

existing provisions as par. (2), inserted heading, and substituted “The regulations referred to in paragraph (1) shall” for “The regulations shall”.

1992—Subsecs. (a), (b)(1)(D). Pub. L. 102-552, §308(b)(3)(A), substituted “December 13, 1991” for “the date of the enactment of this section”.

Subsec. (b)(1)(E). Pub. L. 102-552, §308(b)(3)(B), substituted “December 13, 1991” for “the date of the enactment of such Act”.

Subsec. (b)(2). Pub. L. 102-552, §308(b)(3)(A), substituted “December 13, 1991” for “the date of the enactment of this section” in two places.

EFFECTIVE DATE OF 2008 AMENDMENT

Amendment of this section and repeal of Pub. L. 110-234 by Pub. L. 110-246 effective May 22, 2008, the date of enactment of Pub. L. 110-234, see section 4 of Pub. L. 110-246, set out as an Effective Date note under section 8701 of Title 7, Agriculture.

§ 2279bb-2. Minimum capital level

(a) In general

Except as provided in subsection (b), for purposes of this part, the minimum capital level for the Corporation shall be an amount of core capital equal to the sum of

(1) 2.75 percent of the aggregate on-balance sheet assets of the Corporation, as determined in accordance with generally accepted accounting principles; and

(2) 0.75 percent of the aggregate off-balance sheet obligations of the Corporation, which, for the purposes of this part, shall include

(A) the unpaid principal balance of outstanding securities that are guaranteed by the Corporation and backed by pools of qualified loans;

(B) instruments that are issued or guaranteed by the Corporation and are substantially equivalent to instruments described in subparagraph (A); and

(C) other off-balance sheet obligations of the Corporation.

(b) Transition period

(1) In general

For purposes of this part, the minimum capital level for the Corporation—

(A) prior to January 1, 1997, shall be the amount of core capital equal to the sum of—

(i) 0.45 percent of aggregate off-balance sheet obligations of the Corporation;

(ii) 0.45 percent of designated on-balance sheet assets of the Corporation, as determined under paragraph (2); and

(iii) 2.50 percent of on-balance sheet assets of the Corporation other than assets designated under paragraph (2);

(B) during the 1-year period ending December 31, 1997, shall be the amount of core capital equal to the sum of—

(i) 0.55 percent of aggregate off-balance sheet obligations of the Corporation;

(ii) 1.20 percent of designated on-balance sheet assets of the Corporation, as determined under paragraph (2); and

(iii) 2.55 percent of on-balance sheet assets of the Corporation other than assets designated under paragraph (2);

(C) during the 1-year period ending December 31, 1998, shall be the amount of core capital equal to—

(i) if the Corporation’s core capital is not less than \$25,000,000 on January 1, 1998, the sum of—

(I) 0.65 percent of aggregate off-balance sheet obligations of the Corporation;

(II) 1.95 percent of designated on-balance sheet assets of the Corporation, as determined under paragraph (2); and

(III) 2.65 percent of on-balance sheet assets of the Corporation other than assets designated under paragraph (2); or

(ii) if the Corporation’s core capital is less than \$25,000,000 on January 1, 1998, the amount determined under subsection (a); and

(D) on and after January 1, 1999, shall be the amount determined under subsection (a).

(2) Designated on-balance sheet assets

For purposes of this subsection, the designated on-balance sheet assets of the Corporation shall be—

(A) the aggregate on-balance sheet assets of the Corporation acquired under section 2279aa-6(e) of this title; and

(B) the aggregate amount of qualified loans purchased and held by the Corporation under section 2279aa-3(c)(13) of this title.

(Pub. L. 92-181, title VIII, §8.33, as added Pub. L. 102-237, title V, §503(b)(2), Dec. 13, 1991, 105 Stat. 1873; amended Pub. L. 104-105, title I, §114, Feb. 10, 1996, 110 Stat. 166.)

AMENDMENTS

1996—Pub. L. 104-105 amended section generally, substituting present provisions for provisions relating to minimum capital level, including general provisions, provisions relating to 18-month transition, and provisions relating to linked portfolio assets.

§ 2279bb-3. Critical capital level

For purposes of this part, the critical capital level for the Corporation shall be an amount of core capital equal to 50 percent of the total minimum capital amount determined under section 2279bb-2 of this title.

(Pub. L. 92-181, title VIII, §8.34, as added Pub. L. 102-237, title V, §503(b)(2), Dec. 13, 1991, 105 Stat. 1874; amended Pub. L. 104-105, title I, §115, Feb. 10, 1996, 110 Stat. 167.)

