

Subsec. (a)(4). Pub. L. 111-203, §1493(a)(3), inserted “in each State” after “total number of loans” in introductory provisions.

Subsec. (b)(1)(A). Pub. L. 111-203, §1493(b), inserted at end “Not later than 60 days after the date of the enactment of the Dodd-Frank Wall Street Reform and Consumer Protection Act, the Comptroller of the Currency and the Director of the Office of Thrift Supervision shall update such requirements to reflect amendments made to this section by such Act.”

#### Statutory Notes and Related Subsidiaries

##### EFFECTIVE DATE OF 2010 AMENDMENT

Amendment by Pub. L. 111-203 effective on the date on which final regulations implementing that amendment take effect, or on the date that is 18 months after the designated transfer date if such regulations have not been issued by that date, see section 1400(c) of Pub. L. 111-203, set out as a note under section 1601 of Title 15, Commerce and Trade.

#### SUBCHAPTER III—NATIONAL MORTGAGE ASSOCIATIONS

### § 1716. Declaration of purposes of subchapter

The Congress declares that the purposes of this subchapter are to establish secondary market facilities for residential mortgages, to provide that the operations thereof shall be financed by private capital to the maximum extent feasible, and to authorize such facilities to—

- (1) provide stability in the secondary market for residential mortgages;
- (2) respond appropriately to the private capital market;
- (3) provide ongoing assistance to the secondary market for residential mortgages (including activities relating to mortgages on housing for low- and moderate-income families involving a reasonable economic return that may be less than the return earned on other activities) by increasing the liquidity of mortgage investments and improving the distribution of investment capital available for residential mortgage financing;
- (4) promote access to mortgage credit throughout the Nation (including central cities, rural areas, and underserved areas) by increasing the liquidity of mortgage investments and improving the distribution of investment capital available for residential mortgage financing; and
- (5) manage and liquidate federally owned mortgage portfolios in an orderly manner, with a minimum of adverse effect upon the residential mortgage market and minimum loss to the Federal Government.

(June 27, 1934, ch. 847, title III, §301, 48 Stat. 1252; May 28, 1935, ch. 150, §30, 49 Stat. 300; Feb. 3, 1938, ch. 13, §§4, 5, 52 Stat. 23; June 3, 1939, ch. 175, §§15, 16, 53 Stat. 808; Mar. 28, 1941, ch. 31, §5, 55 Stat. 62; July 1, 1948, ch. 784, §1, 62 Stat. 1206; Aug. 10, 1948, ch. 832, title II, §§201, 202, 62 Stat. 1275; Aug. 8, 1949, ch. 403, §4, 63 Stat. 576; Oct. 25, 1949, ch. 729, §7, 63 Stat. 906; Apr. 20, 1950, ch. 94, title I, §§116, 122, 64 Stat. 57, 59; Sept. 1, 1951, ch. 378, title II, §205, title VI, §608(b), 65 Stat. 303, 315; Apr. 9, 1952, ch. 173, 66 Stat. 51; July 14, 1952, ch. 723, §§3(a), 10(a)(2), 66 Stat. 602, 603; June 30, 1953, ch. 170, §§12, 13(a), 67 Stat. 125; June 29,

1954, ch. 410, §1(1), 68 Stat. 320; Aug. 2, 1954, ch. 649, title II, §201, 68 Stat. 612; Pub. L. 90-448, title VIII, §802(b), Aug. 1, 1968, 82 Stat. 536; Pub. L. 101-73, title VII, §731(m)(1), Aug. 9, 1989, 103 Stat. 435; Pub. L. 102-550, title XIII, §1381(a), Oct. 28, 1992, 106 Stat. 3994.)

#### Editorial Notes

##### AMENDMENTS

1992—Pub. L. 102-550, §1381(a)(1), substituted “residential” for “home” in introductory provisions.

Par. (1). Pub. L. 102-550, §1381(a)(1), substituted “residential” for “home”.

Par. (3). Pub. L. 102-550, §1381(a)(1), (2), substituted “residential” for “home” in two places, substituted “(including activities relating to mortgages on housing for low- and moderate-income families involving a reasonable economic return that may be less than the return earned on other activities)” for “(including mortgages securing housing for low- and moderate-income families involving a reasonable economic return)”, and struck out “and” at end.

Par. (4). Pub. L. 102-550, §1381(a)(3), (4), added par. (4) and redesignated former par. (4) as (5).

Par. (5). Pub. L. 102-550, §1381(a)(1), (3), redesignated par. (4) as (5) and substituted “residential” for “home”.

1989—Pub. L. 101-73 added pars. (1) to (3), struck out subsecs. (a) and (b), and redesignated subsec. (c) as par. (4). Prior to amendment, subsecs. (a) and (b) related to supplementary assistance to the secondary market and to provision of special assistance, respectively.

1968—Pub. L. 90-448 struck out provisions which established in the Federal Government a secondary market facility for home mortgages in view of section 1716b of this title which created two separate and distinct corporations.

1954—Act Aug. 2, 1954, amended section generally, substituting entirely new provisions for provisions now covered by section 1717 of this title and other sections in this subchapter.

Subsec. (a)(1)(G). Act June 29, 1954, substituted in first sentence “August 1, 1954” for “July 1, 1954”.

1953—Subsec. (a)(1)(E). Act June 30, 1953, §12, in cl. (2), substituted “principal amount to be paid therefor” for “unpaid principal balance thereof”, and “aggregate principal amount” for “aggregate amount”; and substituted three provisos for former proviso which made such cl. (2) and any terms therein inapplicable to any defense or disaster mortgages as defined in subpar. (G) of par. (1).

Subsec. (a)(1)(G). Act June 30, 1953, §13(a), substituted in first sentence “July 1, 1954” for “July 1, 1953”.

1952—Subsec. (a)(1). Act July 14, 1952, §3(a)(1), authorized the FNMA to purchase Government-insured or guaranteed home mortgages other than defense or disaster mortgages if they are insured after Feb. 29, 1952.

Subsec. (a)(1)(E). Act July 14, 1952, §3(a)(2), (3), changed the base date from Apr. 30, 1948 to Feb. 29, 1952, and exempted defense or disaster mortgages from the limitation of this subparagraph.

Subsec. (a)(1)(G). Act July 14, 1952, §3(a)(4), increased the FNMA commitment powers from \$252,000,000 to \$1,152,000,000 outstanding at any one time if the commitments relate to defense or disaster mortgages.

S.J. Res. Apr. 9, 1952, increased the \$200,000,000 authorization to \$252,000,000 and struck out Dec. 31, 1951, deadline, (1) with respect to programed defense housing for which applications were received prior to Dec. 28, 1951, and (2) with respect to subchapter VIII military housing if the commitment to insure the mortgage was issued after Dec. 27 and before Dec. 31, 1951.

Subsec. (c)(4). Act July 14, 1952, inserted “Guam,” after “District of Columbia”.

1951—Subsec. (a)(1). Act Sept. 1, 1951, §205, inserted reference to subchapter X of this chapter.

Subsec. (a)(1)(G). Act Sept. 1, 1951, §608(b), inserted proviso.

1950—Act Apr. 20, 1950, §122, substituted “Commissioner” for “Administrator” wherever appearing.

Subsec. (a)(1). Act Apr. 20, 1950, § 116(1), (2), inserted “or section 1706c of this title” and first proviso.

Subsec. (a)(1)(E). Act Apr. 20, 1950, § 116(3), substituted new proviso for former proviso.

Subsec. (a)(1)(F). Act Apr. 20, 1950, § 116(4), substituted provision that no loan made to finance the purchase price or construction cost of a dwelling was to be purchased by the Federal National Mortgage Association unless the Administrator of Veterans’ Affairs certifies that such dwelling conforms with minimum construction requirements prescribed by the Administrator for former provision that such certification was to be given by the mortgagee and that minimum construction standards were to be determined by the provisions within the National Housing Act.

Subsec. (a)(1)(G). Act Apr. 20, 1950, § 116(5), added par. (1)(G).

1949—Subsec. (viii). Act Aug. 8, 1949, inserted reference to subchapter VIII in par. (1), and inserted proviso at end of par. (1)(E).

Subsec. (a)(1)(E). Joint Res. Oct. 25, 1949, struck out proviso and inserted new proviso.

1948—Act July 1, 1948, amended section generally to create a Federal National Mortgage Association with power to purchase, service, or sell insured or guaranteed mortgage, provide for the powers and succession of the Association, and to eliminate the former national mortgage association.

Subsec. (a)(1). Act Aug. 10, 1948, §§ 201, 202, substituted “subchapter II or VI of this chapter” for “section 1709 or 1738 of this title”, inserted “after April 30, 1948”, after “or guaranteed”, and substituted “50” for “25” in cl. (2) of par. (1)(E).

1941—Subsec. (a)(2). Act Mar. 28, 1941, substituted “subchapters II and VI” for “subchapter II”.

1939—Subsec. (b). Act June 3, 1939, amended last sentence.

Subsec. (c)(4). Act June 3, 1939, inserted “Alaska, Hawaii or Puerto Rico”.

1938—Subsec. (a). Act Feb. 3, 1938, amended provisions generally, and among other changes, substituted “60 per centum” in subsec. (a)(3), for “80 per centum”.

Subsec. (d). Act Feb. 3, 1938, substituted “\$2,000,000” for “\$5,000,000,” and “that at least 25 per centum thereof has been paid in cash,” for “paid in full in cash”, and inserted “or in first mortgages or such other first liens as are described in section 301 (a) hereof, which mortgages or liens shall be taken at such value as the Administrator may determine, not exceeding (except as to mortgages insured under title II of this Act) 60 per centum of the appraised value of the property as of the date of subscription, and that the remainder of the subscription to such capital stock is payable in the same manner and at such time as may be determined by the Administrator: *Provided*, That no association shall issue notes, bonds, debentures, or other such obligations until such time as such subscriptions are paid in full in cash or Government securities at their par value or in mortgages or other liens as hereinbefore set forth”.

1935—Subsec. (d). Act May 28, 1935, substituted “\$5,000,000” for “\$2,000,000”.

#### Statutory Notes and Related Subsidiaries

##### EFFECTIVE DATE OF 1968 AMENDMENT

For effective date of amendment by title VIII of Pub. L. 90-448, see section 808 of Pub. L. 90-448, set out as an Effective Date note under section 1716b of this title.

##### EFFECTIVE DATE OF 1949 AMENDMENT

Joint Res. Oct. 25, 1949, ch. 729, § 7, 63 Stat. 906, provided in part: “That the amendment made by this section 7 with respect to mortgages guaranteed under section 501 of the Servicemen’s Readjustment Act of 1944, as amended [this section], shall apply only to such mortgages guaranteed after the date of enactment of this Act [Oct. 25, 1949].”

#### SERVICE OR SALE OF MORTGAGES PURCHASED PRIOR TO JULY 1, 1948; FULFILLMENT OF PRIOR COMMITMENTS

Act July 1, 1948, ch. 784, § 2, 62 Stat. 1209, provided that: “Nothing in the amendment made by the first section of this Act [amending sections 1716, 1717 to 1721 of this title] shall limit the authority of the Federal National Mortgage Association to service or sell any mortgage purchased prior to the date of the enactment of this Act [July 1, 1948], or to purchase, service, or sell any mortgage with respect to which a commitment to purchase was made prior to the date of the enactment of this Act [July 1, 1948].”

#### Executive Documents

##### DELEGATION OF FUNCTIONS

Functions of President under this section delegated to Secretary of Housing and Urban Development, see Ex. Ord. No. 11732, July 30, 1973, 38 F.R. 20429, set out as a note under section 301 of Title 3, The President.

#### §§ 1716-1, 1716a. Repealed. Aug. 2, 1954, ch. 649, title II, § 206, 68 Stat. 622

Section 1716-1, acts Oct. 30, 1951, ch. 642, 65 Stat. 599; June 30, 1953, ch. 170, § 14, 67 Stat. 125, related to special authority of the Federal National Mortgage Association to make advance commitments, under certain conditions, with respect to insured cooperative-housing mortgages under section 1715e of this title.

Section 1716a, act Sept. 1, 1951, ch. 378, title VI, § 608(a), 65 Stat. 315, required that one of the persons constituting the Board of Directors of the Federal National Mortgage Association be appointed by the Administrator of Veterans’ Affairs from among personnel of the Veterans’ Administration.

#### § 1716b. Partition of Federal National Mortgage Association into Federal National Mortgage Association and Government National Mortgage Association; assets and liabilities; operations

The purposes of this title include the partition of the Federal National Mortgage Association as heretofore existing into two separate and distinct corporations, each of which shall have continuity and corporate succession as a separated portion of the previously existing corporation. One of such corporations, to be known as Federal National Mortgage Association, will be a Government-sponsored private corporation, will retain the assets and liabilities of the previously existing corporation accounted for under section 1719 of this title, and will continue to operate the secondary market operations authorized by such section 1719. The other, to be known as Government National Mortgage Association, will remain in the Government, will retain the assets and liabilities of the previously existing corporation accounted for under sections 1720<sup>1</sup> and 1721 of this title, and will continue to operate the special assistance functions and management and liquidating functions authorized by such sections 1720<sup>1</sup> and 1721.

(Pub. L. 90-448, title VIII, § 801, Aug. 1, 1968, 82 Stat. 536.)

#### Editorial Notes

##### REFERENCES IN TEXT

This title, referred to in text, means title VIII of Pub. L. 90-448, which enacted this section, amended sections

<sup>1</sup> See References in Text note below.

24, 378, 1431, 1436, 1464, 1716, 1717 to 1723a, 1723c and 1757 of this title, section 709 of Title 18, Crimes and Criminal Procedure, section 846 of former Title 31, Money and Finance, section 1820 [now 3720] of Title 38, Veterans' Benefits, section 612 of former Title 40, Public Buildings, Property, and Works, and sections 1452b, 3534 and 3535 of Title 42, The Public Health and Welfare, and enacted provisions set out as notes under this section and section 1721 of this title.

Section 1720 of this title, referred to in text, was repealed by Pub. L. 98-181, title I [title IV, § 483(a)], Nov. 30, 1983, 97 Stat. 1240.

#### CODIFICATION

Section was enacted as part of the Housing and Urban Development Act of 1968, and not as part of the National Housing Act which comprises this chapter or the Federal National Mortgage Association Charter Act which comprises this subchapter.

#### Statutory Notes and Related Subsidiaries

##### EFFECTIVE DATE

Pub. L. 90-448, title VIII, § 808, Aug. 1, 1968, 82 Stat. 545, provided that: "The amendments made by this title [enacting this section and amending sections 24, 378, 1431, 1436, 1464, 1716, 1717 to 1723a, 1723c and 1757 of this title, section 709 of Title 18, Crimes and Criminal Procedure, section 846 of former Title 31, Money and Finance, section 1820 [now 3720] of Title 38, Veterans' Benefits, section 612 of former Title 40, Public Buildings, Property, and Works, sections 1452b, 3534 and 3535 of Title 42, The Public Health and Welfare, and notes under this section and section 1721 of this title] shall be effective from and after a date, no more than one hundred and twenty days following the date of enactment of this Act [Aug. 1, 1968], as established by the Secretary of Housing and Urban Development. Notice of the establishment of such effective date shall be published in the Federal Register at least thirty days prior thereto."

##### SAVINGS PROVISION

Pub. L. 90-448, title VIII, § 809, Aug. 1, 1968, 82 Stat. 545, provided that:

"(a) No cause of action by or against the Federal National Mortgage Association existing prior to the effective date established pursuant to section 808 [set out above] shall abate by reason of the enactment of this title. Any such cause of action may thereafter be asserted by or against the appropriate corporate body named in section 302(a)(2) of the National Housing Act [section 1717(a)(2) of this title].

"(b) No suit, action, or other proceeding commenced by or against the Federal National Mortgage Association, or any officer thereof in his official capacity, prior to the effective date established pursuant to section 808 shall abate by reason of the enactment of this title. A court may at any time thereafter during the pendency of any such litigation, on its own motion or that of any party, order that the litigation may be maintained by or against the appropriate corporate body named in section 302(a)(2) of the National Housing Act [section 1717(a)(2) of this title] or the appropriate corresponding officer thereof."

##### TRANSITIONAL PROVISIONS

Pub. L. 90-448, title VIII, § 810, Aug. 1, 1968, 82 Stat. 545, as amended by Pub. L. 91-609, title IX, § 901(e), Dec. 31, 1970, 84 Stat. 1807; Pub. L. 93-383, title VIII, § 806(l), Aug. 22, 1974, 88 Stat. 728; Pub. L. 99-514, § 2, Oct. 22, 1986, 100 Stat. 2095, provided that:

"(a) On the effective date established pursuant to section 808 of this Act [set out above], each share of outstanding nonvoting common stock, with a par value of \$100 per share, of the Federal National Mortgage Association shall be changed into and shall become one share of voting common stock, without par value, of such corporation. For the purposes of the Internal Rev-

enue Code of 1986 [formerly I.R.C. 1954, Title 26], no gain or loss is recognized by the holders of such stock on such change, and the basis and holding period of such stock in the hands of the stockholders immediately after such change are the same as the basis and holding period of such stock in their hands immediately prior to such change.

"(b), (c). [Repealed. Pub. L. 93-383, title VIII, § 806(l), Aug. 22, 1974, 88 Stat. 728].

"(d) Those persons who are the officers and employees of the Federal National Mortgage Association immediately prior to the effective date established pursuant to section 808 [set out as a note above] shall become the officers and employees of the Government National Mortgage Association on such date. The Federal National Mortgage Association and the Government National Mortgage Association shall provide by contract for the conditions and methods under which and by which the Federal National Mortgage Association during the transitional period may employ those individuals who are employees of the Government National Mortgage Association on such effective date; and may provide by contract for the operation by either of such corporations of any of the functions of the other. The Secretary of Housing and Urban Development shall make every reasonable effort to place in other comparable Federal positions any individuals who are career or career-conditional employees of the Government National Mortgage Association on such effective date and who are subsequently during the transitional period neither employed by the Federal National Mortgage Association nor retained by the Government National Mortgage Association."

#### § 1717. Federal National Mortgage Association and Government National Mortgage Association

##### (a) Creation; succession; principal and other offices

(1) There is created a body corporate to be known as the "Federal National Mortgage Association", which shall be in the Department of Housing and Urban Development. The Association shall have succession until dissolved by Act of Congress. It shall maintain its principal office in the District of Columbia and shall be deemed, for purposes of venue in civil actions, to be a resident thereof. Agencies or offices may be established by the Association in such other place or places as it may deem necessary or appropriate in the conduct of its business.

(2) On September 1, 1968, the body corporate described in the foregoing paragraph shall cease to exist in that form and is hereby partitioned into two separate and distinct bodies corporate, each of which shall have continuity and corporate succession as a separated portion of the previously existing body corporate, as follows:

(A) One of such separated portions shall be a body corporate without capital stock to be known as Government National Mortgage Association (hereinafter referred to as the "Association"), which shall be in the Department of Housing and Urban Development and which shall retain the assets and liabilities acquired and incurred under sections 1720<sup>1</sup> and 1721 of this title prior to such date, including any and all liabilities incurred pursuant to subsection (c). The Association shall have succession until dissolved by Act of Congress. It shall maintain its principal office in the District of Columbia and shall be deemed, for purposes of

<sup>1</sup> See References in Text note below.

venue in civil actions, to be a resident thereof. Agencies or offices may be established by the Association in such other place or places as it may deem necessary or appropriate in the conduct of its business.

(B) The other such separated portion shall be a body corporate to be known as Federal National Mortgage Association (hereinafter referred to as the “corporation”), which shall retain the assets and liabilities acquired and incurred under sections 1718 and 1719 of this title prior to such date. The corporation shall have succession until dissolved by Act of Congress. It shall maintain its principal office in the District of Columbia or the metropolitan area thereof and shall be deemed, for purposes of jurisdiction and venue in civil actions, to be a District of Columbia corporation.

(3) The partition transaction effected pursuant to the foregoing paragraph constitutes a reorganization within the meaning of section 368(a)(1)(E) of title 26; and for the purposes of such title 26, no gain or loss is recognized by the previously existing body corporate by reason of the partition, and the basis and holding period of the assets of the corporation immediately following such partition are the same as the basis and holding period of such assets immediately prior to such partition.

**(b) Purchase and sale of insured and conventional mortgages; transactions in loans and advances of credit**

(1) For the purposes set forth in section 1716 of this title and subject to the limitations and restrictions of this subchapter, each of the bodies corporate named in subsection (a)(2) is authorized pursuant to commitments or otherwise, to purchase, service, sell, or otherwise deal in any mortgages which are insured under this chapter or title V of the Housing Act of 1949 [42 U.S.C. 1471 et seq.], or which are insured or guaranteed under the Servicemen's Readjustment Act of 1944 or chapter 37 of title 38; and to purchase, service, sell, or otherwise deal in any loans made or guaranteed under part B of title VI of the Public Health Service Act [42 U.S.C. 291j-1 et seq.]; and the corporation is authorized to lend on the security of any such mortgages and to purchase, sell, or otherwise deal in any securities guaranteed by the Association under section 1721(g) of this title: *Provided*, That (1) the Association may not purchase any mortgage at a price exceeding 100 per centum of the unpaid principal amount thereof at the time of purchase, with adjustments for interest and any comparable items; (2) the Association may not purchase any mortgage, except a mortgage insured under title V of the Housing Act of 1949 [42 U.S.C. 1471 et seq.], if it is offered by, or covers property held by, a State, territorial, or municipal instrumentality; and (3) the Association may not purchase any mortgage under section 1720<sup>1</sup> of this title, except a mortgage insured under section 1715k of this title or subchapter VIII or section 1709(k) of this title, or under subchapter IX-A<sup>1</sup> with respect to a new community approved under section 1749cc-1<sup>1</sup> of this title, or insured under section 1715e of this title and covering property located in an urban renewal area, or a mortgage covering property located in Alas-

ka, Guam, or Hawaii, if the original principal obligation thereof exceeds or exceeded \$55,000 in the case of property upon which is located a dwelling designed principally for a one-family residence; or \$60,000 in the case of a two- or three-family residence; or \$68,750 in the case of a four-family residence; or, in the case of a property containing more than four dwelling units, \$38,000 per dwelling unit (or such higher amount not in excess of \$45,000 per dwelling unit as the Secretary may by regulation specify in any geographical area where the Secretary finds that cost levels so require) for that part of the property attributable to dwelling use. Notwithstanding the provisions of clause (3) of the preceding sentence, the Association may purchase a mortgage under section 1720<sup>1</sup> of this title with an original principal obligation which exceeds the otherwise applicable maximum amount per dwelling unit if the mortgage is insured under section 1713(c)(3), 1715e(b)(2), 1715k(d)(3)(B)(iii), 1715l(d)(3)(ii), 1715l(d)(4)(ii), 1715v(c)(2), 1715y(e)(3), or 1715z-1 of this title. For the purposes of this subchapter, the terms “mortgages” and “home mortgages” shall be inclusive of any mortgages or other loans insured under any of the provisions of this chapter or title V of the Housing Act of 1949 [42 U.S.C. 1471 et seq.].

