counsel
1-28-82*

THE CO-OP BANK

2004 S Street, NW, Washington, D.C. 20009 (202) 376-0986

January 14, 1982

Secretary of State
Chief Clerk, Corporation Department
Capitol Building
Frankfort, Kentucky 40601

Gentlemen:

On behalf of the National Consumer Cooperative Bank, a bank organized under the laws of the United States, I hereby notify you of the Bank's intent to do business in your state. I have enclosed, for your convenience, a certified copy of the Federal Act creating the Bank, together with two amendments, in connection with this notification.

The Bank provides financial and technical assistance to eligible cooperatives and is itself structured as a cooperative. The Bank has the status of a mixed-ownership government instrumentality chartered under the laws of the United States. Since we are not incorporated under any state or local jurisdiction, it is our view that we are not foreign to any such jurisdiction and therefore not subject to the registration requirements for doing business of a foreign corporation.

Given the fact that this notice constitutes a courtesy filing rather than a formal registration to do business, we assume no filing fees will be assessed. If we are incorrect in this assumption, please notify me.

For your information, U.S. Corporation Company, headquartered at 70 Pine Street, New York, New York and represented locally by United States Corporation Company, 3400 First National Tower, 101 South Fifth Street, Louisville, Kentucky 40202, has been retained for statutory representation for service of process.

We look forward to the successful continuation of our lending activities in your state. If you have any questions regarding our structure or operations, please feel free to contact me at 202/673-4326.

Sincerely,



Richard A. Gross
Vice President and
General Counsel

NATIONAL CONSUMER COOPERATIVE BANK