

[PUBLIC—No. 88—73D CONGRESS]

[H.R. 6670]

AN ACT

To provide for the establishment of a corporation to aid in the refinancing of farm debts, and for other purposes.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That there is hereby established a corporation to be known as the "Federal Farm Mortgage Corporation", hereinafter in this Act referred to as the "corporation." The principal office of the corporation shall be located in the District of Columbia and the management of the corporation shall be vested in a board of directors consisting of the Secretary of the Treasury, or an officer of the Treasury designated by him, the Governor of the Farm Credit Administration, hereinafter in this Act referred to as the "Governor", and the Land Bank Commissioner. The directors shall receive no additional compensation for their services as directors of the corporation, but may be allowed actual necessary traveling and subsistence expenses when engaged in the business of the corporation outside of the District of Columbia. The Governor shall be the chairman of the board of directors. The directors shall have power to adopt such bylaws, rules, regulations, and amendments thereto as they deem necessary for the conduct of the business of the corporation authorized under this Act. The directors shall have power, without regard to the provisions of other laws applicable to the employment and compensation of officers and employees of the United States, to employ and fix the compensation and duties of such agents, officers, and employees of the corporation as may be necessary to carry out the powers and duties conferred upon the corporation by this Act, to require bonds of them and fix the penalties thereof and dismiss them at pleasure, and to prescribe the manner in which the obligations of the corporation shall be incurred and its expenses allowed and paid, but the rates of compensation of such agents, officers, and employees of the corporation shall not exceed the rates of compensation prescribed for comparable duties by the Classification Act of 1923, as amended.

Sec. 2. The corporation shall have succession until dissolved by Act of Congress; shall have power to sue and be sued in any court, to adopt and use a corporate seal, to make contracts, and to acquire, hold, and dispose of real and personal property necessary and incident to the conduct of its business; and shall have such other powers as may be necessary and incident to carrying out its powers and duties under this Act. The corporation shall be entitled to the free use of the United States mails in the same manner as the executive departments of the Government. The corporation, with the consent of any board, commission, independent establishment, or executive department of the Government, may avail itself of the use of information, services, facilities, officers, agents, and employees thereof, in carrying out the provisions of this Act.

SEC. 3. The capital of the corporation shall be in the sum of \$200,000,000, which shall be subscribed by the Governor on behalf of the United States in such amounts and at such times as he deems necessary for the purposes of the corporation. For the purpose of such capital subscription, the funds and proceeds thereof made available to the Land Bank Commissioner under section 32 of the Emergency Farm Mortgage Act of 1933 and the mortgages taken by the Commissioner and the credit instruments secured thereby are hereby transferred to the corporation.

SEC. 4. (a) With the approval of the Secretary of the Treasury, the corporation is authorized to issue and have outstanding at any one time bonds in an aggregate amount not exceeding \$2,000,000,000. Such bonds shall be in such forms and denominations, shall have such maturities, shall bear such rates of interest, shall be subject to such terms and conditions, and shall be issued in such manner and sold at such prices, as may be prescribed by the corporation, with the approval of the Secretary of the Treasury. Such bonds shall be fully and unconditionally guaranteed both as to interest and principal by the United States and such guaranty shall be expressed on the face thereof, and such bonds shall be lawful investments, and may be accepted as security, for all fiduciary, trust, and public funds the investment or deposit of which shall be under the authority or control of the United States or any officer or officers thereof. In the event that the corporation shall be unable to pay upon demand, when due, the principal of, or interest on, such bonds, the Secretary of the Treasury shall pay to the holder the amount thereof which is hereby authorized to be appropriated, out of any moneys in the Treasury not otherwise appropriated, and thereupon to the extent of the amount so paid the Secretary of the Treasury shall succeed to all the rights of the holders of such bonds. The Secretary of the Treasury, in his discretion, is authorized to purchase any bonds of the corporation issued hereunder, and for such purpose the Secretary of the Treasury is authorized to use as a public debt transaction the proceeds from the sale of any securities hereafter issued under the Second Liberty Loan Act, as amended, and the purposes for which securities may be issued under such Act, as amended, are extended to include any purchases of the corporation's bonds hereunder. The Secretary of the Treasury may, at any time, sell any of the bonds of the corporation acquired by him under this section. All redemptions, purchases, and sales by the Secretary of the Treasury of the bonds of the corporation shall be treated as public debt transactions of the United States. Such bonds shall be fully and adequately secured by such assets of the corporation and in such manner as shall be prescribed by its board of directors. The corporation shall have power to purchase such bonds in the open market at any time and at any price. On such terms and conditions as may be agreed upon, the corporation may exchange such bonds, upon application of any Federal land bank for consolidated farm loan bonds of equal face value issued under the Federal Farm Loan Act, as amended, and may exchange such consolidated farm loan bonds held by it for bonds of the corporation of equal face value.