(2) For the purposes set forth in section 1716(a) of this title, the corporation is authorized, pursuant to commitments or otherwise, to purchase, service, sell, lend on the security of, or otherwise deal in mortgages which are not insured or guaranteed as provided in paragraph (1) (such mortgages referred to hereinafter as “conventional mortgages”). No such purchase of a conventional mortgage secured by a property comprising one- to four-family dwelling units shall be made if the outstanding principal balance of the mortgage at the time of purchase exceeds 80 per centum of the value of the property securing the mortgage, unless (A) the seller retains a participation of not less than 10 per centum in the mortgage; (B) for such period and under such circumstances as the corporation may require, the seller agrees to repurchase or replace the mortgage upon demand of the corporation in the event that the mortgage is in default; or (C) that portion of the unpaid principal balance of the mortgage which is in excess of such 80 per centum is guaranteed or insured by a qualified insurer as determined by the corporation. The corporation shall not issue a commitment to purchase a conventional mortgage prior to the date the mortgage is originated, if such mortgage is eligible for purchase under the preceding sentence only by reason of compliance with the requirements of clause (A) of such sentence. The corporation may purchase a conventional mortgage which was originated more than one year prior to the purchase date only if the seller is the Federal Deposit Insurance Corporation, the Resolution Trust Corporation, the National Credit Union Administration, or any other seller currently engaged in mortgage lending or investing activities. For the purpose of this section, the term “conventional mortgages” shall include a mortgage, lien, or other security interest on the stock or membership certificate issued to a tenant-stockholder or resident-member of a cooperative housing cor-

poration, as defined in section 216 of title 26, and on the proprietary lease, occupancy agreement, or right of tenancy in the dwelling unit of the tenant-stockholder or resident-member in such cooperative housing corporation. The corporation shall establish limitations governing the maximum original principal obligation of conventional mortgages that are purchased by it; in any case in which the corporation purchases a participation interest in such a mortgage, the limitation shall be calculated with respect to the total original principal obligation of the mortgage and not merely with respect to the interest purchased by the corporation. Such limitations shall not exceed \$417,000 for a mortgage secured by a single-family residence, \$533,850 for a mortgage secured by a 2-family residence, \$645,300 for a mortgage secured by a 3-family residence, and \$801,950 for a mortgage secured by a 4-family residence, except that such maximum limitations shall be adjusted effective January 1 of each year beginning after the effective date of the Federal Housing Finance Regulatory Reform Act of 2008, subject to the limitations in this paragraph. Each adjustment shall be made by adding to each such amount (as it may have been previously adjusted) a percentage thereof equal to the percentage increase, during the most recent 12-month or 4-quarter period ending before the time of determining such annual adjustment, in the housing price index maintained by the Director of the Federal Housing Finance Agency (pursuant to section 4542 of this title). If the change in such house price index during the most recent 12-month or 4-quarter period ending before the time of determining such annual adjustment is a decrease, then no adjustment shall be made for the next year, and the next adjustment shall take into account prior declines in the house price index, so that any adjustment shall reflect the net change in the house price index since the last adjustment. Declines in the house price index shall be accumulated and then reduce increases until subsequent increases exceed prior declines. The foregoing limitations may be increased by not to exceed 50 per centum with respect to properties located in Alaska, Guam, Hawaii, and the Virgin Islands. Such foregoing limitations shall also be increased, with respect to properties of a particular size located in any area for which 115 percent of the median house price for such size residence exceeds the foregoing limitation for such size residence, to the lesser of 150 percent of such limitation for such size residence or the amount that is equal to 115 percent of the median house price in such area for such size residence.

(3) The corporation is authorized to purchase, service, sell, lend on the security of, and otherwise deal in loans or advances of credit for the purchase and installation of home improvements, including energy conserving improvements or solar energy systems described in the last paragraph of section 1703(a) of this title and residential energy conservation measures as described in section 210(11) of the National Energy Conservation Policy Act [42 U.S.C. 8211(11)]<sup>1</sup> and financed by a public utility in accordance with the requirements of title II of such Act [42 U.S.C. 8211 et seq.]. To be eligible for purchase, any such loan or advance of credit (other than a

loan or advance made with respect to energy conserving improvements or solar energy systems or residential energy conservation measures) not insured under subchapter I of this chapter shall be secured by a lien against the property to be improved.

(4) The corporation is authorized to purchase, service, sell, lend on the security of, and otherwise deal in loans or advances of credit secured by mortgages or other liens against manufactured homes.

(5)(A) The corporation is authorized to purchase, service, sell, lend on the security of, and otherwise deal in (i) conventional mortgages that are secured by a subordinate lien against a one- to four-family residence that is the principal residence of the mortgagor; and (ii) conventional mortgages that are secured by a subordinate lien against a property comprising five or more family dwelling units. If the corporation, pursuant to paragraphs (1) through (4), shall have purchased, serviced, sold, or otherwise dealt with any other outstanding mortgage secured by the same residence, the aggregate original amount of such other mortgage and the mortgage authorized to be purchased, serviced, sold, or otherwise dealt with under this paragraph shall not exceed the applicable limitation determined under paragraph (2).

(B) The corporation shall establish limitations governing the maximum original principal obligation of conventional mortgages described in subparagraph (A). In any case in which the corporation purchases a participation interest in such a mortgage, the limitation shall be calculated with respect to the total original principal obligation of such mortgage described in subparagraph (A) and not merely with respect to the interest purchased by the corporation. Such limitations shall not exceed (i) with respect to mortgages described in subparagraph (A)(i), 50 per centum of the single-family residence mortgage limitation determined under paragraph (2); and (ii) with respect to mortgages described in subparagraph (A)(ii), the applicable limitation determined under paragraph (2).

(C) No subordinate mortgage against a one- to four-family residence shall be purchased by the corporation if the total outstanding indebtedness secured by the property as a result of such mortgage exceeds 80 per centum of the value of such property unless (i) that portion of such total outstanding indebtedness that exceeds such 80 per centum is guaranteed or insured by a qualified insurer as determined by the corporation; (ii) the seller retains a participation of not less than 10 per centum in the mortgage; or (iii) for such period and under such circumstances as the corporation may require, the seller agrees to repurchase or replace the mortgage upon demand of the corporation in the event that the mortgage is in default. The corporation shall not issue a commitment to purchase a subordinate mortgage prior to the date the mortgage is originated, if such mortgage is eligible for purchase under the preceding sentence only by reason of compliance with the requirements of clause (ii) of such sentence.

(6) The corporation may not implement any new program (as such term is defined in section 4502 of this title) before obtaining the approval of the Secretary under section 4542<sup>1</sup> of this title.

## (7)(A) DEFINITIONS.—In this paragraph—

(i) the term “credit score” means a numerical value or a categorization created by a third party derived from a statistical tool or modeling system used by a person who makes or arranges a loan to predict the likelihood of certain credit behaviors, including default; and

(ii) the term “residential mortgage” has the meaning given the term in section 1451 of this title.

(B) USE OF CREDIT SCORES.—The corporation shall condition purchase of a residential mortgage by the corporation under this subsection on the provision of a credit score for the borrower only if—

(i) the credit score is derived from any credit scoring model that has been validated and approved by the corporation under this paragraph; and

(ii) the corporation provides for the use of the credit score by all of the automated underwriting systems of the corporation and any other procedures and systems used by the corporation to purchase residential mortgages that use a credit score.

(C) VALIDATION AND APPROVAL PROCESS.—The corporation shall establish a validation and approval process for the use of credit score models, under which the corporation may not validate and approve a credit score model unless the credit score model—

(i) satisfies minimum requirements of integrity, reliability, and accuracy;

(ii) has a historical record of measuring and predicting default rates and other credit behaviors;

(iii) is consistent with the safe and sound operation of the corporation;

(iv) complies with any standards and criteria established by the Director of the Federal Housing Finance Agency under section 4548(1) of this title; and

(v) satisfies any other requirements, as determined by the corporation.

(D) REPLACEMENT OF CREDIT SCORE MODEL.—If the corporation has validated and approved 1 or more credit score models under subparagraph (C) and the corporation validates and approves an additional credit score model, the corporation may determine that—

(i) the additional credit score model has replaced the credit score model or credit score models previously validated and approved; and

(ii) the credit score model or credit score models previously validated and approved shall no longer be considered validated and approved for the purposes of subparagraph (B).

(E) PUBLIC DISCLOSURE.—Upon establishing the validation and approval process required under subparagraph (C), the corporation shall make publicly available a description of the validation and approval process.

(F) APPLICATION.—Not later than 30 days after the effective date of this paragraph, the corporation shall solicit applications from developers of credit scoring models for the validation and approval of those models under the process required under subparagraph (C).

## (G) TIMEFRAME FOR DETERMINATION; NOTICE.—

(i) IN GENERAL.—The corporation shall make a determination with respect to any application submitted under subparagraph (F), and provide notice of that determination to the applicant, before a date established by the corporation that is not later than 180 days after the date on which an application is submitted to the corporation.

(ii) EXTENSIONS.—The Director of the Federal Housing Finance Agency may authorize not more than 2 extensions of the date established under clause (i), each of which shall not exceed 30 days, upon a written request and a showing of good cause by the corporation.

(iii) STATUS NOTICE.—The corporation shall provide notice to an applicant regarding the status of an application submitted under subparagraph (F) not later than 60 days after the date on which the application was submitted to the corporation.

(iv) REASONS FOR DISAPPROVAL.—If an application submitted under subparagraph (F) is disapproved, the corporation shall provide to the applicant the reasons for the disapproval not later than 30 days after a determination is made under this subparagraph.

(H) AUTHORITY OF DIRECTOR.—If the corporation elects to use a credit score model under this paragraph, the Director of the Federal Housing Finance Agency shall require the corporation to periodically review the validation and approval process required under subparagraph (C) as the Director determines necessary to ensure that the process remains appropriate and adequate and complies with any standards and criteria established pursuant to section 4548(1) of this title.

(I) EXTENSION.—If, as of the effective date of this paragraph, a credit score model has not been approved under subparagraph (C), the corporation may use a credit score model that was in use before the effective date of this paragraph, if necessary to prevent substantial market disruptions, until the earlier of—

(i) the date on which a credit score model is validated and approved under subparagraph (C); or

(ii) the date that is 2 years after the effective date of this paragraph.

**(c) Administration of trusts; obligations of departments and agencies of the United States; exemption of interest income from taxation; authorization of appropriations for differential reimbursements**

(1) Notwithstanding any other provision of this chapter or of any other law, the Association is authorized under section 1721 of this title to create, accept, execute, and otherwise administer in all respects such trusts, receiverships, conservatorships, liquidating or other agencies, or other fiduciary and representative undertakings and activities, hereinafter in this subsection called “trusts”, as might be appropriate for financing purposes; and in relation thereto the Association may acquire, hold and manage, dispose of, and otherwise deal in any mortgages or other types of obligations in which any department or agency of the United States listed in paragraph (2) of this subsection may have a financial interest. The Association may join in

any such undertakings and activities, hereinafter in this subsection called "trusts"; notwithstanding that it is also serving in a fiduciary or representative capacity; and is authorized to guarantee any participations or other instruments, whether evidence of property rights or debt, issued for such financing purposes. Participations or other instruments issued by the Association pursuant to this subsection shall to the same extent as securities which are direct obligations of or obligations guaranteed as to principal or interest by the United States be deemed to be exempt securities within the meaning of laws administered by the Securities and Exchange Commission. The amounts of any mortgages and their obligations acquired by the Association under section 1721 of this title, pursuant to this subsection, shall not be included in the total amounts set forth in section 1721(c) of this title.

(2) Subject to the limitations provided in paragraph (4) of this subsection, one or more trusts may be established as provided in this subsection by each of the following departments or agencies:

(A) The Farmers Home Administration of the Department of Agriculture, but only with respect to operating loans, direct farm ownership loans, direct housing loans, and direct soil and water loans. Such trusts may not be established with respect to loans for housing for the elderly under sections 502 and 515(a) of the Housing Act of 1949 [42 U.S.C. 1472 and 1485(a)], nor with respect to loans for nonfarm recreational development.

(B) The Department of Education, but only with respect to loans made by the Secretary of Education for construction of academic facilities, and loans to help finance student loan programs.

(C) The Department of Housing and Urban Development.

(D) The Department of Veterans Affairs.

(E) The Export-Import Bank.

(F) The Small Business Administration.

The head of each such department or agency, hereinafter in this subsection called the "trustor," is authorized to set aside a part or all of any obligations held by the trustor and subject them to a trust or trusts and, incident thereto, shall guarantee to the trustee timely payment thereof. The trust instrument may provide for the issuance and sale of beneficial interests or participations, by the trustee, in such obligations or in the right to receive interest and principal collections therefrom; and may provide for the substitution or withdrawal of such obligations, or for the substitution of cash for obligations. The trust or trusts shall be exempt from all taxation. The trust instrument may also contain other appropriate provisions in keeping with the purposes of this subsection. The Association shall be named and shall act as trustee of any such trusts and, for the purposes thereof, the title to such obligations shall be deemed to have passed to the Association in trust. The trust instrument shall provide that custody, control, and administration of the obligations shall remain in the trustor subjecting the obligations to the trust, subject to transfer to the trustee in event of default or probable de-

fault, as determined by the trustee, in the payment of principal and interest of the beneficial interests or participations. Collections from obligations subject to the trust shall be dealt with as provided in the instrument creating the trust. The trust instrument shall provide that the trustee will promptly pay to the trustor the full net proceeds of any sale of beneficial interests or participations to the extent they are based upon such obligations or collections. Such proceeds shall be dealt with as otherwise provided by law for sales or repayment of such obligations. The effect of both past and future sales of any issue of beneficial interests or participations shall be the same, to the extent of the principal of such issue, as the direct sale with recourse of the obligations subject to the trust. Any trustor creating a trust or trusts hereunder is authorized to purchase, through the facilities of the trustee, outstanding beneficial interests or participations to the extent of the amount of the trustor's responsibility to the trustee on beneficial interests or participations outstanding, and to pay the trustor's proper share of the costs and expenses incurred by the Association as trustee pursuant to the trust instrument.

(3) When any trustor guarantees to the trustee the timely payment of obligations the trustor subjects to a trust pursuant to this subsection, and it becomes necessary for such trustor to meet his responsibilities under such guaranty, the trustor is authorized to fulfill such guaranty.

(4) Beneficial interests or participations shall not be issued for the account of any trustor in an aggregate principal amount greater than is authorized with respect to such trustor in an appropriation Act. Any such authorization shall remain available only for the fiscal year for which it is granted and for the succeeding fiscal year.

(5) The Association, as trustee, is authorized to issue and sell beneficial interests or participations under this subsection, notwithstanding that there may be an insufficiency in aggregate receipts from obligations subject to the related trust to provide for the payment by the trustee (on a timely basis out of current receipts or otherwise) of all interest or principal on such interests or participations (after provision for all costs and expenses incurred by the trustee, fairly prorated among trustors). There are authorized to be appropriated without fiscal year limitation such sums as may be necessary to enable any trustor to pay the trustee such insufficiency as the trustee may require on account of outstanding beneficial interests or participations authorized to be issued pursuant to paragraph (4) of this subsection. Such trustor shall make timely payments to the trustee from such appropriations, subject to and in accord with the trust instrument. In the event that the insufficiency required by the trustee is on account of principal maturities of outstanding beneficial interests or participations authorized to be issued pursuant to paragraph (4) of this subsection, or pursuant hereto, the trustee is authorized to elect to issue additional beneficial interests or participations for refinancing purposes in lieu of requiring any trustor or trustors

to make payments to the trustee from appropriated funds or other sources. Each such issue of beneficial interests or participations shall be in an amount determined by the trustee but not in excess of the aggregate amount which the trustee would otherwise require the trustor or trustors to pay from appropriated funds or other sources, and may be issued without regard to the provisions of paragraph (4) of this subsection. All refinancing issues of beneficial interests or participations shall be deemed to have been issued pursuant to the authority contained in the appropriation Act or Acts under which the beneficial interests or participations were originally issued.

(June 27, 1934, ch. 847, title III, §302, 48 Stat. 1254; May 28, 1935, ch. 150, §31, 49 Stat. 300; Feb. 3, 1938, ch. 13, §6, 52 Stat. 24; Mar. 28, 1941, ch. 31, §6, 55 Stat. 62; July 1, 1948, ch. 784, §1, 62 Stat. 1208; July 19, 1949, ch. 351, §1, 63 Stat. 446; Oct. 25, 1949, ch. 729, §1(3), 63 Stat. 905; Apr. 20, 1950, ch. 94, title I, §117, 64 Stat. 57; July 14, 1952, ch. 723, §3(b), 66 Stat. 602; June 30, 1953, ch. 170, §13(b), 67 Stat. 125; Aug. 2, 1954, ch. 649, title II, §201, 68 Stat. 613; Aug. 7, 1956, ch. 1029, title II, §201, 70 Stat. 1096; Pub. L. 85-857, §13(g), Sept. 2, 1958, 72 Stat. 1265; Pub. L. 86-372, title III, §301, Sept. 23, 1959, 73 Stat. 669; Pub. L. 87-70, title I, §102(c), title VI, §§602, 603(a), June 30, 1961, 75 Stat. 158, 176; Pub. L. 88-560, title VII, §§701(a), 702, Sept. 2, 1964, 78 Stat. 800, 802; Pub. L. 89-117, title I, §102(d), title II, §201(b)(1), title VIII, §§802(a), 803, 804, title X, §1004(a), Aug. 10, 1965, 79 Stat. 454, 465, 493, 494, 501; Pub. L. 89-429, §2, May 24, 1966, 80 Stat. 164; Pub. L. 89-751, §7, Nov. 3, 1966, 80 Stat. 1236; Pub. L. 89-754, title IV, §405, Nov. 3, 1966, 80 Stat. 1273; Pub. L. 90-19, §1(a)(2), (3), (j)(1), May 25, 1967, 81 Stat. 17, 18; Pub. L. 90-448, title VIII, §§802(c)-(g), 803, Aug. 1, 1968, 82 Stat. 536, 537, 542; Pub. L. 91-152, title I, §114, Dec. 24, 1969, 83 Stat. 385; Pub. L. 91-296, title II, §202, June 30, 1970, 84 Stat. 350; Pub. L. 91-351, title II, §201(a), title IV, §402, July 24, 1970, 84 Stat. 450, 458; Pub. L. 91-609, title IX, §901(d), Dec. 31, 1970, 84 Stat. 1807; Pub. L. 93-383, title VIII, §§806(a)-(f), 807, Aug. 22, 1974, 88 Stat. 727, 728; Pub. L. 93-541, §2, Dec. 26, 1974, 88 Stat. 1739; Pub. L. 95-128, title IV, §408(a), Oct. 12, 1977, 91 Stat. 1138; Pub. L. 95-557, title I, §101(c)(3), title III, §318(a), Oct. 31, 1978, 92 Stat. 2083, 2100; Pub. L. 95-619, title II, §246, Nov. 9, 1978, 92 Stat. 3233; Pub. L. 96-153, title III, §317, Dec. 21, 1979, 93 Stat. 1119; Pub. L. 96-294, title V, §534(b), June 30, 1980, 94 Stat. 741; Pub. L. 96-399, title III, §§309, 313(a), 339(a)(1), (b)(1), Oct. 8, 1980, 94 Stat. 1641, 1644, 1657; Pub. L. 97-110, title II, §202(c), Dec. 26, 1981, 95 Stat. 1514; Pub. L. 98-440, title II, §§201(a), 203(a), 205(a), 206(a), Oct. 3, 1984, 98 Stat. 1692, 1693, 1695; Pub. L. 98-479, title II, §§201(b), 204(a)(16), Oct. 17, 1984, 98 Stat. 2227, 2232; Pub. L. 99-514, §2, Oct. 22, 1986, 100 Stat. 2095; Pub. L. 100-122, §2(b)(1), Sept. 30, 1987, 101 Stat. 793; Pub. L. 100-154, Nov. 5, 1987, 101 Stat. 890; Pub. L. 100-170, Nov. 17, 1987, 101 Stat. 914; Pub. L. 100-179, Dec. 3, 1987, 101 Stat. 1018; Pub. L. 100-200, Dec. 21, 1987, 101 Stat. 1327; Pub. L. 100-242, title IV, §443(a), Feb. 5, 1988, 101 Stat. 1922; Pub. L. 100-628, title X, §1068(a), Nov. 7, 1988, 102 Stat. 3276; Pub. L. 101-73, title VII, §731(f)(1), Aug. 9, 1989, 103 Stat. 433; Pub. L. 102-54, §13(d)(2)(A), June 13, 1991, 105 Stat. 274;

Pub. L. 102-550, title XIII, §1381(b), (c), (s)(1), Oct. 28, 1992, 106 Stat. 3995, 4001; Pub. L. 105-276, title V, §582(a)(14), Oct. 21, 1998, 112 Stat. 2644; Pub. L. 110-289, div. A, title I, §1124(a)(1), (2), July 30, 2008, 122 Stat. 2691, 2692; Pub. L. 115-174, title III, §310(a), May 24, 2018, 132 Stat. 1351.)

### Editorial Notes

#### REFERENCES IN TEXT

Section 1720 of this title, referred to in subsecs. (a)(2)(A) and (b)(1), was repealed by Pub. L. 98-181, title I [title IV, §483(a)], Nov. 30, 1983, 97 Stat. 1240.

The Housing Act of 1949, referred to in subsec. (b)(1), is act July 15, 1949, ch. 338, 63 Stat. 413. Title V of the Housing Act of 1949 is classified generally to subchapter III (§1471 et seq.) of chapter 8A of Title 42, The Public Health and Welfare. For complete classification of this Act to the Code, see Short Title note set out under section 1441 of Title 42 and Tables.

The Servicemen's Readjustment Act of 1944, referred to in subsec. (b)(1), is act June 22, 1944, ch. 268, 58 Stat. 284, which was classified generally to chapter 11C (§§693 to 697g) of former Title 38, Pensions, Bonuses, and Veterans' Relief, and which was repealed by section 14(87) of Pub. L. 85-857, Sept. 2, 1958, 72 Stat. 1273, the first section of which enacted Title 38, Veterans' Benefits. For distribution of sections 693 to 697g of former Title 38 to Title 38, Veterans' Benefits, see Table preceding section 101 of Title 38, Veterans' Benefits.

The Public Health Service Act, referred to in subsec. (b)(1), is act July 1, 1944, ch. 373, 58 Stat. 682. Part B of title VI of the Public Health Service Act is classified generally to part B (§291j-1 et seq.) of subchapter IV of chapter 6A of Title 42, The Public Health and Welfare. For complete classification of this Act to the Code, see Short Title note set out under section 201 of Title 42 and Tables.

Subchapter IX-A of this chapter and section 1749cc-1 of this title, referred to in subsec. (b)(1), were repealed by Pub. L. 101-235, title I, §133(a), Dec. 15, 1989, 103 Stat. 2027.

The effective date of the Federal Housing Finance Regulatory Reform Act of 2008, referred to in subsec. (b)(2), probably means the date of enactment of div. A of Pub. L. 110-289, which was approved July 30, 2008.

The National Energy Conservation Policy Act, referred to in subsec. (b)(3), is Pub. L. 95-619, Nov. 9, 1978, 92 Stat. 3208. Title II of the National Energy Conservation Policy Act is classified principally to subchapter II (§8211 et seq.) of chapter 91 of Title 42, The Public Health and Welfare. Section 210 of the Act [42 U.S.C. 8211] was omitted from the Code pursuant to section 8229 of Title 42 which terminated authority under that section on June 30, 1989. For complete classification of this Act to the Code, see Short Title note set out under section 8201 of Title 42 and Tables.

Section 4542 of this title, referred to in subsec. (b)(6), was repealed and a new section 4542 was added by Pub. L. 110-289, div. A, title I, §§1122, 1124(d), July 30, 2008, 122 Stat. 2693. The new section 4542 does not relate to obtaining the approval of the Secretary.

The effective date of this paragraph, referred to in subsec. (b)(7)(F), (I), is 180 days after May 24, 2018, see section 310(d) of Pub. L. 115-174, set out as an Effective Date of 2018 Amendment note under section 1454 of this title.

#### AMENDMENTS

2018—Subsec. (b)(7). Pub. L. 115-174 added par. (7).

2008—Subsec. (b)(2). Pub. L. 110-289 inserted last sentence and substituted seventh through ninth sentences for former seventh and eighth sentences which read as follows: "Such limitations shall not exceed \$93,750 for a mortgage secured by a single-family residence, \$120,000 for a mortgage secured by a two-family residence, \$145,000 for a mortgage secured by a three-family residence, and \$180,000 for a mortgage secured by a four-



family residence, except that such maximum limitations shall be adjusted effective January 1 of each year beginning with 1981. Each such adjustment shall be made by adding to each such amount (as it may have been previously adjusted) a percentage thereof equal to the percentage increase during the twelve-month period ending with the previous October in the national average one-family house price in the monthly survey of all major lenders conducted by the Federal Housing Finance Board."

1998—Subsec. (b)(2). Pub. L. 105-276 struck out penultimate sentence which read as follows: "With respect to mortgages secured by property comprising five or more family dwelling units, such limitations shall not exceed 125 per centum of the dollar amounts set forth in section 1713(c)(3) of this title, except that such limitations may be increased by the corporation (taking into account construction costs) to not to exceed 240 per centum of such dollar amounts in any geographical area for which the Secretary of Housing and Urban Development determines under such section that cost levels require any increase in the dollar amount limitations under such section."

