

case the bank shall begin making the payments no later than December 31, 1993) in amounts designed to accumulate, in total, including earnings on the amounts, to 90 percent of the bank's ultimate obligation. The Financial Assistance Corporation shall partially discharge the bank from its obligation under subparagraph (C) to the extent of each such payment and the earnings on the payment as earned.

(ii) Capital requirements

The agreement shall not require payments to be made to the extent that making a particular payment or part of a payment would cause the bank to fail to satisfy applicable regulatory permanent capital requirements, but shall provide for recalculation of subsequent payments accordingly.

(iii) Investment; availability

The funds received by the Financial Assistance Corporation pursuant to the agreements shall be invested in eligible investments as defined in section 2278b-5(a)(1) of this title. The funds and the earnings on the funds shall be available only for the payment of the principal of the bonds issued by the Financial Assistance Corporation under this subsection.

(E) Financial reporting

Until each obligation issued in accordance with this subsection reaches maturity, for all financial reporting purposes, such obligation shall be considered to be the sole obligation of the Financial Assistance Corporation and shall not be considered a liability of any System bank, nor shall the obligation to make future annuity payments to the Financial Assistance Corporation under subparagraph (D) be considered a liability of any System bank.

(4) Funds not considered financial assistance

The funds made available to each bank, whether through the issuance of stock or otherwise, by the Financial Assistance Corporation to meet obligations under any agreement referred to in paragraph (1) or to meet any obligations of the contributing banks under any such agreement, as required by this subsection, shall not be considered financial assistance under this chapter.

(5) Suspension of preservation agreements

During the 5-year period beginning on January 6, 1988, and thereafter whenever funds from the Farm Credit System Insurance Fund are available for use in assisting System institutions to meet their obligations on their debt instruments, activation of the Thirty-Seven Banks Capital Preservation Agreement, the Federal Land Banks Capital Preservation Agreement, the Federal Intermediate Credit Banks Capital Preservation Agreement, and the Banks for Cooperatives Loss Sharing Agreement shall be suspended, in exchange for the benefits flowing to the signatories to such agreements under the Agricultural Credit Act of 1987.

(Pub. L. 92-181, title VI, §6.9, as added Pub. L. 100-233, title II, §201, Jan. 6, 1988, 101 Stat. 1591;

amended Pub. L. 100-399, title II, §201(k), (l), Aug. 17, 1988, 102 Stat. 991; Pub. L. 102-552, title III, §301, Oct. 28, 1992, 106 Stat. 4107.)

REFERENCES IN TEXT

Sections 2216f and 2216g of this title, referred to in subsec. (c), were repealed by Pub. L. 100-233, title II, §207(a)(3), Jan. 6, 1988, 101 Stat. 1607, effective 15 days after Jan. 6, 1988.

The Agricultural Credit Act of 1987, referred to in subsec. (e)(5), is Pub. L. 100-233, Jan. 6, 1988, 101 Stat. 1568, as amended. For complete classification of this Act to the Code see Short Title of 1988 Amendment note set out under section 2001 of this title and Tables.

AMENDMENTS

1992—Subsec. (e)(3)(C). Pub. L. 102-552, §301(1), added subpar. (C) and struck out former subpar. (C) which read as follows:

“(C) PAYMENT OF PRINCIPAL.—After the end of the 15-year period beginning on the date of the issuance of any obligation issued to carry out this subsection, the banks operating under this chapter shall pay to the Financial Assistance Corporation, on demand, an amount equal to the outstanding principal of such obligation. Each bank shall pay a proportion of such principal equal to—

“(i) the average accruing loan volume of the bank for the preceding 15 years; divided by

“(ii) the average accruing loan volume of all banks of the System for the same period.”

Subsec. (e)(3)(D). Pub. L. 102-552, §301(2), (3), added subpar. (D) and redesignated former subpar. (D) as (E).

Subsec. (e)(3)(E). Pub. L. 102-552, §301(2), (4), redesignated subpar. (D) as (E) and inserted before period at end “, nor shall the obligation to make future annuity payments to the Financial Assistance Corporation under subparagraph (D) be considered a liability of any System bank”.

1988—Subsec. (a). Pub. L. 100-399, §201(k), inserted in heading “Assets and”.

Subsec. (e)(5). Pub. L. 100-399, §201(l), inserted “activation of” after “instruments,” and struck out closing quotation mark and following period, which for purposes of codification had been previously struck out requiring no change in text.

EFFECTIVE DATE OF 1988 AMENDMENT

Amendment by Pub. L. 100-399 effective as if enacted immediately after enactment of Pub. L. 100-233, which was approved Jan. 6, 1988, see section 1001(a) of Pub. L. 100-399, set out as a note under section 2002 of this title.

§ 2278a-10. Effect of regulations; audits

(a) Issuance

The Assistance Board may issue such regulations, policies, procedures, guidelines, or statements as the Board considers necessary or appropriate to carry out this subchapter, all of which shall be promulgated and enforced without regard to subchapter II of chapter 5 of title 5.

(b) Regulation by Farm Credit Administration

The Assistance Board shall not be subject to regulation by the Farm Credit Administration.

(c) Audits

The Assistance Board shall not require an audit or examination of a System institution that would be duplicative of an audit or examination that is conducted under other provisions of law.

(Pub. L. 92-181, title VI, §6.10, as added Pub. L. 100-233, title II, §201, Jan. 6, 1988, 101 Stat. 1594.)

