

(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