1992—Subsec. (b)(2). Pub. L. 102-550, §1381(b), (c)(1), in first sentence, struck out "and with the approval of the Secretary of Housing and Urban Development," before "the corporation" and in last sentence, substituted "Hawaii, and the Virgin Islands" for "and Hawaii".

Subsec. (b)(3), (4). Pub. L. 102-550, §1381(c)(2), (3), struck out "with the approval of the Secretary of Housing and Urban Development," after "corporation is authorized".

Subsec. (b)(6). Pub. L. 102-550, §1381(c)(4), added par. (6).

Subsec. (c)(2). Pub. L. 102-550, §1381(s)(1)(A), in first sentence of concluding provisions, substituted "the trustor" for "him" after "obligations held by" and in last sentence, substituted "the trustor's" for "his" in two places.

Subsec. (c)(3). Pub. L. 102-550, §1381(s)(1)(B), substituted "the trustor" for "he" after "obligations" and "guaranty".

1991—Subsec. (c)(2)(D). Pub. L. 102-54 substituted "Department of Veterans Affairs" for "Veterans Administration".

1989—Subsec. (b)(2). Pub. L. 101-73 substituted "Resolution Trust Corporation" for "Federal Savings and Loan Insurance Corporation" and "Federal Housing Finance Board" for "Federal Home Loan Bank Board".

1988—Subsec. (b)(5)(A)(i). Pub. L. 100-242 struck out "through March 15, 1988," before "conventional mortgages".

Subsec. (b)(5)(A)(ii). Pub. L. 100-628 struck out "until October 1, 1985," before "conventional mortgages".

1987—Subsec. (b)(5)(A)(i). Pub. L. 100-200 substituted "March 15, 1988" for "December 16, 1987".

Pub. L. 100-179 substituted "December 16, 1987" for "December 2, 1987".

Pub. L. 100-170 substituted "December 2, 1987" for "November 15, 1987".

Pub. L. 100-154 substituted "November 15, 1987" for "October 31, 1987".

Pub. L. 100-122 substituted "through October 31, 1987" for "until October 1, 1987".

1986—Subsecs. (a)(3), (b)(2). Pub. L. 99-514 substituted "Internal Revenue Code of 1986" for "Internal Revenue Code of 1954", which for purposes of codification was translated as "title 26" thus requiring no change in text.

1984—Subsec. (b)(2). Pub. L. 98-479, §204(a)(16), substituted "corporation" for "Corporation" in fourth sentence after "The".

Subsec. (b)(2). Pub. L. 98-440, §§201(a), 205(a), 206(a), in second sentence substituted "No such purchase of a conventional mortgage secured by a property comprising one- to four-family dwelling units" for "No such purchase of a conventional mortgage", in sixth sentence substituted "The corporation shall establish limitations governing the maximum original principal obligation of conventional mortgages that are pur-

chased by it; in any case in which the corporation purchases a participation interest in such a mortgage, the limitation shall be calculated with respect to the total original principal obligation of the mortgage and not merely with respect to the interest purchased by the corporation" for "The corporation shall establish limitations governing the maximum principal obligation of conventional mortgages purchased by it", and in penultimate sentence inserted provision that the limitations set forth in section 1713(c)(3) of this title may be increased by the corporation (taking into account construction costs) to not to exceed 240 per centum of such dollar amounts in any geographical area for which the Secretary of Housing and Urban Development determines under such section that cost levels require any increase in the dollar amount limitations under such section.

Subsec. (b)(5). Pub. L. 98-440, §203(a), added par. (5).

Subsec. (c)(2)(B). Pub. L. 98-479, §201(b), substituted "Department of Education" for "Department of Health, Education, and Welfare" and "Secretary of Education" for "Commissioner of Education".

1981—Subsec. (b)(2). Pub. L. 97-110 substituted provisions empowering the Corporation to purchase a conventional mortgage which was originated more than one year prior to the purchase date only if the seller is the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, the National Credit Union Administration, or any other seller currently engaged in mortgage lending or investing activities for provisions which had empowered the Corporation to purchase a conventional mortgage which was originated more than one year prior to the purchase date only if the seller was currently engaged in mortgage lending or investing activities and if, as a result thereof, the cumulative aggregate of the principal balances of all conventional mortgages purchased by the Corporation which were originated more than one year prior to the date of purchase did not exceed 20 per centum of the cumulative aggregate of the principal balances of all conventional mortgages purchased by the Corporation.

1980—Subsec. (b)(1). Pub. L. 96-399, §309, struck out "(1)" before "the mortgage" and cl. (2) relating to requirement respecting assistance under contracts authorized by section 1437f of title 42 for at least 20 per centum of covered units.

Subsec. (b)(2). Pub. L. 96-399, §313(a), substituted provisions defining term "conventional mortgages", and limitations respecting amounts, adjustments, etc., for such mortgages, for provisions establishing limitations for the maximum principal obligation of conventional mortgages purchased by the corporation and maximum amount of such limitations.

Subsec. (b)(3). Pub. L. 96-399, §339(a)(1), substituted provisions relating to authority, with the approval of the Secretary of Housing and Urban Development, to deal in loans or advances of credit for the purchase and installation of home improvements, and provisions respecting eligibility for purchases of loans or advances of credit, for provisions relating to authority to deal in loans or advances of credit made for energy conserving improvements and solar energy systems, etc., and provisions respecting eligibility for purchases of loans.

Pub. L. 96-294 inserted provisions relating to loans or advances of credit by public utilities for purpose of financing residential energy conservation measures in a residential building.

Subsec. (b)(4). Pub. L. 96-399, §339(b)(1), added par. (4).

1979—Subsec. (b)(1). Pub. L. 96-153 substituted "(1) if the mortgage is insured under section 1713(c)(3), 1715e(b)(2), 1715k(d)(3)(B)(iii), 1715(d)(3)(ii), 1715(d)(4)(ii), 1715v(c)(2), 1715y(e)(3), or 1715z-1 of this title, and (2) at least 20 per centum of the units covered by such mortgage are assisted under contracts authorized by section 1437f of title 42" for "if the mortgage (1) is insured under section 1715z-1 of this title or is a below-market interest rate mortgage insured under section 1715(d)(3) of this title, and (2) covers property which has the benefit of local tax abatement in an

amount determined by the Secretary of Housing and Urban Development to be sufficient to make possible rentals not in excess of those that could be approved by the Secretary if the mortgage amount did not exceed the otherwise applicable maximum amount per dwelling unit and if local tax abatement were not provided".

1978—Subsec. (b)(3). Pub. L. 95-619 added par. (3).

Subsec. (b)(1). Pub. L. 95-557 substituted "or subchapter VIII or section 1709(k) of this title" for "or subchapter VIII" and "if the original principal obligation thereof exceeds or exceeded \$55,000 in the case of property upon which is located a dwelling designed principally for a one-family residence; or \$60,000 in the case of a two- or three-family residence; or \$68,750 in the case of a four-family residence; or, in the case of a property containing more than four dwelling units, \$38,000 per dwelling unit (or such higher amount not in excess of \$45,000 per dwelling unit as the Secretary may by regulation specify in any geographical area where the Secretary finds that cost levels so require) for that part of the property attributable to dwelling use" for "if the original principal obligation thereof exceeds or exceeded \$33,000 (or such higher amount not in excess of \$38,000 as the Secretary may by regulation specify in any geographical area where he finds that cost levels so require), for each family residence or dwelling unit covered by the mortgage (plus an additional \$2,500 for each such family residence or dwelling unit which has four or more bedrooms)".

1977—Subsec. (b)(2). Pub. L. 95-128 inserted "by more than 25 per centum" after "exceed" in last sentence.

1974—Subsec. (a)(2). Pub. L. 93-383, § 806(a)(1), substituted "September 1, 1968" for "the effective date established pursuant to section 808 of the Housing and Urban Development Act of 1968".

Subsec. (a)(2)(A). Pub. L. 93-383, § 806(a)(2), struck out "effective" before "date".

Subsec. (a)(2)(B). Pub. L. 93-383, § 806(a)(2), (b), struck out "effective" before "date", inserted "or metropolitan area thereof" before "and shall" and "jurisdiction" before "venue", and substituted "District of Columbia corporation" for "resident thereof".

Subsec. (b)(1). Pub. L. 93-541 substituted "or guaranteed under part B of title VI of the Public Health Service Act" for "to a public agency under part B of title VI of the Public Health Service Act".

Pub. L. 93-383, § 807, substituted "\$33,000 (or such higher amount not in excess of \$38,000 as the Secretary may by regulation specify in any geographical area where he finds that cost levels so require)" for "\$22,000".

Subsec. (b)(2). Pub. L. 93-383, § 806(c)-(f), substituted "80" for "75" and "exceed 20" for "exceed 10", struck out "private" before "insurer" in cl. (C), and substituted provisions relating to limitations contained in first proviso of first sentence of section 1464(c) of this title, for provisions relating to limitations applicable to mortgages insured under sections 1709(b) or 1713 of this title.

1970—Subsec. (a)(3). Pub. L. 91-609 added par. (3).

Subsec. (b). Pub. L. 91-351, §§ 201(a), 402, designated existing provisions as par. (1), inserted "is insured under section 1715z-1 of this title or" before "is a below-market interest rate mortgage insured under section 1715(d)(3) of this title", and added par. (2).

Pub. L. 91-296 inserted provisions authorizing the purchase, service, sale, or other dealing in loans made to a public agency under part B of title VI of the Public Health Service Act.

1969—Subsec. (b). Pub. L. 91-152 substituted "\$22,000" or "the otherwise applicable maximum amount" for "\$17,500" wherever appearing.

1968—Subsec. (a)(1). Pub. L. 90-448, § 802(c)(1), (2), designated existing provisions as par. (1), and struck out "(hereinafter referred to as the 'Association')".

Subsec. (a)(2). Pub. L. 90-448, § 802(c)(3), added par. (2).

Subsec. (b). Pub. L. 90-448, § 802(d), substituted "each of the bodies corporate named in subsection (a) (2) of this section is authorized" for "the Association is authorized", and inserted provisions empowering the cor-

poration to purchase, sell, or otherwise deal in any securities guaranteed by the Association under section 1721(g) of this title.

Subsec. (c)(1). Pub. L. 90-448, § 802(e), struck out "consistent with section 1722 of this title," before "to guarantee any participations".

Subsec. (c)(2). Pub. L. 90-448, § 802(f), (g), struck out provisions from par. (C) which prohibited the Department of Housing and Urban Development from exercising the authority with respect to secondary market operations of the Federal National Mortgage Association, and in last sentence substituted "incurred by the Association" for "incurred by the Federal National Mortgage Association".

Subsec. (c)(5). Pub. L. 90-448, § 803, inserted provisions authorizing the trustee, in the event that the insufficiency required by the trustee is on account of principal maturities of outstanding beneficial interests or participations to be issued pursuant to paragraph (4) of this subsection, or pursuant hereto, to elect to issue additional beneficial interests or participations for refinancing purposes in lieu of requiring any trustor or trustors to make payments to the trustee from appropriated funds or other sources, limiting each such issue of beneficial interests or participations, and directing that all refinancing issues be deemed to have been issued pursuant to the authority contained in the appropriation Act or Acts under which the beneficial interests or participations were originally issued.

1967—Subsec. (a). Pub. L. 90-19, § 1(j)(1), substituted "in the Department of Housing and Urban Development" for "a constituent agency of the Housing and Home Finance Agency".

Subsec. (b). Pub. L. 90-19, § 1(a)(2), (3), substituted "Secretary of Housing and Urban Development" and "Secretary" for "Federal Housing Commissioner" and "Commissioner", respectively.

1966—Subsec. (b). Pub. L. 89-754 inserted "or under subchapter IX-A with respect to a new community approved under section 1749cc-1 of this title".

Subsec. (c). Pub. L. 89-429 designated existing provisions as par. (1), gave the name "trusts", for the purpose of the entire subsection, to trusts, receiverships, conservatorships, liquidating or other agencies, or other fiduciary and representative undertakings which the Association is authorized to administer, expanded the types of securities in which the Association is authorized to deal so as to include an expanded array of obligations in which any department or agency of the United States listed in par. (2) of the subsection might have a financial interest, exempted participation certificates or other instruments issued pursuant to this subsection from all regulation by the Securities and Exchange Commission, repealed existing authority for issuance of participations based on below-market interest rate mortgages insured under section 1715(d)(3) of this title, and added pars. (2) to (5).

Subsec. (c)(2)(B). Pub. L. 89-751 substituted "The Department of Health, Education, and Welfare, but only with respect to loans made by the Commissioner of Education for construction of academic facilities, and loans to help finance student loan programs" for "The Office of Education of the Department of Health, Education, and Welfare, but only with respect to loans for construction of academic facilities".

1965—Subsec. (b). Pub. L. 89-117, §§ 201(b)(1), 802(a)(1), 803, 804, and 1004(a), defined "home mortgages", removed mortgages offered by or covering property held by a federal instrumentality from the list of prohibited purchases, inserted parenthetical material which, in the case of family dwelling units having four or more bedrooms, placed an additional amount of \$2,500 to the \$17,500 per unit limit on purchasable mortgages, inserted provision excepting below-market mortgages from the \$17,500 per unit limit on purchasable mortgages if local tax abatement were granted sufficient to keep rentals at the level where they would be if the mortgage amount did not exceed \$17,500 per dwelling unit, and authorized the Association to purchase loans insured under subchapter III of chapter 8A of Title 42 in its secondary market operations.

Subsec. (c). Pub. L. 89-117, §§102(d), 802(a)(2), (3), authorized appropriations to reimburse the Association for differential amounts resulting when mortgages bearing a below-market interest rate and insured under section 1715(d)(3) of this title after August 10, 1965, are included within one or more of the trusts or other agencies created under this section authorized the Association to deal, in addition to first mortgages, in obligations offered to it by the Housing and Home Finance Agency or its Administrator, or by such Agency's constituent units or agencies or the heads thereof, and inserted "and other obligations" after "mortgages" in last sentence.

1964—Subsec. (b). Pub. L. 88-560, §702, substituted "any mortgage under section 1720 of this title" for "any mortgage" and deleted proviso reading "Provided, That with respect to mortgages purchased under section 1719 of this title the principal obligation shall not exceed \$20,000".

Subsec. (c). Pub. L. 88-560, §701(a), added subsec. (c).

1961—Subsec. (b). Pub. L. 87-70 substituted "authorized, pursuant to commitments or otherwise, to purchase, lend (under section 1719 of this title) on the security of, service, sell, or otherwise deal in any mortgages which are insured" for "authorized to make commitments to purchase and to purchase, service, or sell, any residential or home mortgages (or participations therein) which are insured", and "section 1715k of this title or subchapter VIII" for "section 1715k or 1748b of this title", permitted the purchase of mortgages insured under section 1715e of this title and covering property located in an urban renewal area, and defined term "mortgage".

1959—Subsec. (b). Pub. L. 86-372 included within cl. (3) mortgages insured under section 1715k of this title, increased the limitation on the original principal obligation from \$15,000 to \$17,500, and established a limitation of not more than \$20,000 with respect to mortgages purchased under section 1719 of this title.

1958—Subsec. (b). Pub. L. 85-857 inserted ", chapter 37 of title 38" after "Servicemen's Readjustment Act of 1944, as amended".

1956—Subsec. (b). Act Aug. 7, 1956, substituted "(2)" for "and (2)", "if" for "if (i)"; and "(3) the Association may not purchase any mortgage, except a mortgage insured under section 1748b of this title or a mortgage covering property located in Alaska, Guam, or Hawaii, if" for "or (ii)".

1954—Act Aug. 2, 1954, amended section generally to recharter the Association, substituting provisions formerly covered in section 1716 of this title for provisions now covered by sections 1719 to 1721 of this title.

1953—Act June 30, 1953, struck out proviso at end of first sentence, which limited purchase of mortgages other than defense or disaster mortgages to \$2,750,000,000.

1952—Act July 14, 1952, increased purchasing power of the Association from \$2,750,000,000 to \$3,650,000,000 but limited purchases of mortgages other than defense or disaster mortgages to \$2,750,000,000.

1950—Act Apr. 20, 1950, substituted "\$2,750,000,000" for "\$2,500,000,000".

1949—Joint Res. Oct. 25, 1949, substituted "\$2,500,000,000" for "\$1,500,000,000" in first sentence.

Act July 19, 1949, increased authorization to \$1,500,000,000 which would be based on the outstanding amount of mortgage purchases and commitments in place of the former complicated formula.

1948—Act July 1, 1948, amended section generally to make it applicable to the Association instead of to the former national mortgage associations, and increased the borrowing capacity from twenty times to forty times the capital and surplus.

1941—Act Mar. 28, 1941, inserted "and VI" in cl. (2).

1938—Act Feb. 3, 1938, among other changes, substituted "twenty times the amount of its paid-up capital and surplus" for "twelve times the aggregate par value of its outstanding capital stock", and inserted last sentence and proviso.

1935—Act May 28, 1935, substituted "twelve times" for "ten times" in cl. (1).

## Statutory Notes and Related Subsidiaries

### EFFECTIVE DATE OF 2018 AMENDMENT

Amendment by Pub. L. 115-174 effective 180 days after May 24, 2018, see section 310(d) of Pub. L. 115-174, set out as a note under section 1454 of this title.

### EFFECTIVE DATE OF 2008 AMENDMENT

Pub. L. 110-289, div. A, title I, §1124(a)(3), July 30, 2008, 122 Stat. 2692, provided that: "The amendments made by paragraphs (1) and (2) of this subsection [amending this section] shall take effect upon the expiration of the date described in section 201(a) of the Economic Stimulus Act of 2008 (Public Law 110-185) [122 Stat. 619; probably means Dec. 31, 2008]."

### EFFECTIVE DATE OF 1998 AMENDMENT

Amendment by title V of Pub. L. 105-276 effective and applicable beginning upon Oct. 1, 1999, except as otherwise provided, with provision that Secretary may implement amendment before such date, except to extent that such amendment provides otherwise, and with savings provision, see section 503 of Pub. L. 105-276, set out as a note under section 1437 of Title 42, The Public Health and Welfare.

### EFFECTIVE DATE OF 1978 AMENDMENT

Amendment by section 101(c)(3) of Pub. L. 95-557 effective Oct. 1, 1978, see section 104 of Pub. L. 95-557, set out as a note under section 1709 of this title.

### EFFECTIVE DATE OF 1968 AMENDMENT

For effective date of amendment by title VIII of Pub. L. 90-448, see section 808 of Pub. L. 90-448, set out as an Effective Date note under section 1716b of this title.

### EFFECTIVE DATE OF 1958 AMENDMENT

For effective date of amendment by Pub. L. 85-857, see section 2 of Pub. L. 85-857, set out as an Effective Date note preceding Part I of Title 38, Veterans' Benefits.

### TRANSFER OF FUNCTIONS

For retransfer of functions described in section 2 of Reorg. Plan No. 22 of 1950, set out below, from Housing and Home Finance Administrator to Federal National Mortgage Association, see section 1723d of this title.

PROPOSAL BY FEDERAL NATIONAL MORTGAGE ASSOCIATION RESPECTING AUTHORITY TO IMPLEMENT SECTION 339(a)(1), (b)(1) OF PUB. L. 96-399; APPROVAL, ETC.

Pub. L. 96-399, title III, §339(a)(2), (b)(2), Oct. 8, 1980, 94 Stat. 1657, provided that when Federal National Mortgage Association submits its proposal to Secretary of Housing and Urban Development to implement authority granted by amendment of this section, Secretary of Housing and Urban Development shall, within 75 days, approve such proposal or transmit to Congress a report explaining why such proposal has not been approved.

WAIVER OF CERTAIN LIMITATIONS APPLICABLE TO THE PURCHASE OF MORTGAGES BY THE GOVERNMENT NATIONAL MORTGAGE ASSOCIATION UNTIL OCTOBER 1, 1974

Pub. L. 92-213, §3, Dec. 22, 1971, 85 Stat. 775, as amended by Pub. L. 92-335, §6, July 1, 1972, 86 Stat. 405; Pub. L. 92-503, §2, Oct. 18, 1972, 86 Stat. 906; Pub. L. 93-85, §3, Aug. 10, 1973, 87 Stat. 221; Pub. L. 93-117, §4, Oct. 2, 1973, 87 Stat. 422, provided that when the Secretary of Housing and Urban Development determined that such action was necessary to avoid excessive discounts on federally insured or guaranteed mortgages, the Government National Mortgage Association could, until Oct. 1, 1974, issue commitments to purchase mortgages with original principal obligations not more than 50 per centum in excess of the limitations imposed by clause (3) of the proviso to the first sentence of section 302(b)(1)

of the National Housing Act [subsec. (b)(1) of this section], and it could purchase the mortgages so committed to be purchased.

**EXCEPTION TO LIMITATION ON PRINCIPAL AMOUNT OF PARTICIPATIONS IN GOVERNMENT MORTGAGE LIQUIDATION TRUST AND SMALL BUSINESS ADMINISTRATION TRUST SOLD DURING FISCAL 1966**

Pub. L. 89-429, §9, May 24, 1966, 80 Stat. 168, authorized Federal National Mortgage Association during fiscal year 1966 to sell (1) additional participations in Government Mortgage Liquidation Trust, and (2) participations in a trust to be established by Small Business Administration, each without regard to the provisions of subsec. (c)(4) of this section.

**TRUST AGREEMENTS WITH ADMINISTRATOR OF VETERANS' AFFAIRS**

Pub. L. 89-429, §6(a), May 24, 1966, 80 Stat. 167, provided that: "Nothing in this Act [enacting section 1717a of this title and section 745 of Title 20, Education, amending this section and sections 1720, 1749, and 1757 of this title, section 1988 of Title 7, Agriculture, and section 743 of Title 20, and enacting material set out as notes under this section] shall be construed to repeal or modify the provisions of section 1820(e) [now 3720(e)] of title 38, United States Code, respecting the authority of the Administrator of Veterans' Affairs [now Secretary of Veterans Affairs]."

**Executive Documents**

**REORGANIZATION PLAN NO. 22 OF 1950**

Eff. July 9, 1950, 15 F.R. 4365, 64 Stat. 1277

Prepared by the President and transmitted to the Senate and the House of Representatives in Congress assembled, May 9, 1950, pursuant to the provisions of the Reorganization Act of 1949, approved June 20, 1949 [see 5 U.S.C. 901 et seq.].

**FEDERAL NATIONAL MORTGAGE ASSOCIATION**

**SECTION 1. TRANSFER OF ASSOCIATION AND ITS FUNCTIONS**

The Federal National Mortgage Association, together with its functions, is hereby transferred from the Reconstruction Finance Corporation to the Housing and Home Finance Agency and shall be administered subject to the direction and control of the Housing and Home Finance Administrator.

**SEC. 2. TRANSFERS TO THE HOUSING ADMINISTRATOR**

There are hereby transferred from the Reconstruction Finance Corporation to the Housing and Home Finance Administrator—

(1) the notes of the Federal National Mortgage Association payable to the Reconstruction Finance Corporation;

(2) the capital stock of the Federal National Mortgage Association;

(3) the function of the Reconstruction Finance Corporation of making payments on its notes issued to the Secretary of the Treasury in an amount equal to (a) the unpaid principal of, and accrued interest on, the notes of the Federal National Mortgage Association transferred under (1) above, (b) any funds of the Reconstruction Finance Corporation transferred under the provisions of section 5 hereof, (c) the book value of any office furniture and equipment of the Reconstruction Finance Corporation transferred under the provisions of section 5 hereof, and (d) the par value of the capital stock of the Federal National Mortgage Association plus the amount of its surplus paid in by the Reconstruction Finance Corporation;

(4) the function of issuing notes or other obligations to the Secretary of the Treasury, which may be purchased by the Secretary, under section 7 of the Reconstruction Finance Corporation Act, as amended [15

U.S.C. 606], in an amount not in excess of that necessary to finance at any one time the outstanding balances of the investments, loans, and purchases held by the Federal National Mortgage Association, taking into consideration other balance-sheet items;

(5) except as otherwise provided in this reorganization plan, all other functions of the Reconstruction Finance Corporation (including functions of the Board of Directors of such Corporation and functions of the Chairman of the Board of Directors of such Corporation) with respect to the Federal National Mortgage Association; and

(6) all functions of the Federal Housing Commissioner with respect to the Federal National Mortgage Association.