(b) The corporation is further authorized to purchase from time to time, for cash, such consolidated farm-loan bonds at such prices

and upon such terms as may be approved by the board of directors of the corporation, to make loans to Federal land banks on the security of such consolidated bonds, and to invest its funds in mortgage loans made under section 32 of the Emergency Farm Mortgage Act of 1933, as amended.

(c) In order to furnish bonds for delivery by the Federal Farm Mortgage Corporation, the Secretary of the Treasury is hereby authorized to prepare suitable bonds in such form, subject to the provisions of this Act, as the board of directors may approve, such bonds when prepared to be held in the Treasury subject to delivery upon order of the corporation. The engraved plates, dies, bedpieces, and so forth, executed in connection therewith shall remain in the custody of the Secretary of the Treasury. The corporation shall reimburse the Secretary of the Treasury for any expenditures made in the preparation, custody, and delivery of such bonds.

SEC. 5. After ninety days after the enactment of this Act, no Federal land bank shall issue any bonds under the provisions of the last paragraph of section 32 of the Federal Farm Loan Act, as amended, subject to the guarantee of interest on such bonds by the United States except for the purpose of refinancing any bond which is or has been issued subject to such guarantee of interest.

SEC. 6. Direct loans made under section 7 of the Federal Farm Loan Act, as amended (U.S.C., Sup. VII, title 12, sec. 723), may, at the option of the Federal land bank, be made in bonds of the Federal Farm Mortgage Corporation.

SEC. 7. The thirteenth paragraph of section 12 of the Federal Farm Loan Act, as amended (U.S.C., Sup. VII, title 12, sec. 772), is amended to read as follows:

"Amounts transmitted to farm loan associations by Federal land banks to be loaned to its members shall, at the option of the bank, be in current funds or Federal Farm Mortgage Corporation bonds, or, at the option of the borrower, in farm loan bonds."

SEC. 8. (a) Section 13 of the Federal Farm Loan Act, as amended (U.S.C., Sup. VII, title 12, sec. 781), is amended by inserting at the end thereof the following new paragraphs:

"Fifteenth. To exchange farm loan bonds for Federal Farm Mortgage Corporation bonds of equal face value, and to purchase Federal Farm Mortgage Corporation bonds at or below par.

"Sixteenth. To exchange Federal Farm Mortgage Corporation bonds for farm loan bonds of equal face value."

(b) The seventh paragraph of section 22 of the Federal Farm Loan Act, as amended (U.S.C., title 12, sec. 897), is amended by adding the following after the first subparagraph (d) thereof:

"(e) To purchase Federal Farm Mortgage Corporation bonds."

SEC. 9. Section 32 of the Emergency Farm Mortgage Act of 1933 (U.S.C., Sup. VII, title 12, sec. 1016) is amended by inserting at the end thereof the following: "Until February 1, 1936, the Land Bank Commissioner shall, in his name, make loans under this section on behalf of the Federal Farm Mortgage Corporation, either in cash or in bonds of the corporation at his election, but no such loans shall be made by him after February 1, 1936, except for the purpose of refinancing loans previously made by him under this section. Not to exceed \$600,000,000 of the bonds and proceeds thereof issued

under section 4 of the Federal Farm Mortgage Corporation Act are hereby made available for the purposes of this section, in addition to the amounts transferred to such corporation under section 3 of such Act."

SEC. 10. Section 32 of the Emergency Farm Mortgage Act of 1933 is amended by striking out "\$5,000" and inserting in lieu thereof "\$7,500."

SEC. 11. Section 62 of the Farm Credit Act of 1933 (relating to fiscal agents of the United States) (U.S.C., Sup. VII, title 12, sec. 1138b) is amended by inserting after "Associations," the following: "the Federal Farm Mortgage Corporation,".

