

## Farm Credit Administration

## § 627.2710

(b) Complaints regarding discrimination in lending by a Farm Credit institution under the Equal Credit Opportunity Act shall be referred to the Office of Congressional and Public Affairs, Farm Credit Administration, McLean, Virginia 22102-5090.

[57 FR 13639, Apr. 17, 1992. Redesignated at 62 FR 4441, Jan. 30, 1997]

## PART 627—TITLE IV CONSERVATORS, RECEIVERS, AND VOLUNTARY LIQUIDATIONS

### Subpart A—General

Sec.

- 627.2700 General—applicability.
- 627.2705 Definitions.
- 627.2710 Grounds for appointment of conservators and receivers.
- 627.2715 Action for removal of conservator or receiver.

### Subpart B—Receivers and Receiverships

- 627.2720 Appointment of receiver.
- 627.2725 Powers and duties of the receiver.
- 627.2726 Treatment by the conservator or receiver of financial assets transferred in connection with a securitization or participation.
- 627.2730 Preservation of equity.
- 627.2735 Notice to holders of uninsured accounts and stockholders.
- 627.2740 Creditors' claims.
- 627.2745 Priority of claims—associations.
- 627.2750 Priority of claims—banks.
- 627.2752 Priority of claims—other Farm Credit institutions.
- 627.2755 Payment of claims.
- 627.2760 Inventory, audit, and reports.
- 627.2765 Final discharge and release of the receiver.

### Subpart C—Conservators and Conservatorships

- 627.2770 Conservators.
- 627.2775 Appointment of a conservator.
- 627.2780 Powers and duties of conservators.
- 627.2785 Inventory, examination, audit, and reports to stockholders.
- 627.2790 Final discharge and release of the conservator.

### Subpart D—Voluntary Liquidation

- 627.2795 Voluntary liquidation.
- 627.2797 Preservation of equity.

AUTHORITY: Secs. 4.2, 5.9, 5.10, 5.17, 5.51, 5.58, 5.61 of the Farm Credit Act (12 U.S.C. 2183, 2243, 2244, 2252, 2277a, 2277a-7, 2277a-10).

SOURCE: 57 FR 46482, Oct. 9, 1992, unless otherwise noted.

### Subpart A—General

#### § 627.2700 General—applicability.

The provisions of this part shall apply to conservatorships, receiverships, and voluntary liquidations.

[63 FR 5724, Feb. 4, 1998]

#### § 627.2705 Definitions.

For purposes of this part the following definitions apply:

(a) *Act* means the Farm Credit Act of 1971, as amended.

(b) *Farm Credit institution(s)* or *institution(s)* means all associations, banks, service corporations chartered under title IV of the Act, the Federal Farm Credit Banks Funding Corporation, and the Farm Credit System Financial Assistance Corporation.

(c) *Conservator* means the Farm Credit System Insurance Corporation acting in its capacity as conservator.

(d) *Insurance Corporation* means the Farm Credit System Insurance Corporation.

(e) *Receiver* means the Insurance Corporation acting in its capacity as receiver.

#### § 627.2710 Grounds for appointment of conservators and receivers.

(a) Upon a determination by the Farm Credit Administration Board of the existence of one or more of the factors set forth in paragraph (b) of this section, with respect to any bank, association, or other institution of the System, the Farm Credit Administration Board may, in its discretion, appoint a conservator or receiver for such institution. After January 5, 1993, the Insurance Corporation shall be the sole entity to be appointed as conservator or receiver.

(b) The grounds for the appointment of a conservator or receiver for a System institution are:

(1) The institution is insolvent, in that the assets of the institution are less than its obligations to creditors and others, including its members. For purposes of determining insolvency, "obligations to members" shall not include stock or allocated equities held by current or former borrowers.

**§ 627.2715**

**12 CFR Ch. VI (1-1-06 Edition)**

(2) There has been a substantial dissipation of the assets or earnings of the institution due to the violation of any law, rule, or regulation, or the conduct of an unsafe or unsound practice;

(3) The institution is in an unsafe or unsound condition to transact business, including having insufficient capital or otherwise. For purposes of this regulation, “unsafe or unsound condition” shall include, but shall not be limited to, the following conditions:

(i) For banks, a net collateral ratio below 102 percent.

(ii) For associations, a default by the association of one or more terms of its general financing agreement with its affiliated bank that the Farm Credit Administration determines to be a material default.

(iii) For all institutions, permanent capital of less than one-half the minimum required level for the institution.

(iv) For all institutions, a total surplus ratio of less than 2 percent.

(v) For associations, stock impairment.

(4) The institution has committed a willful violation of a final cease-and-desist order issued by the Farm Credit Administration Board; or

(5) The institution is concealing its books, papers, records, or assets, or is refusing to submit its books, papers, records, assets, or other material relating to the affairs of the institution for inspection to any examiner or to any lawful agent of the Farm Credit Administration Board.

(6) The institution is unable to make a timely payment of principal or interest on any insured obligation (as defined in section 5.51(3) of the Act) issued by the institution individually, or on which it is primarily liable.

[51 FR 32443, Sept. 12, 1986, as amended at 54 FR 1148, Jan. 12, 1989. Redesignated and amended at 46487, Oct. 9, 1992; 63 FR 39229, July 22, 1998]

**§ 627.2715 Action for removal of conservator or receiver.**

Upon the appointment of a conservator or receiver for a Farm Credit institution by the Farm Credit Administration Board pursuant to § 627.2710 of this part, the institution may, within 30 days of such appointment, bring an

action in the United States District Court for the judicial district in which the home office of the institution is located, or in the United States District Court for the District of Columbia, for an order requiring the Farm Credit Administration Board to remove such conservator or receiver and, if the charter has been canceled, to rescind the cancellation of the charter. Notwithstanding any other provision of subpart B or C of this part, the institution’s board of directors is empowered to meet subsequent to such appointment and authorize the filing of an action for removal. An action for removal may be authorized only by such institution’s board of directors.

**Subpart B—Receivers and Receiverships**

**§ 627.2720 Appointment of receiver.**

(a) The Farm Credit Administration Board may, in its discretion, appoint ex parte and without notice a receiver for any Farm Credit institution in accordance with the grounds for appointment set forth in § 627.2710 of this part.

(b) The receiver appointed for a Farm Credit institution shall be the Insurance Corporation.

(c) Upon the appointment of the Insurance Corporation as receiver, the Chairman of the Farm Credit Administration Board shall immediately notify the institution, and its district bank in the case of an association, and shall publish a notice of the appointment in the FEDERAL REGISTER.

(d) In the case of the voluntary or involuntary liquidation of an association, the district bank shall institute appropriate measures to minimize the adverse effect of the liquidation on those borrowers whose loans are purchased by or otherwise transferred to another System institution.

(e) Upon the issuance of the order placing a Farm Credit institution into liquidation and appointing the Insurance Corporation as receiver, all rights, privileges, and powers of the board of directors, officers, and employees of the institution shall be vested exclusively in the receiver. The Farm Credit Administration Board may simultaneously, or any time