**SEC. 3. BOARD OF DIRECTORS AND OFFICERS**

Functions with respect to serving, including eligibility to serve, as members of the Board of Directors of the Federal National Mortgage Association and as officers of such Association are hereby transferred from the members of the Board of Directors of, and from the officers and employees of, the Reconstruction Finance Corporation to the officers and employees of the Housing and Home Finance Agency (including those of the constituent agencies of the Housing and Home Finance Agency.)

**SEC. 4. PERFORMANCE OF FUNCTIONS OF ADMINISTRATOR**

The Housing and Home Finance Administrator may from time to time make such provisions as he shall deem appropriate authorizing the performance by any other officer, or by any agency or employee, of the Housing and Home Finance Agency of any function transferred to such Administrator by the provisions of this reorganization plan.

**SEC. 5. TRANSFER OF RECORDS, PROPERTY, PERSONNEL, AND FUNDS**

There are hereby transferred with the functions transferred by this reorganization plan, respectively, all of the assets, liabilities, contracts, property, records, and unexpended balances of authorizations, allocations and other funds, available or to be made available, of the Federal National Mortgage Association, and so much of the assets, liabilities, contracts, property, records, personnel, and unexpended balances of authorizations, allocations, and other funds, available or to be made available, of the Reconstruction Finance Corporation and relating to functions transferred by the provisions of this reorganization plan, as the Director of the Bureau of the Budget shall determine to be necessary for the administration of such functions, excluding, however, (1) the members of the Board of Directors of the Federal National Mortgage Association in office immediately prior to the taking effect of the provisions of this reorganization plan, and (2) the officers of the Association then in office. Such further measures and dispositions as the Director of the Bureau of the Budget shall determine to be necessary in order to effectuate the transfers provided for in this section shall be carried out in such manner as the Director shall direct and by such agencies as he shall designate.

**SEC. 6. EFFECTIVE DATE**

The provisions of this reorganization plan shall take effect 60 days after they would take effect under section 6(a) of the Reorganization Act of 1949 in the absence of this section [Eff. date July 9, 1950, in operation Sept. 7, 1950].

[Housing and Home Finance Agency lapsed and functions were transferred to Secretary of Housing and Urban Development, see section 9(c) of Pub. L. 89-174, Sept. 9, 1965, 79 Stat. 670, set out as a note under 42 U.S.C. 3531.]

**ADMISSION OF ALASKA AND HAWAII TO STATEHOOD**

Alaska was admitted into the Union on Jan. 3, 1959, on issuance of Proc. No. 3269, Jan. 3, 1959, 24 F.R. 81, 73

Stat. c16, and Hawaii was admitted into the Union on Aug. 21, 1959, on issuance of Proc. No. 3309, Aug. 21, 1959, 24 F.R. 6868, 73 Stat. c74. For Alaska Statehood Law, see Pub. L. 85-508, July 7, 1958, 72 Stat. 339, set out as a note preceding section 21 of Title 48, Territories and Insular Possessions. For Hawaii Statehood Law, see Pub. L. 86-3, Mar. 18, 1959, 73 Stat. 4, set out as a note preceding section 491 of Title 48.

**§ 1717a. Prohibition against sale of obligations by Federal departments and agencies after June 30, 1966, without compliance with requirements of section 1717(c) of this title or without approval by Secretary of the Treasury; exemption**

After June 30, 1966, no department or agency listed in section 1717(c)(2) of this title may sell any obligation held by it except as provided in section 1717(c) of this title, or as approved by the Secretary of the Treasury, except that this prohibition shall not apply to the Government National Mortgage Association.

(Pub. L. 89-429, §6(b), May 24, 1966, 80 Stat. 167; Pub. L. 90-448, title VIII, §807(g), Aug. 1, 1968, 82 Stat. 545.)

**Editorial Notes**

**CODIFICATION**

Section was enacted as a part of the Participation Sales Act of 1966, and not as a part of the National Housing Act, which comprises this chapter or the Federal National Mortgage Association Charter Act which comprises this subchapter.

**AMENDMENTS**

1968—Pub. L. 90-448 substituted “the Government National Mortgage Association” for “secondary market operations carried on by the Federal National Mortgage Association”.

**Statutory Notes and Related Subsidiaries**

**EFFECTIVE DATE OF 1968 AMENDMENT**

For effective date of amendment by Pub. L. 90-448, see section 808 of Pub. L. 90-448, set out as an Effective Date note under section 1716b of this title.

**§ 1718. Capitalization of Federal National Mortgage Association**

**(a) Common stock; preferred stock; transferability of shares**

The corporation shall have common stock, without par value, which shall be vested with all voting rights, each share being entitled to one vote with rights of cumulative voting at all elections of directors. The corporation may eliminate such rights of cumulative voting by a resolution adopted by its board of directors and approved by the holders of a majority of the shares of common stock voting in person or by proxy at the annual meeting, or other special meeting, at which such resolution is considered. The corporation may have preferred stock on such terms and conditions as the board of directors shall prescribe. The free transferability of the stock at all times to any person, firm, corporation, or other entity shall not be restricted except that, as to the corporation, it shall be transferable only on the books of the corporation. The corporation may issue shares of common stock in return for appropriate payments into capital or capital and surplus.

**(b) Fees and charges; annual transfer of earnings to general surplus account**

(1) The corporation may impose charges or fees, which may be regarded as elements of pricing, with the objective that all costs and expenses of the operations of the corporation should be within its income derived from such operations and that such operations should be fully self-supporting.

(2) All earnings from the operations of the corporation shall annually be transferred to the general surplus account of the corporation. At any time, funds of the general surplus account may, in the discretion of the board of directors, be transferred to reserves.

**(c) Capital distributions from general surplus account; minimum capitalization levels**

(1) Except as provided in paragraph (2), the corporation may make such capital distributions (as such term is defined in section 4502 of this title) as may be declared by the board of directors. All capital distributions shall be charged against the general surplus account of the corporation.

(2) The corporation may not make any capital distribution that would decrease the total capital of the corporation (as such term is defined in section 4502 of this title) to an amount less than the risk-based capital level for the corporation established under section 4611 of this title or that would decrease the core capital of the corporation (as such term is defined in section 4502 of this title) to an amount less than the minimum capital level for the corporation established under section 4612 of this title, without prior written approval of the distribution by the Director of the Federal Housing Finance Agency.

**(d) Institutions eligible to purchase stock**

Notwithstanding any other provision of law, any institution, including a national bank or State member bank of the Federal Reserve System or any member of the Federal Deposit Insurance Corporation, trust company, or other banking organization, organized under any law of the United States, including the laws relating to the District of Columbia, shall be authorized to purchase shares of common stock of the corporation and to hold or dispose of such stock, subject to the provisions of this subchapter.

(June 27, 1934, ch. 847, title III, §303, 48 Stat. 1254; Feb. 3, 1938, ch. 13, §7, 52 Stat. 24; July 1, 1948, ch. 784, §1, 62 Stat. 1206; Aug. 2, 1954, ch. 649, title II, §201, 68 Stat. 613; Aug. 7, 1956, ch. 1029, title II, §202, 70 Stat. 1096; Pub. L. 85-10, §1(a), (b), Mar. 27, 1957, 71 Stat. 7; Pub. L. 85-104, title II, §§201, 202, July 12, 1957, 71 Stat. 298; Pub. L. 87-70, title VI, §603(b), (c), June 30, 1961, 75 Stat. 176; Pub. L. 89-117, title X, §1004(b), Aug. 10, 1965, 79 Stat. 501; Pub. L. 89-566, §2, Sept. 10, 1966, 80 Stat. 738; Pub. L. 90-19, §1(j)(2), (l), May 25, 1967, 81 Stat. 18; Pub. L. 90-448, title VIII, §802 (i)-(n), (s), Aug. 1, 1968, 82 Stat. 537, 538; Pub. L. 91-609, title IX, §902, Dec. 31, 1970, 84 Stat. 1808; Pub. L. 93-383, title VIII, §806(g)-(i), Aug. 22, 1974, 88 Stat. 727, 728; Pub. L. 97-320, title VII, §707(a), Oct. 15, 1982, 96 Stat. 1540; Pub. L. 100-242, title IV, §442, Feb. 5, 1988, 101 Stat. 1921; Pub. L. 102-550, title XIII, §1381(d), Oct. 28, 1992, 106 Stat.

3995; Pub. L. 110-289, div. A, title I, §1161(b)(1), July 30, 2008, 122 Stat. 2779.)

### Editorial Notes

#### AMENDMENTS

2008—Subsec. (c)(2). Pub. L. 110-289 substituted “Director of the Federal Housing Finance Agency” for “Director of the Office of Federal Housing Enterprise Oversight of the Department of Housing and Urban Development”.

1992—Subsec. (a). Pub. L. 102-550, §1381(d)(1), inserted at end “The corporation may issue shares of common stock in return for appropriate payments into capital or capital and surplus.”

Subsecs. (b), (c). Pub. L. 102-550, §1381(d)(2), added subsecs. (b) and (c) and struck out former subsec. (b) which related to accumulation of surplus, fees and charges, and transfer of surplus funds to reserves and former subsec. (c) which related to issuance of common stock for capital contributions and payment of dividends.

Subsecs. (d), (f). Pub. L. 102-550, §1381(d)(3), (4), redesignated subsec. (f) as (d), struck out “to make payments to the corporation of the nonrefundable capital contributions referred to in subsection (b) of this section, to receive stock of the corporation evidencing such capital contributions,” after “shall be authorized”, and substituted “shares of common stock of the corporation” for “additional shares of such stock”.

1988—Subsec. (a). Pub. L. 100-242 inserted after first sentence “The corporation may eliminate such rights of cumulative voting by a resolution adopted by its board of directors and approved by the holders of a majority of the shares of common stock voting in person or by proxy at the annual meeting, or other special meeting, at which such resolution is considered.”

1982—Subsec. (a). Pub. L. 97-320, §707(a)(1), inserted provision that the corporation may have preferred stock on such terms and conditions as the board of directors shall prescribe.

Pub. L. 97-320, §707(a)(2), struck out “common” before “stock at all times”.

1974—Subsec. (a). Pub. L. 93-383, §806(g), struck out provisions relating to issuance, par value, retirement, etc., of nonvoting preferred stock.

Subsec. (c). Pub. L. 93-383, §806(h), substituted provisions relating to purchases subsequent to Sept. 1, 1968, for provisions relating to purchases subsequent to the effective date established under section 808 of the Housing and Urban Development Act of 1968, and struck out provisions relating to retirement of all outstanding preferred stock.

Subsec. (d). Pub. L. 93-383, §806(i), struck out subsec. (d) authorizing issuance of preferred stock to Secretary of the Treasury.

Subsec. (e). Pub. L. 93-383, §806(i), struck out subsec. (e) relating to exchange of preferred stock delivered to Secretary of the Treasury pursuant to subsec. (d) of this section.

1970—Subsec. (b). Pub. L. 91-609 substituted “may accumulate” and “private sources” for “shall accumulate” and “private and other sources”, respectively, struck out “nor less than 1 per centum” after “2 per centum”, and inserted “with the approval of the Secretary of Housing and Urban Development” after “as determined from time to time by the corporation”.

1968—Subsec. (a). Pub. L. 90-448, §802(i), (s)(1), changed common stock of the Association from nonvoting common stock with a par value of \$100 to common stock, without par value, vested with all voting rights and each share entitled to one vote with rights of cumulative voting at all elections of directors, provided that the free transferability of the common stock shall not be restricted except that, as to the corporation, it shall be transferable only on the books of the corporation, struck out provisions which permitted retirement of the preferred stock only out of funds of the capital surplus and the general surplus accounts of the

Association, and which prohibited retirements of common stock if, as a consequence, the amount thereof remaining outstanding would be less than \$100,000,000, and substituted provisions requiring retirement of preferred stock to be made as rapidly as possible subsequent to the effective date of section 808 of the Housing and Urban Development Act of 1968, for provisions which required retirement as rapidly as the Association shall deem feasible, and “corporation” for “Association” in six places.

Subsec. (b). Pub. L. 90-448, §802(j), (s)(1), substituted “corporation” for “Association” in six places, and “fees, which may be regarded as elements of pricing, with” for “fees for its services with”, and struck out sentence which stated this subsection shall be subject to the exceptions set forth in section 1722 of this title.

Subsec. (c). Pub. L. 90-448, §802(k), (s)(1), substituted “corporation” for “Association” in five places, and “the aggregate amount of cash dividends paid on account of any share of such stock shall not exceed any rate which may be determined from time to time by the Secretary of Housing and Urban Development to be a fair rate of return after consideration of the current earnings and capital condition of the corporation” for “the general surplus account of the Association shall not be reduced through the payment of dividends applicable to such common stock which exceed in the aggregate 5 per centum of the par value of the outstanding common stock of the Association”, inserted provisions authorizing the corporation to issue additional shares in return for appropriate payments into capital or capital and surplus, directing the corporation to require each services of its mortgages to own a minimum amount of common stock of the corporation, and prescribing the minimum amount, and struck out provisions which related to issuance of common stock only in denominations of \$100 or multiples thereof.

Subsec. (d). Pub. L. 90-448, §802(l), (s), substituted “corporation” for “Association” in six places, and “corporation’s” for “Association’s”, and inserted provisions prohibiting issuance of preferred stock subsequent to the effective date established pursuant to section 808 of the Housing and Urban Development Act of 1968.

Subsec. (e). Pub. L. 90-448, §802(s), substituted “corporation” for “Association” in four places, and “corporation’s” for “Association’s”.

Subsec. (f). Pub. L. 90-448, §802(m), (s)(1), substituted “corporation” for “Association” in two places and inserted provisions authorizing purchase of additional shares of stock of the corporation.

Subsec. (g). Pub. L. 90-448, §802(n), repealed subsec. (g) which directed Secretary of Housing and Urban Development to transmit recommendations for eventual transfer of operations to private shareholders.

1967—Subsec. (a). Pub. L. 90-19, §1(j)(2), substituted “Secretary of the Treasury’s” for “Secretary’s” in last sentence.

Subsec. (g). Pub. L. 90-19, §1(l), substituted “Secretary of Housing and Urban Development” for “Housing and Home Finance Administrator”.

1966—Subsec. (d). Pub. L. 89-566, §2(a), raised from \$115,000,000 to \$225,000,000 the amount of the par value of the preferred stock of the Association which the Secretary of the Treasury is authorized and directed to accept in addition to the original \$21,000,000.

Subsec. (e). Pub. L. 89-566, §2(b), substituted “\$225,000,000” for “\$115,000,000” in second sentence.

1965—Subsec. (b). Pub. L. 89-117 inserted “other” sources to private sources as the areas from which the Association shall accumulate funds for its capital surplus account.

1961—Subsec. (b). Pub. L. 87-70, §603(b), directed the Association to require each borrower to make payments, equal to not more than one-half of one per centum of the amount lent to the borrower under section 1719 of this title.

Subsec. (c). Pub. L. 87-70, §603(c), required issuance of stock to borrowers and inserted “(adjusted by reason of any payments into surplus required by the Association)”.

1957—Subsec. (b). Pub. L. 85-104, §201, substituted provisions which fixed capital contributions payments at maximum of 2 percent and minimum of 1 percent of unpaid principal amounts of mortgages purchased or to be purchased under section 1719 of this title, for former provisions which provided for capital contributions payments equal to 2 percent of the unpaid principal amounts of mortgages purchased by the Association or equal to such greater or lesser percentage but not less than 1 percent, as the Association might determine.

Subsec. (d). Pub. L. 85-104, §202(a), substituted “\$115,000,000” for “\$50,000,000” in second sentence.

Pub. L. 85-10, §1(a), inserted sentence directing Secretary of the Treasury to accept additional \$50,000,000 of preferred stock issued by Association.

Subsec. (e). Pub. L. 85-104, §202(b), substituted “\$115,000,000” for “\$50,000,000” in second sentence.

Pub. L. 85-10, §1(b), inserted “the first sentence of” before “subsection (d)” in first sentence, and inserted sentence providing that Association stock delivered to Treasury pursuant to second sentence of subsec. (d) of this section be in exchange for Association notes of \$50,000,000.

1956—Subsec. (b). Act Aug. 7, 1956, substituted provisions which required mortgage sellers to make contributions equal to not more than 2 percent of the unpaid principal amount of mortgages or greater or lesser percentage as the Association may determine, but not less than 1 percent, for former provisions that contributions equal 3 percent of the unpaid amount of the mortgages or such greater percentage as from time to time the Association may determine.

1954—Act Aug. 2, 1954, amended section generally to substitute provisions relating to capitalization (formerly covered in section 1716 of this title) and to general financial arrangements and operations for provisions relating merely to use and investment of moneys not invested in mortgages or in operating facilities (such provisions now being covered by section 1723b of this title), and the maintenance of necessary reserves.

1948—Act July 1, 1948, made section applicable to the Association instead of to any of the national mortgage associations.

1938—Act Feb. 3, 1938, inserted “or in bonds or other obligations” and inserted “and may purchase in the open market notes, bonds, debentures, or such other obligations issued under section 1717 of this title”.

#### Statutory Notes and Related Subsidiaries

##### EFFECTIVE DATE OF 1968 AMENDMENT

For effective date of amendment by title VIII of Pub. L. 90-448, see section 808 of Pub. L. 90-448, set out as an Effective Date note under section 1716b of this title.

##### SPECIAL ASSISTANCE FUNDS OF ASSOCIATION FOR FINANCING LOW-COST HOMES

Pub. L. 89-754, title X, §1006, Nov. 3, 1966, 80 Stat. 1285, provided that the Congress found that the sharp decline in new home construction over the past year threatened to undercut the present high level of prosperity and employment as such declines had in the past; that the substantial reduction which had taken place had its greatest impact on families of modest income who were seeking to achieve the goal of homeownership; that this decline in homebuilding was due primarily to the shortage of mortgage financing on terms which moderate income families could afford; and that national policy objectives in the field of housing and community development were thereby being thwarted. The Congress therefore expressed its intent that the special assistance funds made available to the Federal National Mortgage Association for the financing of new low-cost homes by the Act of September 10, 1966 (Public Law 89-556) [amending sections 1718, 1719, and 1720 of this title], should be released immediately to halt the continuing decline in the construction of new homes for families of moderate incomes.

#### § 1719. Secondary market operations

##### (a) Purchase and sale of mortgages; secondary market operations; advance of funds or origination of loans; settlement or extinguishment of borrower's rights

(1) To carry out the purposes set forth in paragraph (a)<sup>1</sup> of section 1716 of this title, the operations of the corporation under this section shall be confined, so far as practicable, to mortgages which are deemed by the corporation to be of such quality, type, and class as to meet, generally, the purchase standards imposed by private institutional mortgage investors. In the interest of assuring sound operation, the prices to be paid by the corporation for mortgages purchased in its secondary market operations under this section, should be established, from time to time, within the range of market prices for the particular class of mortgages involved, as determined by the corporation. The volume of the corporation's purchases and sales, and the establishment of the purchase prices, sale prices, and charges or fees, in its secondary market operations under this section, should be determined by the corporation from time to time, and such determinations should be consistent with the objectives that such purchases and sales should be effected only at such prices and on such terms as will reasonably prevent excessive use of the corporation's facilities, and that the operations of the corporation under this section should be within its income derived from such operations and that such operations should be fully self-supporting. Nothing in this subchapter shall prohibit the corporation from purchasing, and making commitments to purchase, any mortgage with respect to which the Secretary of Housing and Urban Development has entered into a contract with the corporation to make interest subsidy payments under section 1715z-8 of this title.

(2) The volume of the corporation's lending activities and the establishment of its loan ratios, interest rates, maturities, and charges or fees, in its secondary market operations under this section, should be determined by the corporation from time to time; and such determinations, in conjunction with determinations made under paragraph (1), should be consistent with the objectives that the lending activities should be conducted on such terms as will reasonably prevent excessive use of the corporation's facilities, and that the operations of the corporation under this section should be within its income derived from such operations and that such operations should be fully self-supporting. The corporation shall not be permitted to use its lending authority (A) to advance funds to a mortgage seller on an interim basis, using mortgage loans as collateral, pending the sale of the mortgages in the secondary market; or (B) to originate mortgage loans. Notwithstanding any Federal, State, or other law to the contrary, the corporation is empowered, in connection with any loan under this section, whether before or after any default, to provide by contract with the borrower for the settlement or extinguishment, upon default, of any redemption, equi-

<sup>1</sup> See References in Text note below.

table, legal, or other right, title, or interest of the borrower in any mortgage or mortgages that constitute the security for the loan; and with respect to any such loan, in the event of default and pursuant otherwise to the terms of the contract, the mortgages that constitute such security shall become the absolute property of the corporation.

**(b) Obligations of the Corporation**

For the purposes of this section, the corporation is authorized to issue, upon the approval of the Secretary of the Treasury, and have outstanding at any one time obligations having such maturities and bearing such rate or rates of interest as may be determined by the corporation with the approval of the Secretary of the Treasury, to be redeemable at the option of the corporation before maturity in such manner as may be stipulated in such obligations. The corporation shall insert appropriate language in all of its obligations issued under this subsection clearly indicating that such obligations, together with the interest thereon, are not guaranteed by the United States and do not constitute a debt or obligation of the United States or any agency or instrumentality thereof other than the corporation. The corporation is authorized to purchase in the open market any of its obligations outstanding under this subsection at any time and at any price.

**(c) Purchase of obligations by Treasury; conditions and restrictions**

The Secretary of the Treasury is authorized in the Secretary's discretion to purchase any obligations issued pursuant to subsection (b) of this section, as now or hereafter in force, and for such purpose the Secretary of the Treasury is authorized to use as a public debt transaction the proceeds of the sale of any securities hereafter issued under chapter 31 of title 31, and the purposes for which securities may be issued under chapter 31 of title 31 are extended to include such purchases. The Secretary of the Treasury shall not at any time purchase any obligations under this subsection if such purchase would increase the aggregate principal amount of the Secretary's then outstanding holdings of such obligations under this subsection to an amount greater than \$2,250,000,000. Each purchase of obligations by the Secretary of the Treasury under this subsection shall be upon such terms and conditions as to yield a return at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding marketable obligations of the United States as of the last day of the month preceding the making of such purchase. The Secretary of the Treasury may, at any time, sell, upon such terms and conditions and at such price or prices as the Secretary shall determine, any of the obligations acquired by the Secretary under this subsection. All redemptions, purchases, and sales by the Secretary of the Treasury of such obligations under this subsection shall be treated as public debt transactions of the United States.

**(d) Mortgage-backed securities; issuance; maturities; rates of interest; exempt securities; adequacy of mortgages to permit principal and interest payments; statement in securities**

To provide a greater degree of liquidity to the mortgage investment market and an additional means of financing its operations under this section, the corporation is authorized to set aside any mortgages held by it under this section, and, upon approval of the Secretary of the Treasury, to issue and sell securities based upon the mortgages so set aside. Securities issued under this subsection may be in the form of debt obligations or trust certificates of beneficial interest, or both. Securities issued under this subsection shall have such maturities and bear such rate or rates of interest as may be determined by the corporation with the approval of the Secretary of the Treasury. Securities issued by the corporation under this subsection shall, to the same extent as securities which are direct obligations of or obligations guaranteed as to principal and interest by the United States, be deemed to be exempt securities within the meaning of laws administered by the Securities and Exchange Commission. Mortgages set aside pursuant to this subsection shall at all times be adequate to enable the corporation to make timely principal and interest payments on the securities issued and sold pursuant to this subsection. The corporation shall insert appropriate language in all of the securities issued under this subsection clearly indicating that such securities, together with the interest thereon, are not guaranteed by the United States and do not constitute a debt or obligation of the United States or any agency or instrumentality thereof other than the corporation.

**(e) Subordinated or convertible obligations; issuance; maturities; rate of interest; redemption; exempt securities; debt or obligation of United States; purchases in open market**

For the purposes of this section, the corporation is authorized to issue, upon the approval of the Secretary of the Treasury, obligations which are subordinated to any or all other obligations of the corporation, including subsequent obligations. The obligations issued under this subsection shall have such maturities and bear such rate or rates of interest as may be determined by the corporation with the approval of the Secretary of the Treasury and may be made redeemable at the option of the corporation before maturity in such manner as may be stipulated in such obligations. Any of such obligations may be made convertible into shares of common stock in such manner, at such price or prices, and at such time or times as may be stipulated therein. Obligations issued by the corporation under this subsection shall, to the same extent as securities which are direct obligations of or obligations guaranteed as to principal or interest by the United States, be deemed to be exempt securities within the meaning of laws administered by the Securities and Exchange Commission. The corporation shall insert appropriate language in all of its obligations issued under this subsection clearly indicating that



such obligations, together with the interest thereon, are not guaranteed by the United States and do not constitute a debt or obligation of the United States or of any agency or instrumentality thereof other than the corporation. The corporation is authorized to purchase in the open market any of its obligations outstanding under this subsection at any time and at any price.