SEC. 12. (a) The corporation, including its franchise, its capital, reserves, and surplus, and its income shall be exempt from all taxation now or hereafter imposed by the United States, by any Territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority; except that any real property of the corporation shall be subject to State, Territorial, county, municipal, or local taxation to the same extent according to its value as other real property is taxed.

(b) Mortgages executed to the Land Bank Commissioner and mortgages held by the corporation, and the credit instruments secured thereby, and bonds issued by the corporation under the provisions of this Act, shall be deemed and held to be instrumentalities of the Government of the United States, and as such they and the income derived therefrom shall be exempt from Federal, State, municipal, and local taxation (except estate, inheritance, and gift taxes).

SEC. 13. Section 64 of the Farm Credit Act of 1933 (relating to unlawful acts and penalties) (U.S.C., Sup. VII, title 12, sec. 1138d) is amended by inserting after "Farm Credit Administration" wherever such phrase appears a comma and the following: "any Federal intermediate credit bank, or the Federal Farm Mortgage Corporation,".

SEC. 14. Paragraph (2) of subsection (a) of section 5 of the Farm Credit Act of 1933 (U.S.C., Sup. VII, title 12, sec. 1131i) is amended by striking out the period at the end thereof and inserting a comma and the following: "and the notes or other obligations evidencing such advances and loans and the security therefor are hereby transferred to the Governor of the Farm Credit Administration."

SEC. 15. (a) Section 5 of the Farm Credit Act of 1933 (U.S.C., Sup. VII, title 12, sec. 1131i) is amended by inserting at the end thereof the following new subsection:

"(e) The amount of all balances, collections, and appropriations allocated under subsection (a) to the revolving fund created thereunder, which is in excess of \$120,000,000, is hereby made available to the Governor of the Farm Credit Administration for the establishment of a revolving fund of not to exceed \$40,000,000. Out of such revolving fund, the Governor is authorized to allocate and, with the approval of the Secretary of the Treasury, to expend such amounts as he deems necessary for subscriptions to the capital stock and/or paid-in surplus of Federal Intermediate Credit Banks."

(b) The first sentence of section 205 of the Federal Farm Loan Act (U.S.C., Sup. VII, title 12, sec. 1061), as amended, is amended

by striking out the period at the end thereof and inserting in lieu thereof a comma and the following: "which amount may be increased from time to time with the approval of the Governor of the Farm Credit Administration".

(c) Section 205 of the Federal Farm Loan Act (U.S.C., title 12, sec. 1061), as amended, is further amended by adding at the end thereof the following: "With the approval of the Secretary of the Treasury, the Governor of the Farm Credit Administration is hereby authorized to subscribe from time to time to the capital stock and/or paid-in surplus of any Federal Intermediate Credit Bank on behalf of the United States, in such amounts as he may determine are necessary for the purpose of meeting the credit needs of eligible borrowers from the bank, and the amount of the capital stock and paid-in surplus of such bank may be increased or decreased from time to time by the Governor, in accordance with such needs. Such stock shall be divided into shares of \$100 each and subscriptions to such paid-in surplus shall be made in multiples of \$100 out of the revolving fund created under subsection (e) of section 5 of the Farm Credit Act of 1933, as amended. The Governor on behalf of the United States shall make payment for stock and paid-in surplus of such bank and such payment shall be subject to call in whole or in part by the board of directors of the bank, with the approval of the Governor."

SEC. 16. (a) The first sentence of the eighth paragraph of section 13 of the Federal Reserve Act, as amended, is further amended by inserting before the semicolon after the words "section 13 (a) of this Act" a comma and the following: "or by the deposit or pledge of Federal Farm Mortgage Corporation bonds issued under the Federal Farm Mortgage Corporation Act."

(b) Paragraph (b) of section 14 of the Federal Reserve Act, as amended (U.S.C., title 12, secs. 353-358), is further amended by inserting after the words "bonds and notes of the United States" a comma and the following: "bonds of the Federal Farm Mortgage Corporation having maturities from date of purchase of not exceeding six months."

SEC. 17. (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 provision to other persons or circumstances, shall not be affected thereby.

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

SEC. 18. This Act may be cited as the "Federal Farm Mortgage Corporation Act".

Approved, January 31, 1934.