AMENDMENTS

1996—Pub. L. 104-105 amended section generally. Prior to amendment, section read as follows: “For purposes of this part, the critical capital level for the Corporation shall be an amount of core capital equal to the sum of—

“(1) 1.25 percent of the aggregate on-balance sheet assets of the Corporation (other than assets referred to in paragraph (3)), as determined in accordance with generally accepted accounting principles;

“(2) 0.25 percent of the unpaid principal balance of outstanding securities guaranteed by the Corporation and backed by pools of qualified loans and substantially equivalent instruments issued or guaranteed by the Corporation, and other off-balance sheet obligations of the Corporation; and

“(3) a percentage of any aggregate assets of the Corporation acquired pursuant to the linked portfolio option under section 2279aa-6(g) of this title, which shall be—

“(A) during the 5-year period beginning on December 13, 1991, one-half of the percentage that is

determined under section 2279bb-2(c)(1) of this title; and

“(B) after the expiration of such 5-year period, 1.25 percent of any such aggregate assets.”

§ 2279bb-4. Enforcement levels

(a) In general

The Director shall classify the Corporation, for purposes of this part, according to the following enforcement levels:

(1) Level I

The Corporation shall be classified as within level I if the Corporation—

(A) maintains an amount of regulatory capital that is equal to or exceeds the risk-based capital level established under section 2279bb-1 of this title; and

(B) equals or exceeds the minimum capital level established under section 2279bb-2 of this title.

(2) Level II

The Corporation shall be classified as within level II if—

(A) the Corporation—

(i) maintains an amount of regulatory capital that is less than the risk-based capital level; and

(ii) equals or exceeds the minimum capital level; or

(B) the Corporation is otherwise classified as within level II under subsection (b) of this section.

(3) Level III

The Corporation shall be classified as within level III if—

(A) the Corporation—

(i) does not equal or exceed the minimum capital level; and

(ii) equals or exceeds the critical capital level established under section 2279bb-3 of this title; or

(B) the Corporation is otherwise classified as within level III under subsection (b) of this section.

(4) Level IV

The Corporation shall be classified as within level IV if the Corporation—

(A) does not equal or exceed the critical capital level; or

(B) is otherwise classified as within level IV under subsection (b) of this section.

(b) Discretionary classification

If at any time the Director determines in writing (and provides written notification to the Corporation and the Farm Credit Administration) that the Corporation is taking any action not approved by the Director that could result in a rapid depletion of core capital or that the value of the property subject to mortgages securitized by the Corporation or property underlying securities guaranteed by the Corporation, has decreased significantly, the Director may classify the Corporation—

(1) as within level II, if the Corporation is otherwise within level I;

(2) as within level III, if the Corporation is otherwise within level II; or

(3) as within level IV, if the Corporation is otherwise within level III.

(c) Quarterly determination

The Director shall determine the classification of the Corporation for purposes of this part on not less than a quarterly basis (and as appropriate under subsection (b)). The first such determination shall be made for the quarter ending March 31, 1992.

(d) Notice

Upon determining under subsection (b) or (c) that the Corporation is within level II or III, the Director shall provide written notice to the Congress and to the Corporation—

(1) that the Corporation is within such level;

(2) that the Corporation is subject to the provisions of section 2279bb-5 or 2279bb-6 of this title, as applicable; and

(3) stating the reasons for the classification of the Corporation within such level.

(e) Implementation

Notwithstanding paragraphs (1) and (2) of subsection (a), during the period beginning on December 13, 1991, and ending on the effective date of the risk based capital regulation issued by the Director under section 2279bb-1 of this title, the Corporation shall be classified as within level I if the Corporation equals or exceeds the minimum capital level established under section 2279bb-2 of this title.

(Pub. L. 92-181, title VIII, § 8.35, as added Pub. L. 102-237, title V, § 503(b)(2), Dec. 13, 1991, 105 Stat. 1874; amended Pub. L. 104-105, title I, § 116, Feb. 10, 1996, 110 Stat. 168.)

AMENDMENTS

1996—Subsec. (e). Pub. L. 104-105 substituted “during the period beginning on December 13, 1991, and ending on the effective date of the risk based capital regulation issued by the Director under section 2279bb-1 of this title,” for “during the 30-month period beginning on December 13, 1991.”

§ 2279bb-5. Mandatory actions applicable to level II

(a) Capital restoration plan

If the Corporation is classified as within level II, the Corporation shall, within the time period determined by the Director, submit to the Director a capital restoration plan and, after approval, carry out the plan.

(b) Restriction on dividends

If the Corporation is classified as within level II, the Corporation may not make any payment of dividends that would result in the Corporation being reclassified as within level III or IV.

(c) Reclassification from level II to level III

The Director shall immediately reclassify the Corporation as within level III (and the Corporation shall be subject to the provisions of section 2279bb-6 of this title), if—

(1) the Corporation is within level II; and

(2)(A) the Corporation does not submit a capital restoration plan that is approved by the Director; or

(B) the Director determines that the Corporation has failed to make, in good faith, rea-