**(f) Prohibition on assessment or collection of fee or charge by United States**

Except for fees paid pursuant to section 1723a(g) of this title and assessments pursuant to section 4516 of this title, no fee or charge may be assessed or collected by the United States (including any executive department, agency, or independent establishment of the United States) on or with regard to the purchase, acquisition, sale, pledge, issuance, guarantee, or redemption of any mortgage, asset, obligation, trust certificate of beneficial interest, or other security by the corporation. No provision of this subsection shall affect the purchase of any obligation by the Secretary of the Treasury pursuant to subsection (c).

**(g) Temporary authority of Treasury to purchase obligations and securities; conditions**

**(1) Authority to purchase**

**(A) General authority**

In addition to the authority under subsection (c) of this section, the Secretary of the Treasury is authorized to purchase any obligations and other securities issued by the corporation under any section of this chapter, on such terms and conditions as the Secretary may determine and in such amounts as the Secretary may determine. Nothing in this subsection requires the corporation to issue obligations or securities to the Secretary without mutual agreement between the Secretary and the corporation. Nothing in this subsection permits or authorizes the Secretary, without the agreement of the corporation, to engage in open market purchases of the common securities of the corporation.

**(B) Emergency determination required**

In connection with any use of this authority, the Secretary must determine that such actions are necessary to—

- (i) provide stability to the financial markets;
- (ii) prevent disruptions in the availability of mortgage finance; and
- (iii) protect the taxpayer.

**(C) Considerations**

To protect the taxpayers, the Secretary of the Treasury shall take into consideration the following in connection with exercising the authority contained in this paragraph:

- (i) The need for preferences or priorities regarding payments to the Government.
- (ii) Limits on maturity or disposition of obligations or securities to be purchased.
- (iii) The corporation's plan for the orderly resumption of private market funding or capital market access.
- (iv) The probability of the corporation fulfilling the terms of any such obligation or other security, including repayment.

(v) The need to maintain the corporation's status as a private shareholder-owned company.

(vi) Restrictions on the use of corporation resources, including limitations on the payment of dividends and executive compensation and any such other terms and conditions as appropriate for those purposes.

**(D) Reports to Congress**

Upon exercise of this authority, the Secretary shall report to the Committees on the Budget, Financial Services, and Ways and Means of the House of Representatives and the Committees on the Budget, Finance, and Banking, Housing, and Urban Affairs of the Senate as to the necessity for the purchase and the determinations made by the Secretary under subparagraph (B) and with respect to the considerations required under subparagraph (C), and the size, terms, and probability of repayment or fulfillment of other terms of such purchase.

**(2) Rights; sale of obligations and securities**

**(A) Exercise of rights**

The Secretary of the Treasury may, at any time, exercise any rights received in connection with such purchases.

**(B) Sale of obligation and securities**

The Secretary of the Treasury may, at any time, subject to the terms of the security or otherwise upon terms and conditions and at prices determined by the Secretary, sell any obligation or security acquired by the Secretary under this subsection.

**(C) Deficit reduction**

The Secretary of the Treasury shall deposit in the General Fund of the Treasury any amounts received by the Secretary from the sale of any obligation acquired by the Secretary under this subsection, where such amounts shall be—

- (i) dedicated for the sole purpose of deficit reduction; and
- (ii) prohibited from use as an offset for other spending increases or revenue reductions.

**(D) Application of sunset to purchased obligations or securities**

The authority of the Secretary of the Treasury to hold, exercise any rights received in connection with, or sell, any obligations or securities purchased is not subject to the provisions of paragraph (4).

**(3) Funding**

For the purpose of the authorities granted in this subsection, the Secretary of the Treasury may use the proceeds of the sale of any securities issued under chapter 31 of Title 31, and the purposes for which securities may be issued under chapter 31 of Title 31 are extended to include such purchases and the exercise of any rights in connection with such purchases. Any funds expended for the purchase of, or modifications to, obligations and securities, or the exercise of any rights received in connection with such purchases under this subsection

shall be deemed appropriated at the time of such purchase, modification, or exercise.

**(4) Termination of authority**

The authority under this subsection (g), with the exception of paragraphs (2) and (3) of this subsection, shall expire December 31, 2009.

**(5) Authority of the Director with respect to executive compensation**

The Director shall have the power to approve, disapprove, or modify the executive compensation of the corporation, as defined under Regulation S-K, 17 C.F.R. 229.

(June 27, 1934, ch. 847, title III, § 304, 48 Stat. 1254; July 1, 1948, ch. 784, § 1, 62 Stat. 1206; Aug. 2, 1954, ch. 649, title II, § 201, 68 Stat. 615; Aug. 7, 1956, ch. 1029, title II, §§ 203, 204, 70 Stat. 1096; Pub. L. 85-10, § 1(c), Mar. 27, 1957, 71 Stat. 7; Pub. L. 85-104, title II, § 203, July 12, 1957, 71 Stat. 298; Pub. L. 86-372, title III, §§ 302, 305(a), Sept. 23, 1959, 73 Stat. 669, 670; Pub. L. 87-70, title VI, § 603(d), (e), June 30, 1961, 75 Stat. 176, 177; Pub. L. 88-560, title VII, §§ 701(b)(2), 703, 704, Sept. 2, 1964, 78 Stat. 800, 802; Pub. L. 89-566, § 1, Sept. 10, 1966, 80 Stat. 738; Pub. L. 89-754, title X, § 1007, Nov. 3, 1966, 80 Stat. 1285; Pub. L. 90-448, title VIII, §§ 802(p)-(s), 804(a), 805, Aug. 1, 1968, 82 Stat. 538, 542, 543; Pub. L. 91-351, title V, § 504, July 24, 1970, 84 Stat. 461; Pub. L. 93-383, title VIII, § 806(j), Aug. 22, 1974, 88 Stat. 728; Pub. L. 97-320, title VII, § 707(b), Oct. 15, 1982, 96 Stat. 1540; Pub. L. 98-479, title II, § 203(a)(1), Oct. 17, 1984, 98 Stat. 2229; Pub. L. 100-242, title IV, § 441(a), Feb. 5, 1988, 101 Stat. 1921; Pub. L. 101-73, title VII, § 731(m)(2), Aug. 9, 1989, 103 Stat. 436; Pub. L. 102-550, title XIII, § 1381(e)-(g), (s)(2), Oct. 28, 1992, 106 Stat. 3996, 4001; Pub. L. 110-289, div. A, title I, § 1117(a), July 30, 2008, 122 Stat. 2683; Pub. L. 111-203, title XIII, § 1304(a), July 21, 2010, 124 Stat. 2134.)

**Editorial Notes**

**REFERENCES IN TEXT**

Paragraph (a) of section 1716 of this title, referred to in subsec. (a)(1), was repealed by Pub. L. 101-73, title VII, § 731(m)(1)(A), Aug. 9, 1989, 103 Stat. 435. See section 1716(3) of this title.

**AMENDMENTS**

2010—Subsec. (g)(2)(C), (D). Pub. L. 111-203 added subpar. (C) and redesignated former subpar. (C) as (D).

2008—Subsec. (g). Pub. L. 110-289 added subsec. (g).

1992—Subsec. (b). Pub. L. 102-550, § 1381(e)(1), substituted a period for “;” but the aggregate amount of obligations of the corporation under this subsection outstanding at any one time shall not exceed fifteen times the sum of its capital, capital surplus, general surplus, reserves, and undistributed earnings unless a greater ratio shall be fixed at any time or from time to time by the Secretary of Housing and Urban Development. In no event shall any such obligations be issued if, at the time of such proposed issuance, and as a consequence thereof, the resulting aggregate amount of its outstanding obligations under this subsection would exceed the amount of the corporation’s ownership pursuant to this section, free from any liens or encumbrances, of cash, mortgages or other security holdings, and obligations of the United States or guaranteed thereby, or obligations, participations, or other instruments which are lawful investments for fiduciary, trust, or public funds.” after “in such obligations”.

Subsec. (c). Pub. L. 102-550, § 1381(s)(2), substituted “the Secretary’s” for “his” in two places, “the Sec-

retary” for “he” after “such price or prices as”, and “the Secretary” for “him” after “the obligations acquired by”.

Subsec. (d). Pub. L. 102-550, § 1381(f), inserted at end “The corporation shall insert appropriate language in all of the securities issued under this subsection clearly indicating that such securities, together with the interest thereon, are not guaranteed by the United States and do not constitute a debt or obligation of the United States or any agency or instrumentality thereof other than the corporation.”

Subsec. (e). Pub. L. 102-550, § 1381(e)(2), struck out after third sentence “The outstanding total principal amount of such obligations, which are entirely subordinated to the obligations of the corporation issued or to be issued under subsection (b) of this section, shall be deemed to be capital of the corporation for the purpose of determining the aggregate amount of obligations issued under subsection (b) of this section which may be outstanding at any one time.”

Subsec. (f). Pub. L. 102-550, § 1381(g), inserted “of this title and assessments pursuant to section 4516 of this title” in first sentence.

1989—Subsec. (a)(2). Pub. L. 101-73 inserted after third sentence “The corporation shall not be permitted to use its lending authority (A) to advance funds to a mortgage seller on an interim basis, using mortgage loans as collateral, pending the sale of the mortgages in the secondary market; or (B) to originate mortgage loans.” and struck out first two sentences which read as follows: “In the further interest of assuring sound operation, any loan made by the corporation in its secondary market operations under this section, and any extension or renewal thereof, shall not exceed 90 per centum of the unpaid principal balances of the mortgages securing the loan, and shall bear interest at a rate consistent with general loan policies established from time to time by the corporation’s board of directors. Any such loan shall mature in not more than twelve months and the term of any extension or renewal shall not exceed twelve months.”

1988—Subsec. (f). Pub. L. 100-242 added subsec. (f).

1984—Subsec. (c). Pub. L. 98-479 substituted “chapter 31 of title 31” for “the Second Liberty Bond Act, as now or hereafter in force” in two places.

1982—Subsec. (e). Pub. L. 97-320 struck out provision that the total principal amount of subordinated obligations which could be outstanding at any one time could not exceed two times the sum of (1) the capital of the corporation represented by its outstanding common stock and (2) its surplus and undistributed earnings at such time.

1974—Subsec. (a)(1). Pub. L. 93-383 substituted “section 243 of the National Housing Act”, classified to section 1715z-8 of this title, for “section 502 of the Emergency Home Finance Act of 1970”, which enacted such section 1715z-8. For purposes of amendment of subsec. (a)(1) of this section no change in text was required.

1970—Subsec. (a)(1). Pub. L. 91-351 inserted provision that nothing in this subchapter shall prohibit the corporation from purchasing, and making commitments to purchase, any mortgage with respect to which the Secretary of Housing and Urban Development has entered into a contract with the corporation to make interest subsidy payments pursuant to section 1715z-8 of this title.

1968—Subsec. (a)(1). Pub. L. 90-448, § 802(p), (s), substituted “corporation” for “Association” in six places, and “corporation’s” for “Association’s” in two places, and struck out provisions which prohibited the Association from purchasing any mortgage insured or guaranteed prior to Aug. 2, 1954.

Subsec. (a)(2). Pub. L. 90-448, § 802(s), substituted “corporation” for “Association” in five places, and “corporation’s” for “Association’s”, in three places.

Subsec. (b). Pub. L. 90-448, § 802(q), (s), substituted “corporation” for “Association” in seven places, and “corporation’s” for “Association’s”, and inserted provisions permitting the Secretary to establish a greater ratio than fifteen times for the aggregate amount of obligations outstanding.

Subsec. (c). Pub. L. 90-448, §802(r), struck out provisions which prohibited the Secretary of the Treasury from purchasing obligations under this subsection if all of the preferred stock of the Association held by him has been retired.

Subsec. (d). Pub. L. 90-448, §804(a), added subsec. (d). A prior subsec. (d) was repealed by Pub. L. 88-560.

Subsec. (e). Pub. L. 90-448, §805, added subsec. (e).

1966—Subsec. (a)(1). Pub. L. 89-754 struck out requirement that Association's advance commitments to purchase mortgages in its secondary market operations be issued at prices which are sufficient to facilitate home financing, but which are sufficiently below the price then offered by the Association for immediate purchase to prevent excessive sales to the Association pursuant to such commitments.

Subsec. (b). Pub. L. 89-566 raised limit on maximum amount of obligations outstanding under the subsection from ten times the sum of capital, capital surplus, general surplus, reserves, and undistributed earnings to fifteen times that sum.

1964—Subsec. (a)(2). Pub. L. 88-560, §703, substituted "90 per centum" for "80 per centum".

Subsec. (b). Pub. L. 88-560, §701(b)(2), substituted "or obligations, participations, or other instruments which are lawful investments" for "or obligations which are lawful investments".

Subsec. (d). Pub. L. 88-560, §704, repealed provisions which prohibited the Association from purchasing participations in its operations under this section.

1961—Subsec. (a). Pub. L. 87-70, §603(d), designated existing provisions as par. (1) and added par. (2).

Subsec. (b). Pub. L. 87-70, §603(e), inserted "or other security holdings" after "mortgages".

1959—Subsec. (a). Pub. L. 86-372, §302, substituted "home financing" for "advance planning of home construction" after "sufficient to facilitate".

Subsec. (b). Pub. L. 86-372, §305(a), substituted "and obligations of the United States or guaranteed thereby, or obligations which are lawful investments for fiduciary, trust, or public funds" for "and bonds or other obligations of, or bonds or other obligations guaranteed as to principal and interest by, the United States".

1957—Subsec. (c). Pub. L. 85-104 substituted "\$2,250,000,000" for "\$1,350,000,000".

Pub. L. 85-10 substituted "\$1,350,000,000" for "\$500,000,000 plus an amount equal to the total of such reductions in the maximum dollar amount prescribed by section 1721(c) of this title as have theretofore been effected pursuant to that section: *Provided*, That such aggregate principal amount under this subsection shall in no event exceed \$1,000,000,000".

1956—Subsec. (a). Act Aug. 7, 1956, §§203, 204(a), substituted in second sentence "within the range of market prices" for "at the market prices"; and inserted sentence that advance commitments to purchase mortgages in secondary market operations shall be issued only at prices which are sufficient to facilitate advance planning of home construction but sufficiently below price then offered by Association for immediate purchase to prevent excessive sales to the Association pursuant to such commitments.

Subsec. (d). Act Aug. 7, 1956, §204(b), struck out provisions prohibiting Association from making advance contracts or commitments to purchase mortgages but allowed Association to issue a purchase contract in an amount not exceeding the amount of the sale of mortgages purchased from the Association, entitling the holder to sell to the Association mortgages in the amount of the contract, upon terms prescribed by the Association.

1954—Act Aug. 2, 1954, amended section generally to substitute new provisions (formerly covered in sections 1716 and 1717 of this title) for provisions which related to exemption from taxation. See section 1723a(c) of this title.

1948—Act July 1, 1948, amended section generally to provide for exemption from taxation for the Association.

## Statutory Notes and Related Subsidiaries

### EFFECTIVE DATE OF 2010 AMENDMENT

Amendment by Pub. L. 111-203 effective 1 day after July 21, 2010, except as otherwise provided, see section 4 of Pub. L. 111-203, set out as an Effective Date note under section 5301 of this title.

### EFFECTIVE DATE OF 1968 AMENDMENT

For effective date of amendment by title VIII of Pub. L. 90-448, see section 808 of Pub. L. 90-448, set out as an Effective Date note under section 1716b of this title.

## § 1720. Repealed. Pub. L. 98-181, title I [title IV, § 483(a)], Nov. 30, 1983, 97 Stat. 1240

Section, acts June 27, 1934, ch. 847, title III, §305, 48 Stat. 1254; July 1, 1948, ch. 784, §1, 62 Stat. 1206; Apr. 20, 1950, ch. 94, title I, §118, 64 Stat. 57; Aug. 2, 1954, ch. 649, title II, §201, 68 Stat. 616; Aug. 11, 1955, ch. 783, title I, §103, title IV, §402, 69 Stat. 636, 651; Aug. 7, 1956, ch. 1029, title II, §§205-208, 70 Stat. 1096; Pub. L. 85-10, §2, Mar. 27, 1957, 71 Stat. 8; Pub. L. 85-104, title II, §§204-207, July 12, 1957, 71 Stat. 298; Pub. L. 85-364, §§2, 3(a), 4, Apr. 1, 1958, 72 Stat. 73, 74; Pub. L. 86-372, title III, §§303(a), 304, Sept. 23, 1959, 73 Stat. 669; Pub. L. 87-70, title I, §101(c), title VI, §601(a), (b), June 30, 1961, 75 Stat. 153, 175, 176; Pub. L. 88-560, title I, §109(b), Sept. 2, 1964, 78 Stat. 777; Pub. L. 89-117, title VIII, §801, Aug. 10, 1965, 79 Stat. 493; Pub. L. 89-429, §3(a), May 24, 1966, 80 Stat. 166; Pub. L. 89-566, §3, Sept. 10, 1966, 80 Stat. 738; Pub. L. 89-754, title III, §310(d), title X, §§1005, 1020(c), Nov. 3, 1966, 80 Stat. 1270, 1285, 1296; Pub. L. 90-19, §1(a)(2), May 25, 1967, 81 Stat. 17; Pub. L. 90-448, title II, §201(g), title VIII, §806, Aug. 1, 1968, 82 Stat. 503, 544; Pub. L. 91-152, §2, title I, §115, Dec. 24, 1969, 83 Stat. 379, 385; Pub. L. 91-351, title IV, §401, July 24, 1970, 84 Stat. 458; Pub. L. 95-557, title III, §318(b), Oct. 31, 1978, 92 Stat. 2101; Pub. L. 96-399, title III, §338, Oct. 8, 1980, 94 Stat. 1657; Pub. L. 97-35, title III, §333(a)(1), (2), Aug. 13, 1981, 95 Stat. 413, related to the special assistance functions of the Government National Mortgage Association.

## Statutory Notes and Related Subsidiaries

### SAVINGS PROVISION

Pub. L. 98-181, title I [title IV, §483(b)], Nov. 30, 1983, 97 Stat. 1240, provided that: "Any purchase or commitment to purchase any mortgage pursuant to section 305 or 313 of the Federal National Mortgage Association Charter Act [former sections 1720 and 1723e of this title] made before the date of the enactment of this Act [Nov. 30, 1983], and the servicing and disposition of any such mortgage, shall continue to be governed by the provisions of such sections as they existed immediately before the effective date of this section [Nov. 30, 1983]."

## § 1721. Management and liquidation functions of Government National Mortgage Association

### (a) Separate accountability of assets and liabilities

To carry out the purposes set forth in paragraph (c)<sup>1</sup> of section 1716 of this title, the Association is authorized and directed, as of the close of the cutoff date determined by the Association pursuant to section 1718(d)<sup>1</sup> of this title, to establish separate accountability for all of its assets and liabilities (exclusive of capital, surplus, surplus reserves, and undistributed earnings to be evidenced by preferred stock as provided in section 1718(d)<sup>1</sup> of this title, but inclusive of all rights and obligations under any outstanding contracts), and to maintain such sepa-

<sup>1</sup> See References in Text note below.

rate accountability for the management and orderly liquidation of such assets and liabilities as provided in this section.

**(b) Issuance of obligations to expedite substitution of private financing**

For the purposes of this section and to assure that, to the maximum extent, and as rapidly as possible, private financing will be substituted for Treasury borrowings otherwise required to carry mortgages held under the aforesaid separate accountability, the Association is authorized to issue, upon the approval of the Secretary of the Treasury, and have outstanding at any one time obligations having such maturities and bearing such rate or rates of interest as may be determined by the Association with the approval of the Secretary of the Treasury, to be redeemable at the option of the Association before maturity in such manner as may be stipulated in such obligations; but in no event shall any such obligations be issued if, at the time of such proposed issuance, and as a consequence thereof, the resulting aggregate amount of its outstanding obligations under this subsection would exceed the amount of the Association's ownership under the aforesaid separate accountability, free from any liens or encumbrances, of cash, mortgages, and obligations of the United States or guaranteed thereby, or obligations, participations, or other instruments which are lawful investments for fiduciary, trust or public funds. The proceeds of any private financing effected under this subsection shall be paid to the Secretary of the Treasury in reduction of the indebtedness of the Association to the Secretary of the Treasury under the aforesaid separate accountability. The Association shall insert appropriate language in all of its obligations issued under this subsection clearly indicating that such obligations, together with the interest thereon, are not guaranteed by the United States and do not constitute a debt or obligation of the United States or of any agency or instrumentality thereof other than the Association. The Association is authorized to purchase in the open market any of its obligations outstanding under this subsection at any time and at any price.

**(c) Cutoff date as controlling purchases; total amount of mortgages and commitments**

No mortgage shall be purchased by the Association in its operations under this section except pursuant to and in accordance with the terms of a contract or commitment to purchase the same made prior to the cutoff date provided for in section 1718(d)<sup>1</sup> of this title, which contract or commitment became a part of the aforesaid separate accountability, and the total amount of mortgages and commitments held by the Association under this section shall not, in any event, exceed \$3,350,000,000: *Provided*, That such maximum amount shall be progressively reduced by the amount of cash realizations on account of principal of mortgages held under the aforesaid separate accountability and by cancellation of any commitments to purchase mortgages thereunder, as reflected by the books of the Association, with the objective that the entire aforesaid maximum amount shall be eliminated with the orderly liquidation of all mort-

gages held under the aforesaid separate accountability: *And provided further*, That nothing in this subsection shall preclude the Association from granting such usual and customary increases in the amounts of outstanding commitments (resulting from increased costs or otherwise) as have theretofore been covered by like increases in commitments granted by the agencies of the Federal Government insuring or guaranteeing the mortgages. There shall be excluded from the total amounts set forth in this subsection the amounts of any mortgages which, subsequent to May 31, 1954, are transferred by law to the Association and held under the aforesaid separate accountability.

**(d) Issuance of obligations sufficient to carry out functions; character; purchase**

The Association may issue to the Secretary of the Treasury its obligations in an amount outstanding at any one time sufficient to enable the Association to carry out its functions under this section, such obligations to mature not more than five years from their respective dates of issue, to be redeemable at the option of the Association before maturity in such manner as may be stipulated in such obligations. Each such obligation shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding marketable obligations of the United States as of the last day of the month preceding the issuance of the obligation of the Association. The Secretary of the Treasury is authorized to purchase any obligations of the Association to be issued under this section, 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 issued under chapter 31 of title 31, and the purposes for which securities may be issued under chapter 31 of title 31 are extended to include any purchases of the Association's obligations hereunder.

**(e) Acquisition of mortgages offered by Secretary of Housing and Urban Development**

Notwithstanding any other provision of law, the Association is authorized, under the aforesaid separate accountability, to make commitments to purchase, and to purchase, service, or sell any obligations offered to it by the Secretary of Housing and Urban Development, or any mortgages covering residential property offered to it by any Federal instrumentality, or the head thereof. These shall be excluded from the total amounts set forth in subsection (c) the amounts of any obligations or mortgages purchased by the Association pursuant to this subsection.

**(f) Transfer of funds**

Notwithstanding any of the provisions of this chapter or of any other law, an amount equal to the net decrease for the preceding fiscal year in the aggregate principal amount of all mortgages owned by the Association under this section shall, as of July 1 of each of the years 1961 through 1964, be transferred to and merged with the authority provided under section 1720(a)<sup>1</sup> of this title, and the amount of such authority as specified in section 1720(c)<sup>1</sup> of this title shall be increased by any amounts so transferred.