§ 2278a-11. Exemption from taxation

The Assistance Board, the capital, reserves, and surplus thereof, and the income derived therefrom, shall be exempt from Federal, State, municipal, and local taxation, except taxes on real estate held by the Assistance Board to the same extent, according to its value, as other similar property held by other persons is taxed.

(Pub. L. 92-181, title VI, §6.11, as added Pub. L. 100-233, title II, §201, Jan. 6, 1988, 101 Stat. 1594.)

§ 2278a-12. Termination

The Assistance Board and the authority provided to the Assistance Board by this part shall terminate on December 31, 1992.

(Pub. L. 92-181, title VI, §6.12, as added Pub. L. 100-233, title II, §201, Jan. 6, 1988, 101 Stat. 1594; amended Pub. L. 100-399, title II, §201(m), Aug. 17, 1988, 102 Stat. 991.)

AMENDMENTS

1988—Pub. L. 100-399 inserted “to the Assistance Board” after “provided”.

EFFECTIVE DATE OF 1988 AMENDMENT

Amendment by Pub. L. 100-399 effective as if enacted immediately after enactment of Pub. L. 100-233, which was approved Jan. 6, 1988, see section 1001(a) of Pub. L. 100-399, set out as a note under section 2002 of this title.

§ 2278a-13. Transitional provisions**(a) Exercise of powers**

The powers of the Assistance Board under this subchapter shall be exercised by the Farm Credit Administration Board until the issuance of the charter of the Assistance Board, or such later date not to exceed 30 days thereafter, as may be requested by the Assistance Board.

(b) Limitation on assistance

Any assistance provided to System institutions by the Farm Credit Administration in accordance with this section shall be provided from, and shall not exceed, the amounts contained in the revolving fund established under section 2151 of this title.

(c) Issuance of stock

Each institution that receives assistance from the Farm Credit Administration during the interim period specified in subsection (a), in consideration thereof, shall issue preferred stock to the Financial Assistance Corporation in an amount equal to the amount of such assistance. Payments by the Financial Assistance Corporation under subsection (d) shall be considered to be payments to each such institution for such stock.

(d) Repayment

The Financial Assistance Corporation shall pay to the Farm Credit Administration, for return to the revolving fund established under section 2151 of this title, the full amount of all financial assistance provided by the Farm Credit Administration in accordance with this section, from the proceeds from the sale of the first issue of obligations by the Financial Assistance Corporation in accordance with section 2278b-6 of this title.

(Pub. L. 92-181, title VI, §6.13, as added Pub. L. 100-233, title II, §201, Jan. 6, 1988, 101 Stat. 1594; amended Pub. L. 100-399, title II, §201(n), Aug. 17, 1988, 102 Stat. 991.)

AMENDMENTS

1988—Subsec. (d). Pub. L. 100-399 inserted “, for return to the revolving fund established under section 2151 of this title,” before “the full”.

EFFECTIVE DATE OF 1988 AMENDMENT

Amendment by Pub. L. 100-399 effective as if enacted immediately after enactment of Pub. L. 100-233, which was approved Jan. 6, 1988, see section 1001(a) of Pub. L. 100-399, set out as a note under section 2002 of this title.

PART B—FINANCIAL ASSISTANCE CORPORATION

§ 2278b. Establishment of Corporation

Not later than 5 days after January 6, 1988, the Farm Credit Administration shall charter the Farm Credit System Financial Assistance Corporation (hereinafter referred to in this chapter as the “Financial Assistance Corporation”) which shall be—

- (1) an institution of the Farm Credit System; and
- (2) a Federally chartered instrumentality of the United States.

(Pub. L. 92-181, title VI, §6.20, as added Pub. L. 100-233, title II, §201, Jan. 6, 1988, 101 Stat. 1595.)

FINANCIAL REPORT

Pub. L. 100-233, title II, §206, Jan. 6, 1988, 101 Stat. 1607, provided that: “During the period beginning September 30, 2001, and ending December 31, 2001, the Farm Credit Administration shall review and evaluate the financial condition of the Farm Credit System and report to the Secretary of the Treasury and the appropriate committees of Congress on—

- “(1) the general financial condition of each System institution;
- “(2) the total outstanding principal of debt obligations issued under section 6.26 of the Farm Credit Act of 1971 (as added by section 201 of this Act) [12 U.S.C. 2278b-6]; and
- “(3) the ability of each System institution to retire, at par value, preferred stock issued by the institution in accordance with section 6.27 of the Farm Credit Act of 1971 (as added by section 201 of this Act) [12 U.S.C. 2278b-7].”

§ 2278b-1. Purpose

The purpose of the Financial Assistance Corporation shall be to carry out a program to provide capital to institutions of the Farm Credit System that are experiencing financial difficulty and to assist, pursuant to section 2278a-9(e) of this title and subsections (c) through (g) of section 2278b-6 of this title, in the repayment by System institutions to those persons who provided funds in connection with the program.

(Pub. L. 92-181, title VI, §6.21, as added Pub. L. 100-233, title II, §201, Jan. 6, 1988, 101 Stat. 1595; amended Pub. L. 102-552, title III, §307(a), Oct. 28, 1992, 106 Stat. 4116.)

AMENDMENTS

1992—Pub. L. 102-552 inserted before period at end “and to assist, pursuant to section 2278a-9(e) of this title and subsections (c) through (g) of section 2278b-6 of this title, in the repayment by System institutions