**(g) Guarantee of principal and interest on trust certificates and other securities; fees and charges; subrogation; contract for extinguishment of right, title, or interest in mortgages; protection of interests; full faith and credit; commitments limited; limitation on fees or charges**

(1) The Association is authorized, upon such terms and conditions as it may deem appropriate, to guarantee the timely payment of principal of and interest on such trust certificates or other securities as shall (i) be issued by the corporation under section 1719(d) of this title, or by any other issuer approved for the purposes of this subsection by the Association, and (ii) be based on and backed by a trust or pool composed of mortgages which are insured under this chapter, or which are insured or guaranteed under the Servicemen's Readjustment Act of 1944, title V of the Housing Act of 1949 [42 U.S.C. 1471 et seq.], or chapter 37 of title 38, or which are guaranteed under title XIII of the Public Health Service Act [42 U.S.C. 300e et seq.];<sup>2</sup> or guaranteed under section 1715z-13a of this title. The Association shall collect from the issuer a reasonable fee for any guaranty under this subsection and shall make such charges as it may determine to be reasonable for the analysis of any trust or other security arrangement proposed by the issuer. In the event the issuer is unable to make any payment of principal of or interest on any security guaranteed under this subsection, the Association shall make such payment as and when due in cash, and thereupon shall be subrogated fully to the rights satisfied by such payment. In any case in which (I) Federal law requires the reduction of the interest rate on any mortgage backing a security guaranteed under this subsection, (II) the mortgagor under the mortgage is a person in the military service, and (III) the issuer of such security fails to receive from the mortgagor the full amount of interest payment due, the Association may make payments of interest on the security in amounts not exceeding the difference between the amount payable under the interest rate on the mortgage and the amount of interest actually paid by the mortgagor. The Association is hereby empowered, in connection with any guaranty under this subsection, whether before or after any default, to provide by contract with the issuer for the extinguishment, upon default by the issuer, of any redemption, equitable, legal, or other right, title, or interest of the issuer in any mortgage or mortgages constituting the trust or pool against which the guaranteed securities are issued; and with respect to any issue of guaranteed securities, in the event of default and pursuant otherwise to the terms of the contract, the mortgages that constitute such trust or pool shall become the absolute property of the Association subject only to the unsatisfied rights of the holders of the securities based on and backed by such trust or pool. No State or local law, and no Federal law (except Federal law enacted expressly in limitation of this subsection after October 8, 1980), shall preclude or limit the exercise by the Association of (A) its power to contract with the issuer on the terms stated in

the preceding sentence, (B) its rights to enforce any such contract with the issuer, or (C) its ownership rights, as provided in the preceding sentence, in the mortgages constituting the trust or pool against which the guaranteed securities are issued. The full faith and credit of the United States is pledged to the payment of all amounts which may be required to be paid under any guaranty under this subsection. There shall be excluded from the total amounts set forth in subsection (c) the amounts of any mortgages acquired by the Association as a result of its operations under this subsection.

(2) Notwithstanding any other provision of law and subject only to the absence of qualified requests for guarantees, to the authority provided in this subsection, and to the extent of or in such amounts as any funding limitation approved in appropriation Acts, the Association shall enter into commitments to issue guarantees under this subsection in an aggregate amount of \$110,000,000,000 during fiscal year 1996. There are authorized to be appropriated to cover the costs (as such term is defined in section 661a of title 2) of guarantees issued under this chapter by the Association such sums as may be necessary for fiscal year 1996.

(3)(A) No fee or charge in excess of 6 basis points may be assessed or collected by the United States (including any executive department, agency, or independent establishment of the United States) on or with regard to any guaranty of the timely payment of principal or interest on securities or notes based on or backed by mortgages that are secured by 1- to 4-family dwellings and (i) insured by the Federal Housing Administration under subchapter II of this chapter; or (ii) insured or guaranteed under the Serviceman's Readjustment Act of 1944, chapter 37 of title 38, or title V of the Housing Act of 1949 [42 U.S.C. 1471 et seq.].

(B) The fees charged for the guaranty of securities or on notes based on or backed by mortgages not referred to in subparagraph (A), as authorized by other provisions of law, shall be set by the Association at a level not more than necessary to create reserves sufficient to meet anticipated claims based upon actuarial analysis, and for no other purpose.

(C) Fees or charges for the issuance of commitments or miscellaneous administrative fees of the Association shall not be on a competitive auction basis and shall remain at the level set for such fees or charges as of September 1, 1985, except that such fees or charges may be increased if reasonably related to the cost of administering the program, and for no other purpose.

(D) Not less than 90 days before increasing any fee or charge under subparagraph (B) or (C), the Secretary shall submit to the Congress a certification that such increase is solely for the purpose specified in such subparagraph.

(E)(i) Notwithstanding subparagraphs (A) through (D), fees charged for the guarantee of, or commitment to guarantee, multiclass securities backed by a trust or pool of securities or notes guaranteed by the Association under this subsection, and other related fees shall be charged by the Association in an amount the Association deems appropriate. The Association

<sup>2</sup> So in original. The semicolon probably should be a comma.

shall take such action as may be necessary to reasonably assure that such portion of the benefit, resulting from the Association's multiclass securities program, as the Association determines is appropriate accrues to mortgagors who execute eligible mortgages after August 10, 1993.

(ii) The Association shall provide for the initial implementation of the program for which fees are charged under the first sentence of clause (i) by notice published in the Federal Register. The notice shall be effective upon publication and shall provide an opportunity for public comment. Not later than 12 months after publication of the notice, the Association shall issue regulations for such program based on the notice, comments received, and the experience of the Association in carrying out the program during such period.

(iii) The Association shall consult with persons or entities in such manner as the Association deems appropriate to ensure the efficient commencement and operation of the multiclass securities program.

(iv) No State or local law, and no Federal law (except Federal law enacted expressly in limitation of this clause after August 10, 1993) shall preclude or limit the exercise by the Association of its power to contract with persons or entities, and its rights to enforce such contracts, for the purpose of ensuring the efficient commencement and continued operation of the multiclass securities program.

(June 27, 1934, ch. 847, title III, § 306, 48 Stat. 1255; July 1, 1948, ch. 784, § 1, 62 Stat. 1209; Apr. 20, 1950, ch. 94, title I, § 122, 64 Stat. 59; Aug. 2, 1954, ch. 649, title II, § 201, 68 Stat. 618; Aug. 7, 1956, ch. 1029, title II, § 209, 70 Stat. 1097; Pub. L. 86-372, title III, §§ 305(a), 306(a), Sept. 23, 1959, 73 Stat. 670; Pub. L. 87-70, title VI, § 601(c), June 30, 1961, 75 Stat. 176; Pub. L. 88-560, title VII, § 701(b)(2), Sept. 2, 1964, 78 Stat. 800; Pub. L. 89-117, title VIII, § 802(b), Aug. 10, 1965, 79 Stat. 494; Pub. L. 90-19, § 1(k), May 25, 1967, 81 Stat. 18; Pub. L. 90-448, title VIII, § 804(b), Aug. 1, 1968, 82 Stat. 542; Pub. L. 93-222, § 7(c), Dec. 29, 1973, 87 Stat. 936; Pub. L. 96-399, title III, § 335, Oct. 8, 1980, 94 Stat. 1654; Pub. L. 97-35, title III, § 333(a)(3), Aug. 13, 1981, 95 Stat. 413; Pub. L. 98-181, title I [title IV, § 481], Nov. 30, 1983, 97 Stat. 1239; Pub. L. 98-479, title II, § 203(a)(2), Oct. 17, 1984, 98 Stat. 2229; Pub. L. 100-14, Mar. 24, 1987, 101 Stat. 128; Pub. L. 100-242, title IV, § 446, Feb. 5, 1988, 101 Stat. 1922; Pub. L. 101-625, title III, § 339, Nov. 28, 1990, 104 Stat. 4147; Pub. L. 102-550, title V, § 531, 532, Oct. 28, 1992, 106 Stat. 3793; Pub. L. 103-66, title III, § 3004, Aug. 10, 1993, 107 Stat. 339; Pub. L. 103-120, § 10, Oct. 27, 1993, 107 Stat. 1151; Pub. L. 104-120, § 7, Mar. 28, 1996, 110 Stat. 836; Pub. L. 104-330, title VII, § 701(k), Oct. 26, 1996, 110 Stat. 4050; Pub. L. 105-244, title IX, § 972(a), Oct. 7, 1998, 112 Stat. 1837; Pub. L. 107-326, § 4, Dec. 4, 2002, 116 Stat. 2793; Pub. L. 108-199, div. A, title VII, § 774, Jan. 23, 2004, 118 Stat. 40; Pub. L. 115-174, title III, § 309(b), May 24, 2018, 132 Stat. 1350; Pub. L. 116-33, § 2(a), July 25, 2019, 133 Stat. 1038.)

#### Editorial Notes

##### REFERENCES IN TEXT

Paragraph (c) of section 1716 of this title, referred to in subsec. (a), was redesignated par. (4) of section 1716

by Pub. L. 101-73, title VII, § 731(m)(1)(B), Aug. 9, 1989, 103 Stat. 435. Par. (4) of section 1716 was redesignated par. (5) by Pub. L. 102-550, title XIII, § 1381(a)(3), Oct. 28, 1992, 106 Stat. 3994.

Section 1718(d) of this title, referred to in subsecs. (a) and (c), authorizing the issuance of preferred stock to the Secretary of the Treasury, was repealed by Pub. L. 93-383, title VIII, § 806(i), Aug. 22, 1974, 88 Stat. 728.

Section 1720 of this title, referred to in subsec. (f), was repealed by Pub. L. 98-181, title I [title IV, § 483(a)], Nov. 30, 1983, 97 Stat. 1240.

The Housing Act of 1949, referred to in subsec. (g)(1), (3)(A), is act July 15, 1949, ch. 338, 63 Stat. 413. Title V of the Housing Act of 1949 is classified generally to subchapter III (§ 1471 et seq.) of chapter 8A of Title 42, The Public Health and Welfare. For complete classification of this Act to the Code, see Short Title note set out under section 1441 of Title 42 and Tables.

The Servicemen's Readjustment Act of 1944, referred to in subsec. (g)(1), (3)(A), is act June 22, 1944, ch. 268, 58 Stat. 284, which was classified generally to chapter 11C (§§ 693 to 697g) of former Title 38, Pensions, Bonuses, and Veterans' Relief, and which was repealed by section 14(87) of Pub. L. 85-857, Sept. 2, 1958, 72 Stat. 1273, the first section of which enacted Title 38, Veterans' Benefits. For distribution of sections 693 to 697g of former Title 38 to Title 38, Veterans' Benefits, see Table preceding section 101 of Title 38.

The Public Health Service Act, referred to in subsec. (g)(1), is act July 1, 1944, ch. 373, 58 Stat. 682. Title XIII of the Public Health Service Act, is title XIII of act July 1, 1944, ch. 373, as added by act Dec. 29, 1973, Pub. L. 93-222, § 2, 87 Stat. 914, which is classified generally to subchapter XI (§ 300e et seq.) of chapter 6A of Title 42, The Public Health and Welfare. For complete classification of this Act to the Code, see Short Title note set out under section 201 of Title 42 and Tables.

#### AMENDMENTS

2019—Subsec. (g)(1). Pub. L. 116-33 struck out “The Association may not guarantee the timely payment of principal and interest on a security that is backed by a mortgage insured or guaranteed under chapter 37 of title 38 and that was refinanced until the later of the date that is 210 days after the date on which the first monthly payment is made on the mortgage being refinanced and the date on which 6 full monthly payments have been made on the mortgage being refinanced.” after “guaranteed under section 1715z-13a of this title.”

2018—Subsec. (g)(1). Pub. L. 115-174 inserted “The Association may not guarantee the timely payment of principal and interest on a security that is backed by a mortgage insured or guaranteed under chapter 37 of title 38 and that was refinanced until the later of the date that is 210 days after the date on which the first monthly payment is made on the mortgage being refinanced and the date on which 6 full monthly payments have been made on the mortgage being refinanced.” after “guaranteed under section 1715z-13a of this title.”

2004—Subsec. (g)(1). Pub. L. 108-199, in first sentence, struck out “or title V of the Housing Act of 1949” after “mortgages which are insured under this chapter” and inserted “, title V of the Housing Act of 1949,” after “1944”.

2002—Subsec. (g)(3)(A). Pub. L. 107-326 repealed Pub. L. 105-244, § 972(a). See 1998 Amendment note below.

1998—Subsec. (g)(3)(A). Pub. L. 105-244, § 972(a), which directed amendment of subpar. (A), effective Oct. 1, 2004, by substituting “The Association shall assess and collect a fee in an amount equal to nine basis points” for “No fee or charge in excess of 6 basis points may be assessed or collected by the United States (including any executive department, agency, or independent establishment of the United States)”, was repealed by Pub. L. 107-326. See 2002 Amendment note above and Effective Date of 1998 Amendment note below.

1996—Subsec. (g)(1). Pub. L. 104-330 inserted before period at end of first sentence “; or guaranteed under section 1715z-13a of this title”.

Subsec. (g)(2). Pub. L. 104-120 amended par. (2) generally. Prior to amendment, par. (2) read as follows:

“Notwithstanding any other provision of law and subject only to the absence of qualified requests for guarantees, to the authority provided in this subsection, and to the extent of or in such amounts as any funding limitation approved in appropriation Acts, the Association shall enter into commitments to issue guarantees under this subsection in an aggregate amount of \$107,700,000,000 during fiscal year 1993 and \$91,696,000,000 during fiscal year 1994. There is authorized to be appropriated such sums as may be necessary to cover the costs (as such term is defined in section 661a of title 2) of guarantees issued under this chapter by the Association.”

1993—Subsec. (g)(2). Pub. L. 103-120 substituted “\$107,700,000,000” for “\$88,000,000,000”.

Subsec. (g)(3)(E). Pub. L. 103-66 added subpar. (E).

1992—Subsec. (g)(1). Pub. L. 102-550, §532, inserted after third sentence “In any case in which (I) Federal law requires the reduction of the interest rate on any mortgage backing a security guaranteed under this subsection, (II) the mortgagor under the mortgage is a person in the military service, and (III) the issuer of such security fails to receive from the mortgagor the full amount of interest payment due, the Association may make payments of interest on the security in amounts not exceeding the difference between the amount payable under the interest rate on the mortgage and the amount of interest actually paid by the mortgagor.”

Subsec. (g)(2). Pub. L. 102-550, §531, amended par. (2) generally. Prior to amendment, par. (2) read as follows: “Notwithstanding any other provision of law and subject only to the absence of qualified requests for guarantees, to the authority provided in this subsection, and to the extent of or in such amounts as any funding limitation approved in appropriation Acts, the Association shall enter into commitments to issue guarantees under this subsection in an aggregate amount of \$84,982,000,000 during fiscal year 1991 and \$88,296,000,000 during fiscal year 1992.”

1990—Subsec. (g)(2). Pub. L. 101-625 amended par. (2) generally. Prior to amendment, par. (2) read as follows: “Notwithstanding any other provision of law and subject only to the absence of qualified requests for guarantees, to the authority provided in this subsection, and to any funding limitation approved in appropriation Acts, the Association shall enter into commitments to issue guarantees under this subsection in an aggregate amount of \$150,000,000,000 for fiscal year 1988, and \$156,000,000,000 for fiscal year 1989.”

1988—Subsec. (g)(2). Pub. L. 100-242 amended par. (2) generally. Prior to amendment, par. (2) read as follows: “Notwithstanding any other provision of law and subject only to the absence of qualified requests for guarantees, to the authority provided in this subsection, and to any funding limitation approved in appropriation Acts, the Association shall enter into commitments for each of the fiscal years 1984 and 1985 to issue guarantees under this subsection for each such fiscal year in an aggregate amount of \$68,250,000,000.”

1987—Subsec. (g)(3). Pub. L. 100-14 added par. (3).

1984—Subsec. (d). Pub. L. 98-479 substituted “chapter 31 of title 31” for “the Second Liberty Bond Act, as now or hereafter in force” in two places.

1983—Subsec. (g)(2). Pub. L. 98-181 substituted “Notwithstanding any other provision of law and subject only to the absence of qualified requests for guarantees, to the authority provided in this subsection, and to any funding limitation approved in appropriation Acts, the Association shall enter into commitments for each of the fiscal years 1984 and 1985 to issue guarantees under this subsection for each such fiscal year in an aggregate amount of \$68,250,000,000” for “During fiscal year 1982, the Association may not enter into commitments to issue guarantees under this subsection in an aggregate amount in excess of \$69,542,000,000”.

1981—Subsec. (g). Pub. L. 97-35 redesignated existing provisions as par. (1), substituted “(i)” for “(1)” and “(ii)” for “(2)”, and added par. (2).

1980—Subsec. (g). Pub. L. 96-399 inserted provisions relating to Federal, State, or local law, and substituted

“The Association is hereby” for “Any Federal, State, or other law to the contrary notwithstanding, the Association is hereby”.

1973—Subsec. (g). Pub. L. 93-222 included mortgages which are guaranteed under title XIII of the Public Health Service Act.

1968—Subsec. (g). Pub. L. 90-448 added subsec. (g).

1967—Subsec. (e). Pub. L. 90-19 substituted “Secretary of Housing and Urban Development” for “Housing and Home Finance Agency or its Administrator, or by such Agency’s constituent units or agencies or the heads thereof”.

1965—Subsec. (e). Pub. L. 89-117 authorized Association to deal in any obligations offered to it by Housing and Home Finance Agency or its Administrator or by such Agency’s units or agencies or by heads thereof as well as residential mortgages offered to it by any Federal instrumentality, or head thereof.

1964—Subsec. (b). Pub. L. 88-560 substituted “or obligations, participations, or other instruments which are lawful investments” for “or obligations which are lawful investments”.

1961—Subsec. (f). Pub. L. 87-70 added subsec. (f).

1959—Subsec. (b). Pub. L. 86-372, §305(a), substituted “and obligations of the United States or guaranteed thereby, or obligations which are lawful investments for fiduciary, trust, or public funds” for “and bonds or other obligations of, or bonds or other obligations guaranteed as to principal and interest by, the United States”.

Subsec. (e). Pub. L. 86-372, §306(a), added subsec. (e).

1956—Subsec. (c). Act Aug. 7, 1956, §209(a), struck out “and subsection (e) of this section” after “set forth in this subsection” in last sentence.

Subsec. (e). Act Aug. 7, 1956, §209(b), repealed provisions which related to applicability of prior authorized total amount of investments, etc., to functions under this section and section 1720 of this title.

1954—Act Aug. 2, 1954, amended section generally by substituting new provisions and subdividing section into subsecs. (a) to (e).

1950—Act Apr. 20, 1950, substituted “Commissioner” for “Administrator” wherever appearing.

1948—Act July 1, 1948, amended section generally to provide for liquidation of Association.

#### Statutory Notes and Related Subsidiaries

##### EFFECTIVE DATE OF 1998 AMENDMENT

Pub. L. 105-244, title IX, §972(b), Oct. 7, 1998, 112 Stat. 1837, which provided that the amendment made by section 972 was effective Oct. 1, 2004, was repealed by Pub. L. 107-326, §4, Dec. 4, 2002, 116 Stat. 2793.

##### EFFECTIVE DATE OF 1996 AMENDMENT

Amendment by Pub. L. 104-120 to be construed to have become effective Oct. 1, 1995, see section 13(a) of Pub. L. 104-120, set out as an Effective and Termination Dates of 1996 Amendments note under section 1437d of Title 42, The Public Health and Welfare.

##### EFFECTIVE DATE OF 1981 AMENDMENT

Amendment by Pub. L. 97-35 effective Oct. 1, 1981, see section 371 of Pub. L. 97-35, set out as an Effective Date note under section 3701 of this title.

##### EFFECTIVE DATE OF 1968 AMENDMENT

For effective date of amendment by title VIII of Pub. L. 90-448, see section 808 of Pub. L. 90-448, set out as an Effective Date note under section 1716b of this title.

##### CONSTRUCTION OF 2019 AMENDMENT

Pub. L. 116-33, §2(c), July 25, 2019, 133 Stat. 1039, provided that: “Nothing in this Act [see Short Title of 2019 Amendment note set out under section 1701 of this title] may be construed to restrict or otherwise modify

the authorities of the Government National Mortgage Association.”

**AUTHORIZATION TO ENTER INTO ADDITIONAL COMMITMENTS TO INSURE LOANS AND GUARANTEE MORTGAGE-BACKED SECURITIES DURING SPECIFIC FISCAL YEARS; TEMPORARY EXTENSION OF CERTAIN PROGRAMS RELATING TO HOUSING AND COMMUNITY DEVELOPMENT**

Fiscal year 1988—Pub. L. 100-200, Dec. 21, 1987, 101 Stat. 1327, provided: “That each provision of law amended by Public Law 100-179 [set out below] is amended by striking ‘December 16, 1987’ each place it appears and inserting ‘March 15, 1988’.”

Pub. L. 100-179, Dec. 3, 1987, 101 Stat. 1018, provided: “That each provision of law amended by Public Law 100-170 [set out below] is amended by striking ‘December 2, 1987’ each place it appears and inserting ‘December 16, 1987’.”

Pub. L. 100-170, Nov. 17, 1987, 100 Stat. 914, provided: “That each provision of law amended by Public Law 100-154 [set out below] is amended by striking ‘November 15, 1987’ and inserting ‘December 2, 1987’.”

Pub. L. 100-154, Nov. 5, 1987, 101 Stat. 890, provided: “That each provision of law amended by Public Law 100-122 [set out below], including those provisions amended by section 2 of such Public Law, is amended by striking out ‘October 31, 1987’ wherever it appears and inserting in lieu thereof ‘November 15, 1987’.”

Pub. L. 100-122, § 1, Sept. 30, 1987, 101 Stat. 793, provided that: “Each provision of law amended by Public Law 99-430 [set out below] is amended by striking out ‘September 30, 1987’ wherever it appears and inserting in lieu thereof ‘October 31, 1987’.”

Fiscal year 1987—Pub. L. 99-430, Sept. 30, 1986, 100 Stat. 986, provided: “That each provision of law amended by Public Law 99-345 [set out below] is amended by striking out ‘September 30, 1986’ wherever it appears and inserting in lieu thereof ‘September 30, 1987’.”

Fiscal year 1986—Pub. L. 99-349, title I, July 2, 1986, 100 Stat. 728, provided that: “The applicable limitation on additional commitments to insure mortgages and loans to carry out the purposes of the National Housing Act [12 U.S.C. 1701 et seq.] during fiscal year 1986 is increased by an additional \$57,580,000,000 of mortgage and loan principal.” and

“The applicable limitation on new commitments to issue guarantees to carry out the purposes of section 306 of the National Housing Act [12 U.S.C. 1721] during fiscal year 1986 is increased by an additional \$49,000,000,000 of principal.”

Pub. L. 99-345, June 24, 1986, 100 Stat. 673, provided that:

“SECTION 1. Each provision of law amended by Public Law 99-289 [set out below], is amended by striking out ‘June 6, 1986’ wherever it appears and inserting in lieu thereof ‘September 30, 1986’.

“SEC. 2. The applicable limitation on additional commitments to insure mortgages and loans to carry out the purposes of the National Housing Act [12 U.S.C. 1701 et seq.] during fiscal year 1986 is increased by an additional \$9,500,000,000 of mortgage and loan principal.”

Pub. L. 99-289, May 2, 1986, 100 Stat. 412, provided that:

**“SECTION 1. FEDERAL HOUSING ADMINISTRATION FUND.**

“(a) The applicable limitation on additional commitments to insure mortgages and loans to carry out the purposes of the National Housing Act [12 U.S.C. 1701 et seq.] during fiscal year 1986 is increased by an additional \$17,000,000,000 of mortgage and loan principal.

“(b) Each provision of law amended by Public Law 99-267 [amending sections 1703, 1715h, 1715i, 1715z, 1715z-9, 1715z-10, 1715z-14, 1748h-1, 1748h-2, 1749bb, 1749aaa, 1749bbb, and 2811 of this title and sections 1452b, 1485, 1490, 1490c, 4026, 4056, 4101, and 5302 of Title 42, The Public Health and Welfare, and provisions set out as a note under section 1701q of this title] is amended by striking out ‘April 30, 1986’ wherever it appears and inserting in lieu thereof ‘June 6, 1986’.

**“SEC. 2. GOVERNMENT NATIONAL MORTGAGE ASSOCIATION GUARANTEES OF MORTGAGE-BACKED SECURITIES.**

“The applicable limitation on new commitments to issue guarantees to carry out the purposes of section 306 of the National Housing Act [12 U.S.C. 1721] during fiscal year 1986 is increased by an additional \$60,684,750,000 of principal.

**“SEC. 3. ADMINISTRATIVE PROVISION.**

“(a) The Secretary of Housing and Urban Development (hereinafter referred to as the ‘Secretary’) shall estimate the rates at which the authority to make commitments to insure mortgages and loans under the National Housing Act [12 U.S.C. 1701 et seq.], and the authority to make commitments to issue guarantees under section 306(g) of that Act [12 U.S.C. 1721(g)], are likely to be used for the remainder of any fiscal year. The Secretary shall make these estimates at such times as the Secretary deems appropriate, but not less frequently than monthly.

“(b) If an estimate under subsection (a) indicates that either limitation on authority to make commitments for a fiscal year referred to in subsection (a) will be reached before the end of that fiscal year, or in any event whenever 75 per centum of either authority to make commitments has been utilized, the Secretary shall promptly so notify the Committee on Appropriations and the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Appropriations and the Committee on Banking, Finance and Urban Affairs [now Committee on Financial Services] of the House of Representatives.”

**SPECIAL ASSISTANCE FUNCTIONS FUND; TRANSFER OF FUNDS**

Pub. L. 98-371, title I, July 18, 1984, 98 Stat. 1218, directed Secretary to transfer all assets acquired and liabilities incurred pursuant to section 1720 of this title to management and liquidating functions fund established pursuant to this section, and that on Oct. 1, 1984, each outstanding obligation issued by Secretary of Housing and Urban Development to Secretary of the Treasury pursuant to section 1720(d) of this title, together with any promise to repay principal and unpaid interest which had accrued on each obligation, and any other term or condition specified by each such obligation, was canceled.

**EMERGENCY MORTGAGE PURCHASE ASSISTANCE; TRANSFER OF FUNDS**

For transfer of all assets acquired and liabilities incurred pursuant to section 1723e of this title to management and liquidating functions fund established by this section, with provision for cancellation of obligations, see title I [part] of Pub. L. 98-371, set out as a note under section 1723e of this title.

**ADMINISTRATIVE EXPENSES IN CONNECTION WITH THE SALE OF CERTAIN MORTGAGES TO THE FEDERAL NATIONAL MORTGAGE ASSOCIATION**

Pub. L. 86-372, title III, § 306(b), Sept. 23, 1959, 73 Stat. 670, as amended by Pub. L. 90-19, § 16(b), May 25, 1967, 81 Stat. 25; Pub. L. 90-448, title VIII, § 807(a), Aug. 1, 1968, 82 Stat. 544, provided that: “In connection with the sale of any mortgages to the Government National Mortgage Association pursuant to section 306(e) of the Federal National Mortgage Association Charter Act [subsection (e) of this section], the Secretary of Housing and Urban Development is authorized, and any other official, unit, or agency selling such mortgages thereunder is directed, to transfer to the Association from time to time, from authorizations, limitations, and funds available for administrative expenses of such official, unit, or agency in connection with the same mortgages, such amounts thereof as said Secretary determines to be required for administrative expenses of the Association in connection with the purchase, servicing, and sale of such mortgages: *Provided*, That no such



transfer shall be made after a budget estimate of the Association with respect to the same mortgages has been submitted to and finally acted upon by the Congress.”

**§ 1722. Benefits and burdens incident to administration of functions and operations under sections 1720 and 1721**

All of the benefits and burdens incident to the administration of the functions and operations of the Association under sections 1720 and 1721, respectively, of this title, after allowance for related obligations of the Association, its prorated expenses, and the like, including amounts required for the establishment of such reserves as the Secretary of Housing and Urban Development shall deem appropriate, shall inure solely to the Secretary of the Treasury, and such related earnings or other amounts as become available shall be paid annually by the Association to the Secretary of the Treasury for covering into miscellaneous receipts.

(June 27, 1934, ch. 847, title III, §307, as added Aug. 2, 1954, ch. 649, title II, §201, 68 Stat. 619; amended Pub. L. 90-448, title VIII, §802(v), (w), Aug. 1, 1968, 82 Stat. 539.)

**Editorial Notes**

**REFERENCES IN TEXT**

Section 1720 of this title, referred to in text, was repealed by Pub. L. 98-181, title I [title IV, §483(a)], Nov. 30, 1983, 97 Stat. 1240.

**PRIOR PROVISIONS**

A prior section 307 of act June 27, 1934, ch. 847, title III, 48 Stat. 1255; amended Feb. 3, 1938, ch. 13, §8, 52 Stat. 24, related to exemption from taxation, prior to the general amendment of this subchapter by act July 1, 1948, ch. 784, §1, 62 Stat. 1206, and was subsequently covered by section 1719 of this title until the general amendment of this subchapter by act Aug. 2, 1954. See section 1723a(c) of this title.

**AMENDMENTS**

1968—Pub. L. 90-448 repealed subsecs. (a) and (b) which related to separate accountability and to functions of the Association under sections 1720 and 1721 of this title, redesignated subsec. (c) as the entire section, and substituted “Secretary of Housing and Urban Development” for “board of directors of the Association”.

**Statutory Notes and Related Subsidiaries**

**EFFECTIVE DATE OF 1968 AMENDMENT**

For effective date of amendment by title VIII of Pub. L. 90-448, see section 808 of Pub. L. 90-448, set out as an Effective Date note under section 1716b of this title.

**§ 1723. Management**

**(a) Government National Mortgage Association**

All the powers and duties of the Government National Mortgage Association shall be vested in the Secretary of Housing and Urban Development and the Association shall be administered under the direction of the Secretary. Within the limitations of law, the Secretary shall determine the general policies which shall govern the operations of the Association, and shall have power to adopt, amend, and repeal bylaws governing the performance of the powers and duties granted to or imposed upon it by law. There is

hereby established in the Department of Housing and Urban Development the position of President, Government National Mortgage Association, who shall be appointed by the President, by and with the advice and consent of the Senate. The Secretary shall select and effect the appointment of qualified persons to fill the offices of vice president, and such other offices as may be provided for in the bylaws. Persons appointed under the preceding sentence shall perform such executive functions, powers, and duties as may be prescribed by the bylaws or by the Secretary, and such persons shall be executive officers of the Association and shall discharge all such executive functions, powers, and duties.

**(b) Federal National Mortgage Association**

The Federal National Mortgage Association shall have a board of directors, which shall consist of 13 persons, or such other number that the Director determines appropriate, who shall be elected annually by the common stockholders. Except to the extent that action under section 4636a of this title temporarily results in a lesser number, the board shall at all times have as members at least one person from the home-building industry, at least one person from the mortgage lending industry, at least one person from the real estate industry, and at least one person from an organization that has represented consumer or community interests for not less than 2 years or one person who has demonstrated a career commitment to the provision of housing for low-income households. Each member of the board of directors shall be elected for a term ending on the date of the next annual meeting of the stockholders. Any seat on the board which becomes vacant after the annual election of the directors shall be filled by the board, but only for the unexpired portion of the term. Within the limitations of law and regulation, the board shall determine the general policies which shall govern the operations of the corporation, and shall have power to adopt, amend, and repeal bylaws governing the performance of the powers and duties granted to or imposed upon it by law. The board of directors shall select and effect the appointment of qualified persons to fill the offices of president and vice president, and such other offices as may be provided for in the bylaws. Any member of the board who is a full-time officer or employee of the Federal Government shall not, as such member, receive compensation for his services.

(June 27, 1934, ch. 847, title III, §308, as added Aug. 2, 1954, ch. 649, title II, §201, 68 Stat. 620; amended Pub. L. 89-174, §5(b), Sept. 9, 1965, 79 Stat. 669; Pub. L. 89-754, title X, §1020(d), Nov. 3, 1966, 80 Stat. 1296; Pub. L. 90-19, §1(l), (m), May 25, 1967, 81 Stat. 18, 19; Pub. L. 90-448, title VIII, §802(y), Aug. 1, 1968, 82 Stat. 539; Pub. L. 94-375, §17(a), Aug. 3, 1976, 90 Stat. 1076; Pub. L. 98-440, title II, §207, Oct. 3, 1984, 98 Stat. 1696; Pub. L. 102-550, title XIII, §1381(h)(1), (i), Oct. 28, 1992, 106 Stat. 3996; Pub. L. 110-289, div. A, title I, §§1153(b)(2), 1162(a)(1), July 30, 2008, 122 Stat. 2775, 2781.)

**Editorial Notes****PRIOR PROVISIONS**

A prior section 308 of act June 27, 1934, ch. 847, title III, 48 Stat. 1255, related to depositories of public monies, prior to the general amendment of this subchapter by act July 1, 1948, ch. 784, § 1, 62 Stat. 1206.

Prior provisions on the subject of this section were contained in section 1716 of this title.

**AMENDMENTS**

2008—Subsec. (b). Pub. L. 110-289, § 1162(a)(1), in first sentence, substituted “13 persons, or such other number that the Director determines appropriate, who” for “eighteen persons, five of whom shall be appointed annually by the President of the United States, and the remainder of whom”, in second sentence, struck out “appointed by the President” after “as members”, in third sentence, struck out “appointed or” after “directors shall be” and “, except that any such appointed member may be removed from office by the President for good cause” after “the stockholders”, in fourth sentence, struck out “elective” after “Any”, and struck out fifth sentence which read as follows: “Any appointive seat which becomes vacant shall be filled by appointment of the President, but only for the unexpired portion of the term.”

Pub. L. 110-289, § 1153(b)(2), in second sentence, substituted “Except to the extent that action under section 4636a of this title temporarily results in a lesser number, the” for “The”.

1992—Subsec. (b). Pub. L. 102-550, in second sentence, struck out “and” after “mortgage lending industry,” and inserted “, and at least one person from an organization that has represented consumer or community interests for not less than 2 years or one person who has demonstrated a career commitment to the provision of housing for low-income households” and in third sentence, substituted “any such appointed member” for “any such member”.

1984—Subsec. (b). Pub. L. 98-440 substituted “, which shall consist of eighteen persons, five of whom” for “which shall consist of fifteen persons, one-third of whom”.

1976—Subsec. (a). Pub. L. 94-375 substituted provision establishing, in the Department of Housing and Urban Development, the position of president of the Government National Mortgage Association, to be filled by the President, by and with the consent of the Senate, for provision that the Secretary appoint the president of the Association.

1968—Subsec. (a). Pub. L. 90-448, § 802(y)(1)–(6), designated existing provisions as subsec. (a), inserted provisions directing that the powers and duties of the Government National Mortgage Association shall be vested in the Secretary of Housing and Urban Development and that the Association shall be administered under the direction of the Secretary, and empowering the Secretary to adopt, amend, and repeal bylaws, and struck out provisions which related to the Board of Directors of the Federal National Mortgage Association.

Subsec. (b). Pub. L. 90-448, § 802(y)(7), added subsec. (b).

1967—Pub. L. 90-19 substituted “Secretary of Housing and Urban Development” for “Housing and Home Finance Administrator”, and “the Secretary” for “said Administrator”, wherever appearing.

1966—Pub. L. 89-754 struck out subsec. (a) designation.

1965—Pub. L. 89-174 struck out next to last sentence which provided that the basic rate of compensation of the position of president of the Association shall be the same as the basic rate of compensation established for the heads of the constituent agencies of the Housing and Home Finance Agency.

**Statutory Notes and Related Subsidiaries****EFFECTIVE DATE OF 1992 AMENDMENT**

Pub. L. 102-550, title XIII, § 1381(h)(2), Oct. 28, 1992, 106 Stat. 3996, provided that: “The amendments made by

paragraph (1) [amending this section] shall apply to the first annual appointment by the President of members to the board of directors of the Federal National Mortgage Association that occurs after the date of the enactment of this Act [Oct. 28, 1992].”

**EFFECTIVE DATE OF 1968 AMENDMENT**

For effective date of amendment by title VIII of Pub. L. 90-448, see section 808 of Pub. L. 90-448, set out as an Effective Date note under section 1716b of this title.

**EFFECTIVE DATE OF 1965 AMENDMENT**

For effective date of amendment by Pub. L. 89-174, see section 11(a) of Pub. L. 89-174, set out as an Effective Date note under section 3531 of Title 42, The Public Health and Welfare.

**TRANSITIONAL PROVISION**

Pub. L. 110-289, div. A, title I, § 1162(a)(2), July 30, 2008, 122 Stat. 2781, provided that: “The amendments made by paragraph (1) [amending this section] shall not apply to any appointed position of the board of directors of the Federal National Mortgage Association until the expiration of the annual term for such position during which the effective date under section 1163 [set out as an Effective Date of 2008 Amendment note under section 3132 of Title 5, Government Organization and Employees] occurs.”

**POWERS AND DUTIES OF POSITION OF GNMA PRESIDENT TO REMAIN IN EFFECT UNTIL POSITION FILLED**

Pub. L. 94-375, § 17(e), Aug. 3, 1976, 90 Stat. 1077, provided that notwithstanding the amendment of subsec. (a) of this section, rights, powers, and duties of position of President, Government National Mortgage Association, as in effect on Aug. 2, 1976, remain in effect until the newly established position has been filled in accordance with the terms of this Act.

**§ 1723a. General powers of Government National Mortgage Association and Federal National Mortgage Association****(a) Seal, and other matters incident to operation**

Each of the bodies corporate named in section 1717(a)(2) of this title shall have power to adopt, alter, and use a corporate seal, which shall be judicially noticed; to enter into and perform contracts, leases, cooperative agreements, or other transactions, on such terms as it may deem appropriate, with any agency or instrumentality of the United States, or with any State, Territory, or possession, or the Commonwealth of Puerto Rico, or with any political subdivision thereof, or with any person, firm, association, or corporation; to execute, in accordance with its bylaws, all instruments necessary or appropriate in the exercise of any of its powers; in its corporate name, to sue and to be sued, and to complain and to defend, in any court of competent jurisdiction, State or Federal, but no attachment, injunction, or other similar process, mesne or final, shall be issued against the property of the Association or against the Association with respect to its property; to conduct its business without regard to any qualification or similar statute in any State of the United States, including the District of Columbia, the Commonwealth of Puerto Rico, and the Territories and possessions of the United States; to lease, purchase, or acquire any property, real, personal, or mixed, or any interest therein, to hold, rent, maintain, modernize, renovate, improve, use, and operate such property, and to sell, for cash or credit, lease, or otherwise dis-

pose of the same, at such time and in such manner as and to the extent that it may deem necessary or appropriate; to prescribe, repeal, and amend or modify, rules, regulations, or requirements governing the manner in which its general business may be conducted; to accept gifts or donations of services, or of property, real, personal, or mixed, tangible, or intangible, in aid of any of its purposes; and to do all things as are necessary or incidental to the proper management of its affairs and the proper conduct of its business.

**(b) Determination with respect to obligations and expenditures**

Except as may be otherwise provided in this subchapter, in chapter 91 of title 31, or in other laws specifically applicable to Government corporations, the Association shall determine the necessity for and the character and amount of its obligations and expenditures and the manner in which they shall be incurred, allowed, paid, and accounted for.

**(c) Exemption from taxation**

(1) The Association, including its franchise, capital, reserves, surplus, mortgages or other security holdings, and 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 Association 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.

(2) The corporation, including its franchise, capital, reserves, surplus, mortgages or other security holdings, and income, shall be exempt from all taxation now or hereafter imposed by any State, territory, possession, Commonwealth, or dependency of the United States, or by the District of Columbia, or by any 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 as other real property is taxed.

**(d) Appointment and compensation of personnel; use of services of other agencies**

(1) Subject to the provisions of section 1723(a) of this title, the Secretary of Housing and Urban Development shall have power to select and appoint or employ such officers, attorneys, employees, and agents of the Association, to vest them with such powers and duties, and to fix and to cause the Association to pay such compensation to them for their services, as he may determine, subject to the civil service and classification laws. With the consent of any Government corporation or Federal Reserve bank, or of any board, commission, independent establishment, or executive department of the Government, the Association may avail itself on a reimbursable basis of the use of information, services, facilities, officers, and employees thereof, including any field service thereof, in carrying out the provisions of the subchapter.

(2) The board of directors of the corporation shall have the power to select and appoint or

employ such officers, attorneys, employees, and agents, to vest them with such powers and duties, and to fix and to cause the corporation to pay such compensation to them for their services, as the board of directors determines reasonable and comparable with compensation for employment in other similar businesses (including other publicly held financial institutions or major financial services companies) involving similar duties and responsibilities, except that a significant portion of potential compensation of all executive officers (as such term is defined in paragraph (3)(C)) of the corporation shall be based on the performance of the corporation; and any such action shall be without regard to the Federal civil service and classification laws. Appointments, promotions, and separations so made shall be based on merit and efficiency, and no political tests or qualifications shall be permitted or given consideration. Each officer and employee of the corporation who is employed by the corporation prior to January 31, 1972, and who on the day previous to the beginning of such employment will have been subject to the civil service retirement law (subch. III of ch. 83 of title 5) shall, so long as the employment of such officer or employee by the corporation continues without a break in continuity of service, continue to be subject to such law; and for the purpose of such law the employment of such officer or employee by the corporation without a break in continuity of service shall be deemed to be employment by the Government of the United States. The corporation shall contribute to the Civil Service Retirement and Disability Fund a sum as provided by section 8334(a) of title 5, except that such sum shall be determined by applying to the total basic pay (as defined in section 8331(3) of title 5 and except as hereinafter provided) paid to the employees of the corporation who are covered by the civil service retirement law, the per centum rate determined annually by the Director of the Office of Personnel Management to be the excess of the total normal cost per centum rate of the civil service retirement system over the employee deduction rate specified in section 8334(a) of title 5. The corporation shall also pay into the Civil Service Retirement and Disability Fund such portion of the cost of administration of the fund as is determined by the Director of the Office of Personnel Management to be attributable to its employees. Notwithstanding the foregoing provisions, there shall not be considered for the purposes of the civil service retirement law that portion of the basic pay in any one year of any officer or employee of the corporation which exceeds the basic pay provided for positions listed in section 5312 of title 5 on the last day of such year: *Provided*, That with respect to any person whose employment is made subject to the civil service retirement law by section 806 of the Housing and Community Development Act of 1974, there shall not be considered for the purposes of such law that portion of the basic pay of such person in any one year which exceeds the basic pay provided for positions listed in section 5316 of such title 5 on the last day of such year. Except as provided in this subsection, the corporation shall not be subject to the provisions of title 5.

(3)(A) Not later than June 30, 1993, and annually thereafter, the corporation shall submit a report to the Committee on Banking, Finance and Urban Affairs of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate on (i) the comparability of the compensation policies of the corporation with the compensation policies of other similar businesses, (ii) in the aggregate, the percentage of total cash compensation and payments under employee benefit plans (which shall be defined in a manner consistent with the corporation's proxy statement for the annual meeting of shareholders for the preceding year) earned by executive officers of the corporation during the preceding year that was based on the corporation's performance, and (iii) the comparability of the corporation's financial performance with the performance of other similar businesses. The report shall include a copy of the corporation's proxy statement for the annual meeting of shareholders for the preceding year.

(B) Notwithstanding the first sentence of paragraph (2), after October 28, 1992, the corporation may not enter into any agreement or contract to provide any payment of money or other thing of current or potential value in connection with the termination of employment of any executive officer of the corporation, unless such agreement or contract is approved in advance by the Director of the Federal Housing Finance Agency. The Director may not approve any such agreement or contract unless the Director determines that the benefits provided under the agreement or contract are comparable to benefits under such agreements for officers of other public and private entities involved in financial services and housing interests who have comparable duties and responsibilities. For purposes of this subparagraph, any renegotiation, amendment, or change after October 28, 1992, to any such agreement or contract entered into on or before October 28, 1992, shall be considered entering into an agreement or contract.

(C) For purposes of this paragraph, the term "executive officer" has the meaning given the term in section 1303 of the Federal Housing Enterprises Financial Safety and Soundness Act of 1992 [12 U.S.C. 4502].

(4) Notwithstanding any other provision of this section, the corporation shall not transfer, disburse, or pay compensation to any executive officer, or enter into an agreement with such executive officer, without the approval of the Director, for matters being reviewed under section 1318 of the Federal Housing Enterprises Financial Safety and Soundness Act of 1992 (12 U.S.C. 4518).

**(e) Prohibition against use of names; injunction; damages**

No individual, association, partnership, or corporation, except the bodies corporate named in section 1717(a)(2) of this title, shall hereafter use the words "Federal National Mortgage Association," "Government National Mortgage Association," or any combination of such words, as the name or a part thereof under which the individual, association, partnership, or corporation shall do business. Violations of the foregoing

sentence may be enjoined by any court of general jurisdiction at the suit of the proper body corporate. In any such suit, the plaintiff may recover any actual damages flowing from such violation, and, in addition, shall be entitled to punitive damages (regardless of the existence or nonexistence of actual damages) of not exceeding \$100 for each day during which such violation is committed or repeated.

**(f) Preparation of forms of obligations and certificates**

In order that the Association may be supplied with such forms of obligations or certificates as it may need for issuance under this subchapter, the Secretary of the Treasury is authorized, upon request of the Association, to prepare such forms as shall be suitable and approved by the Association, to be held in the Treasury subject to delivery, upon order of the Association. The engraved plates, dies, bed pieces, and other material executed in connection therewith shall remain in the custody of the Secretary of the Treasury. The Association shall reimburse the Secretary of the Treasury for any expenses incurred in the preparation, custody, and delivery of such forms.

**(g) Depositaries, custodians, and fiscal agents**

The Federal Reserve banks are authorized and directed to act as depositaries, custodians, and fiscal agents for each of the bodies corporate named in section 1717(a)(2) of this title, for its own account or as fiduciary, and such banks shall be reimbursed for such services in such manner as may be agreed upon; and each of such bodies corporate may itself act in such capacities, for its own account or as fiduciary, and for the account of others.

**(h), (i) Repealed. Pub. L. 102-550, title XIII, § 1381(k), Oct. 28, 1992, 106 Stat. 3997**

**(j) Audit; access to books, etc.; report of audit**

(1) The programs, activities, receipts, expenditures, and financial transactions of the corporation shall be subject to audit by the Comptroller General of the United States under such rules and regulations as may be prescribed by the Comptroller General. The representatives of the Government Accountability Office shall have access to such books, accounts, financial records, reports, files, and such other papers, things, or property belonging to or in use by the corporation and necessary to facilitate the audit, and they shall be afforded full facilities for verifying transactions with the balances or securities held by depositaries, fiscal agents, and custodians. A report on each such audit shall be made by the Comptroller General to the Congress. The corporation shall reimburse the Government Accountability Office for the full cost of any such audit as billed therefor by the Comptroller General.

(2) To carry out this subsection, the representatives of the Government Accountability Office shall have access, upon request to the corporation or any auditor for an audit of the corporation under subsection (1), to any books, accounts, financial records, reports, files, or other papers, things, or property belonging to or in use by the corporation and used in any such

audit and to any papers, records, files, and reports of the auditor used in such an audit.

**(k) Financial reports; submission to Director; contents**

(1) The corporation shall submit to the Director of the Federal Housing Finance Agency annual and quarterly reports of the financial condition and operations of the corporation which shall be in such form, contain such information, and be submitted on such dates as the Director shall require.

(2) Each such annual report shall include—

(A) financial statements prepared in accordance with generally accepted accounting principles;

(B) any supplemental information or alternative presentation that the Director may require; and

(C) an assessment (as of the end of the corporation's most recent fiscal year), signed by the chief executive officer and chief accounting or financial officer of the corporation, of—

(i) the effectiveness of the internal control structure and procedures of the corporation; and

(ii) the compliance of the corporation with designated safety and soundness laws.

(3) The corporation shall also submit to the Director any other reports required by the Director pursuant to section 1314 of the Federal Housing Enterprises Financial Safety and Soundness Act of 1992 [12 U.S.C. 4514].

(4) Each report of financial condition shall contain a declaration by the president, vice president, treasurer, or any other officer designated by the board of directors of the corporation to make such declaration, that the report is true and correct to the best of such officer's knowledge and belief.

**(l) Independent audits of financial statements**

(1) The corporation shall have an annual independent audit made of its financial statements by an independent public accountant in accordance with generally accepted auditing standards.

(2) In conducting an audit under this subsection, the independent public accountant shall determine and report on whether the financial statements of the corporation (A) are presented fairly in accordance with generally accepted accounting principles, and (B) to the extent determined necessary by the Director, comply with any disclosure requirements imposed under subsection (k)(2)(B).

**(m) Mortgage data collection and reporting requirements**

(1) The corporation shall collect, maintain, and provide to the Director of the Federal Housing Finance Agency, in a form determined by the Director, data relating to its mortgages on housing consisting of 1 to 4 dwelling units. Such data shall include—

(A) the income, census tract location, race, and gender of mortgagors under such mortgages;

(B) the loan-to-value ratios of purchased mortgages at the time of origination;

(C) whether a particular mortgage purchased is newly originated or seasoned;

(D) the number of units in the housing subject to the mortgage and whether the units are owner-occupied; and

(E) any other characteristics that the Secretary considers appropriate, to the extent practicable.

(2) The corporation shall collect, maintain, and provide to the Director of the Federal Housing Finance Agency, in a form determined by the Director, data relating to its mortgages on housing consisting of more than 4 dwelling units. Such data shall include—

(A) census tract location of the housing;

(B) income levels and characteristics of tenants of the housing (to the extent practicable);

(C) rent levels for units in the housing;

(D) mortgage characteristics (such as the number of units financed per mortgage and the amount of loans);

(E) mortgagor characteristics (such as non-profit, for-profit, limited equity cooperatives);

(F) use of funds (such as new construction, rehabilitation, refinancing);

(G) type of originating institution; and

(H) any other information that the Secretary considers appropriate, to the extent practicable.

(3)(A) Except as provided in subparagraph (B), this subsection shall apply only to mortgages purchased by the corporation after December 31, 1992.

(B) This subsection shall apply to any mortgage purchased by the corporation after the date determined under subparagraph (A) if the mortgage was originated before such date, but only to the extent that the data referred in paragraph (1) or (2), as applicable, is available to the corporation.

**(n) Report on housing activities; contents; public disclosure**

(1) The corporation shall submit to the Committee on Banking, Finance and Urban Affairs of the House of Representatives, the Committee on Banking, Housing, and Urban Affairs of the Senate, and the Director of the Federal Housing Finance Agency a report on its activities under subpart B of part 2 of subtitle A of the Federal Housing Enterprises Financial Safety and Soundness Act of 1992 [12 U.S.C. 4561 et seq.].

(2) The report under this subsection shall—

(A) include, in aggregate form and by appropriate category, statements of the dollar volume and number of mortgages on owner-occupied and rental properties purchased which relate to each of the annual housing goals established under such subpart;

(B) include, in aggregate form and by appropriate category, statements of the number of families served by the corporation, the income class, race, and gender of homebuyers served, the income class of tenants of rental housing (to the extent such information is available), the characteristics of the census tracts, and the geographic distribution of the housing financed;

(C) include a statement of the extent to which the mortgages purchased by the corporation have been used in conjunction with public subsidy programs under Federal law;

(D) include statements of the proportion of mortgages on housing consisting of 1 to 4 dwelling units purchased by the corporation that have been made to first-time homebuyers, as soon as providing such data is practicable, and identifying any special programs (or revisions to conventional practices) facilitating homeownership opportunities for first-time homebuyers;

(E) include, in aggregate form and by appropriate category, the data provided to the Director of the Federal Housing Finance Agency under subsection (m)(1)(B);

(F) compare the level of securitization versus portfolio activity;

(G) assess underwriting standards, business practices, repurchase requirements, pricing, fees, and procedures, that affect the purchase of mortgages for low- and moderate-income families, or that may yield disparate results based on the race of the borrower, including revisions thereto to promote affordable housing or fair lending;

(H) describe trends in both the primary and secondary multifamily housing mortgage markets, including a description of the progress made, and any factors impeding progress toward standardization and securitization of mortgage products for multifamily housing;

(I) describe trends in the delinquency and default rates of mortgages secured by housing for low- and moderate-income families that have been purchased by the corporation, including a comparison of such trends with delinquency and default information for mortgage products serving households with incomes above the median level that have been purchased by the corporation, and evaluate the impact of such trends on the standards and levels of risk of mortgage products serving low- and moderate-income families;

(J) describe in the aggregate the seller and servicer network of the corporation, including the volume of mortgages purchased from minority-owned, women-owned, and community-oriented lenders, and any efforts to facilitate relationships with such lenders;

(K) describe the activities undertaken by the corporation with nonprofit and for-profit organizations and with State and local governments and housing finance agencies, including how the corporation's activities support the objectives of comprehensive housing affordability strategies under section 12705 of title 42; and

(L) include any other information that the Director of the Federal Housing Finance Agency considers appropriate.

(3)(A) The corporation shall make each report under this subsection available to the public at the principal and regional offices of the corporation.

(B) Before making a report under this subsection available to the public, the corporation may exclude from the report information that the Director of the Federal Housing Finance Agency has determined is proprietary information under section 1326 of the Federal Housing Enterprises Financial Safety and Soundness Act of 1992 [12 U.S.C. 4546].

#### (o) Affordable Housing Advisory Council

(1) Not later than 4 months after October 28, 1992, the corporation shall appoint an Affordable Housing Advisory Council to advise the corporation regarding possible methods for promoting affordable housing for low- and moderate-income families.

(2) The Affordable Housing Advisory Council shall consist of 15 individuals, who shall include representatives of community-based and other nonprofit and for-profit organizations and State and local government agencies actively engaged in the promotion, development, or financing of housing for low- and moderate-income families.

(June 27, 1934, ch. 847, title III, § 309, as added Aug. 2, 1954, ch. 649, title II, § 201, 68 Stat. 620; amended Pub. L. 87-70, title VI, § 603(e), June 30, 1961, 75 Stat. 177; Pub. L. 90-448, title VIII, § 802(z)-(ee), Aug. 1, 1968, 82 Stat. 540, 541; Pub. L. 92-310, title II, § 223(c), June 6, 1972, 86 Stat. 206; Pub. L. 93-383, title VIII, § 806(k), Aug. 22, 1974, 88 Stat. 728; Pub. L. 94-375, § 17(b), Aug. 3, 1976, 90 Stat. 1076; Pub. L. 95-128, title IV, § 408(c), Oct. 12, 1977, 91 Stat. 1138; 1978 Reorg. Plan No. 2, § 102, eff. Jan. 1, 1979, 43 F.R. 36037, 92 Stat. 3783; Pub. L. 98-440, title II, §§ 208, 209, 213(a), Oct. 3, 1984, 98 Stat. 1696, 1698; Pub. L. 98-479, title II, § 203(a)(3), Oct. 17, 1984, 98 Stat. 2229; Pub. L. 100-242, title IV, § 444, Feb. 5, 1988, 101 Stat. 1922; Pub. L. 101-73, title VII, § 731(m)(3), Aug. 9, 1989, 103 Stat. 436; Pub. L. 102-550, title XIII, § 1381(j)-(q), (s)(3), Oct. 28, 1992, 106 Stat. 3996-4001; Pub. L. 108-271, § 8(b), July 7, 2004, 118 Stat. 814; Pub. L. 110-289, div. A, title I, §§ 1113(b)(1), 1161(b), July 30, 2008, 122 Stat. 2678, 2779.)

#### Editorial Notes

##### REFERENCES IN TEXT

Section 806 of the Housing and Community Development Act of 1974, referred to in subsec. (d)(2), is section 806 of Pub. L. 93-383, title VIII, Aug. 22, 1974, 88 Stat. 727. Subsection (k) of section 806 amended this subsec. (d)(2) relative to employment subject to the civil service retirement law. For complete classification of section 806 to the Code, see Tables.

The Federal Housing Enterprises Financial Safety and Soundness Act of 1992, referred to in subsec. (n)(1), (2)(A), is title XIII of Pub. L. 102-550, Oct. 28, 1992, 106 Stat. 3941. Subpart B of part 2 of subtitle A of the Act is classified generally to subpart 2 (§ 4561 et seq.) of part B of subchapter I of chapter 46 of this title. For complete classification of this Act to the Code, see Short Title note under section 4501 of this title and Tables.

##### CODIFICATION

Pub. L. 110-289, § 1161(b)(2)(C), which directed amendment of par. (3)(B) of this section, was executed to par. (3)(B) of subsec. (n) of this section, to reflect the probable intent of Congress. See 2008 Amendment note below.

##### PRIOR PROVISIONS

Prior provisions on the subject of subsecs. (a) and (c) to (e) of this section were contained in sections 1716, 1719, and 1721 of this title.

##### AMENDMENTS

2008—Subsec. (d)(3)(B). Pub. L. 110-289, § 1161(b)(1), substituted “Director of the Federal Housing Finance Agency” for “Director of the Office of Federal Housing Enterprise Oversight of the Department of Housing and Urban Development”.

Subsec. (d)(4). Pub. L. 110-289, §1113(b)(1), added par. (4).

Subsec. (k)(1). Pub. L. 110-289, §1161(b)(1), substituted “Director of the Federal Housing Finance Agency” for “Director of the Office of Federal Housing Enterprise Oversight of the Department of Housing and Urban Development”.

Subsec. (m)(1), (2). Pub. L. 110-289, §1161(b)(2)(A), substituted “to the Director of the Federal Housing Finance Agency, in a form determined by the Director” for “to the Secretary, in a form determined by the Secretary” in introductory provisions.

Subsec. (n)(1). Pub. L. 110-289, §1161(b)(2)(B)(i), substituted “and the Director of the Federal Housing Finance Agency” for “and the Secretary”.

Subsec. (n)(2)(E), (L). Pub. L. 110-289, §1161(b)(2)(B)(ii), substituted “Director of the Federal Housing Finance Agency” for “Secretary”.

Subsec. (n)(3)(B). Pub. L. 110-289, §1161(b)(2)(C), substituted “Director of the Federal Housing Finance Agency” for “Secretary”. See Codification note above.

2004—Subsec. (j). Pub. L. 108-271 substituted “Government Accountability Office” for “General Accounting Office” wherever appearing.

1992—Subsec. (d)(2). Pub. L. 102-550, §1381(s)(3)(A)(ii), which directed the substitution, in last sentence, of “the basic pay of such persons” for “his basic pay”, was executed by making the substitution in penultimate sentence to reflect the probable intent of Congress, because the words “his basic pay” do not appear in last sentence.

Pub. L. 102-550, §1381(j)(1), (s)(3)(A)(i), in first sentence, substituted “as the board of directors determines reasonable and comparable with compensation for employment in other similar businesses (including other publicly held financial institutions or major financial services companies) involving similar duties and responsibilities, except that a significant portion of potential compensation of all executive officers (as such term is defined in paragraph (3)(C)) of the corporation shall be based on the performance of the corporation” for “as it may determine” and in third sentence “the employment of such officer or employee” for “his employment” in two places.

Subsec. (d)(3). Pub. L. 102-550, §1381(j)(2), added par. (3).

Subsec. (e). Pub. L. 102-550, §1381(s)(3)(B), substituted “the individual, association, partnership, or corporation” for “he or it”.

Subsecs. (h), (i). Pub. L. 102-550, §1381(k), struck out subsec. (h) which related to regulatory power over Federal National Mortgage Association, approval for issuance of stock and other instruments, relation of mortgage purchases to national goal, audits, and a report to Congress and subsec. (i) which related to requests for approval submitted by Federal National Mortgage Association to Secretary, report to Congress, extension of approval period, and effect of inaction by Secretary.

Subsec. (j). Pub. L. 102-550, §1381(l), designated existing provisions as par. (1), inserted first sentence and struck out former first sentence which read as follows: “The mortgage transactions of the corporation may be subject to audit by the Comptroller General of the United States in accordance with the principles and procedures applicable to commercial corporation transactions under such rules and regulations as may be prescribed by the Comptroller General.”, and added par. (2).

Subsecs. (k) to (o). Pub. L. 102-550, §1381(m)–(q), added subsecs. (k) to (o), respectively.

1989—Subsec. (j). Pub. L. 101-73 added subsec. (j).

1988—Subsec. (i). Pub. L. 100-242 inserted at end of second sentence “, but such 45-day period may not be extended for any other reason or for any period in addition to or other than such 15-day period”.

1984—Subsec. (b). Pub. L. 98-479 substituted “chapter 91 of title 31” for “the Government Corporation Control Act”.

Subsec. (h). Pub. L. 98-440, §§208, 213(a), substituted “issued by the corporation before October 1, 1985,” for

“issued by the Corporation” and substituted “shall, not later than June 30 of each year, report to the Congress on the activities of the corporation under this subchapter” for “shall conduct a review of the financial operations of the corporation and undertake a study of the extent to which the activities of the corporation meet the purposes of this subchapter. Such review and study shall be completed and transmitted to the Congress on or before July 1, 1978.”

Subsec. (i). Pub. L. 98-440, §209, added subsec. (i).

1977—Subsec. (h). Pub. L. 95-128 inserted provision for review of the financial operations of the corporation and a study respecting how the activities of the corporation meet the purposes of this subchapter and transmittal of the review and study to the Congress.

1976—Subsec. (d)(1). Pub. L. 94-375 substituted “Subject to the provisions of section 1723(a) of this title, the Secretary” for “The Secretary”.

1974—Subsec. (d)(2). Pub. L. 93-383 inserted “positions listed” before “in section 5312” and proviso relating to persons whose employment is subject to the civil service law by section 806 of the Housing and Community Development Act of 1974, and substituted reference to Jan. 31, 1972, for reference to termination of transitional period referred to in section 810(b) of the Housing and Urban Development Act of 1968.

1972—Subsec. (d)(1). Pub. L. 92-310 struck out provisions which related to bonds of officers, attorneys, employees, and agents of the Association and which permitted the Association to pay the premiums therefor.

1968—Subsec. (a). Pub. L. 90-448, §802(z), among other changes, expanded scope to include both the Government National Mortgage Association and the Federal National Mortgage Association, substituted “conduct its business without regard to any qualification or similar statute” for “conduct its business”, and struck out provisions which empowered the Federal National Mortgage Association, by its board of directors, to adopt, amend, and repeal bylaws.

Subsec. (c). Pub. L. 90-448, §802(aa), designated existing provisions as par. (1), and struck out provisions which required the Association, with respect to its secondary market operations under section 1719 of this title, to pay annually to the Secretary of the Treasury an amount equivalent to the amount of Federal income taxes for which it would be subject if it were not exempt from such taxes with respect to such secondary market operations, and added par. (2).

Subsec. (d). Pub. L. 90-448, §802(bb), designated existing provisions as par. (1), substituted “Secretary of Housing and Urban Development” for “Chairman of the Board”, and “agents of the Association” for “agents”, and added par. (2).

Subsec. (e). Pub. L. 90-448, §802(cc), prohibited the use of the name Government National Mortgage Association, authorized injunctions, and permitted recovery of actual damages and punitive damages, and eliminated provisions which made violations of this subsection a misdemeanor punishable by a fine of not more than \$100 or imprisonment for not more than 30 days, or both, for each day during which the violation is committed or repeated.

Subsec. (g). Pub. L. 90-448, §802(dd), authorized and directed the Federal Reserve Banks to act for the Government National Mortgage Association, and empowered each of the bodies corporate to act as depository, custodian, and fiscal agent, for its own account or as fiduciary, and for the account of others.

Subsec. (h). Pub. L. 90-448, §802(ee), added subsec. (h).

1961—Subsec. (c). Pub. L. 87-70 inserted “or other security holdings” after “mortgages”.

## Statutory Notes and Related Subsidiaries

### CHANGE OF NAME

Committee on Banking, Finance and Urban Affairs of House of Representatives treated as referring to Committee on Banking and Financial Services of House of Representatives by section 1(a) of Pub. L. 104-14, set

out as a note preceding section 21 of Title 2, The Congress. Committee on Banking and Financial Services of House of Representatives abolished and replaced by Committee on Financial Services of House of Representatives, and jurisdiction over matters relating to securities and exchanges and insurance generally transferred from Committee on Energy and Commerce of House of Representatives by House Resolution No. 5, One Hundred Seventh Congress, Jan. 3, 2001.

#### EFFECTIVE DATE OF 1974 AMENDMENT

Pub. L. 93-383, title VIII, §806(k), Aug. 22, 1974, 88 Stat. 728, provided that the amendment made by that section does not apply with respect to any person receiving an annuity on the date of the enactment of Pub. L. 93-383, which was approved Aug. 22, 1974.

#### EFFECTIVE DATE OF 1968 AMENDMENT

For effective date of amendment by title VIII of Pub. L. 90-448, see section 808 of Pub. L. 90-448, set out as an Effective Date note under section 1716b of this title.

#### TERMINATION OF ADVISORY COUNCILS

Advisory councils established after Jan. 5, 1973, to terminate not later than the expiration of the 2-year period beginning on the date of their establishment, unless, in the case of a council established by the President or an officer of the Federal Government, such council is renewed by appropriate action prior to the expiration of such 2-year period, or in the case of a council established by Congress, its duration is otherwise provided by law. See sections 1001(2) and 1013 of Title 5, Government Organization and Employees.

#### PROPOSAL BY FEDERAL NATIONAL MORTGAGE ASSOCIATION RESPECTING MORTGAGE-BACKED SECURITIES PROGRAM; APPROVAL, ETC.

Pub. L. 96-399, title III, §330, Oct. 8, 1980, 94 Stat. 1652, provided that: "If the Federal National Mortgage Association submits to the Secretary of Housing and Urban Development or the Secretary of the Treasury, after the date of enactment of this section [Oct. 8, 1980], a proposal with respect to undertaking a mortgage-backed securities program, the Secretary of Housing and Urban Development or the Secretary of the Treasury, as the case may be, shall, within 90 days after submission of such proposal, approve the proposal or transmit to the Congress a report explaining why the proposal has not been approved."

#### Executive Documents

##### TRANSFER OF FUNCTIONS

"Director of the Office of Personnel Management" substituted for "United States Civil Service Commission" pursuant to Reorg. Plan No. 2 of 1978, §102, 43 F.R. 36037, 92 Stat. 3783, set out under section 1101 of Title 5, Government Organization and Employees, which transferred functions vested by statute in United States Civil Service Commission to Director of Office of Personnel Management (except as otherwise specified), effective Jan. 1, 1979, as provided by section 1-102 of Ex. Ord. No. 12107, Dec. 28, 1978, 44 F.R. 1055, set out under section 1101 of Title 5.

#### § 1723b. Investment of funds

Moneys of the Association not invested in mortgages or other security holdings or in operating facilities shall be kept in cash on hand or on deposit, or invested in obligations of the United States or guaranteed thereby, or in obligations, participations, or other instruments which are lawful investments for fiduciary, trust, or public funds.

(June 27, 1934, ch. 847, title III, §310, as added Aug. 2, 1954, ch. 649, title II, §201, 68 Stat. 621;

amended Pub. L. 86-372, title III, §305(b), Sept. 23, 1959, 73 Stat. 670; Pub. L. 87-70, title VI, §603(e), June 30, 1961, 75 Stat. 177; Pub. L. 88-560, title VII, §701(b)(3), Sept. 2, 1964, 78 Stat. 800.)

#### Editorial Notes

##### PRIOR PROVISIONS

Prior provisions on the subject of this section were formerly contained in section 1718 of this title.

##### AMENDMENTS

1964—Pub. L. 88-560 authorized investment of funds in participations and other instruments which are lawful investments.

1961—Pub. L. 87-70 inserted "or other security holdings" after "mortgages".

1959—Pub. L. 86-372 substituted "in obligations of the United States or guaranteed thereby, or in obligations which are lawful investments for fiduciary, trust, or public funds" for "in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by, the United States".

#### § 1723c. Obligations, participations, or other instruments as lawful investments; acceptance as security; exempt securities

All obligations, participations, or other instruments issued by either of the bodies corporate named in section 1717(a)(2) of this title 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 and control of the United States or any officer or officers thereof. All stock, obligations, securities, participations, or other instruments issued pursuant to this subchapter shall, to the same extent as securities which are direct obligations of or obligations guaranteed as to principal or interest by the United States, be deemed to be exempt securities within the meaning of laws administered by the Securities and Exchange Commission.

(June 27, 1934, ch. 847, title III, §311, as added Aug. 2, 1954, ch. 649, title II, §201, 68 Stat. 622; amended Pub. L. 88-560, title VII, §701(b)(1), Sept. 2, 1964, 78 Stat. 800; Pub. L. 90-448, title VIII, §802(ff), Aug. 1, 1968, 82 Stat. 542; Pub. L. 98-440, title II, §213(b), Oct. 3, 1984, 98 Stat. 1698; Pub. L. 102-550, title XIII, §1381(r), Oct. 28, 1992, 106 Stat. 4001.)

#### Editorial Notes

##### AMENDMENTS

1992—Pub. L. 102-550 struck out before period at end "; but all such issuances by the Association and all issuances of stock, and debt obligations convertible into stock, by the corporation shall be made only with the approval of the Secretary of Housing and Urban Development".

1984—Pub. L. 98-440 inserted "by the Association and all issuances of stock, and debt obligations convertible into stock, by the corporation".

1968—Pub. L. 90-448 substituted "either of the bodies corporate named in section 1717(a)(2) of this title" for "the Association," and inserted provisions directing that all stock, obligations, securities, participations, or other instruments issued pursuant to this subchapter be deemed to be exempt securities, and requiring approval of the Secretary for all issuances.

1964—Pub. L. 88-560 inserted ", participations, or other instruments" after "obligations".



**Statutory Notes and Related Subsidiaries****EFFECTIVE DATE OF 1968 AMENDMENT**

For effective date of amendment by title VIII of Pub. L. 90-448, see section 808 of Pub. L. 90-448, set out as an Effective Date note under section 1716b of this title.

**§ 1723d. Transfer of certain functions to Association**

The functions of the Housing and Home Finance Administrator (including the function of making payments to the Secretary of the Treasury) under section 2 of Reorganization Plan Numbered 22 of 1950, together with the notes and capital stock of the Federal National Mortgage Association held by said Administrator thereunder, are transferred to the Federal National Mortgage Association.

(Aug. 2, 1954, ch. 649, title II, § 207, 68 Stat. 622.)

**Editorial Notes****REFERENCES IN TEXT**

Reorganization Plan Numbered 22 of 1950, referred to in text, is set out as a note under section 1717 of this title.

**CODIFICATION**

Section was enacted as part of the Housing Act of 1954, and not as part of the National Housing Act which comprises this chapter or of the Federal National Mortgage Charter Association Act which comprises this subchapter.

**§ 1723e. Repealed. Pub. L. 98-181, title I [title IV, § 483(a)], Nov. 30, 1983, 97 Stat. 1240**

Section, act June 27, 1934, ch. 847, title III, § 313, as added Oct. 18, 1974, Pub. L. 93-449, § 3(a), 88 Stat. 1364; amended July 2, 1975, Pub. L. 94-50, title II §§ 201-206, 89 Stat. 254, 255; Aug. 3, 1976, Pub. L. 94-375, § 13(e)(1), 90 Stat. 1075; Oct. 12, 1977, Pub. L. 95-128, title IV, § 407(a)-(d), 91 Stat. 1137, 1138; Oct. 8, 1980, Pub. L. 96-399, title III, § 337(b), 94 Stat. 1655, related to the interim mortgage and security purchasing authority of the Association.

**Statutory Notes and Related Subsidiaries****SAVINGS PROVISION**

For continued application of former sections 1720 and 1723e of this title to any purchase or commitment to purchase any mortgage made pursuant to those sections before Nov. 30, 1983, and the servicing and disposition of any such mortgage, see section 483(b) of Pub. L. 98-181, set out as a note under section 1720 of this title.

**EFFECTIVE DATE**

Pub. L. 93-449, § 3(b), Oct. 18, 1974, 88 Stat. 1366, as amended by Pub. L. 94-50, title II, § 207, July 2, 1975, 89 Stat. 256; Pub. L. 94-375, § 13(d), Aug. 3, 1976, 90 Stat. 1075; Pub. L. 95-128, title IV, § 407(e), Oct. 12, 1977, 91 Stat. 1138; Pub. L. 95-406, § 3, Sept. 30, 1978, 92 Stat. 880; Pub. L. 95-557, title III, § 303, Oct. 31, 1978, 92 Stat. 2096; Pub. L. 96-71, § 3, Sept. 28, 1979, 93 Stat. 502; Pub. L. 96-105, § 3, Nov. 8, 1979, 93 Stat. 795; Pub. L. 96-153, title III, § 303, Dec. 21, 1979, 93 Stat. 1112; Pub. L. 96-372, § 4, Oct. 3, 1980, 94 Stat. 1364; Pub. L. 96-399, title III, § 337(a), Oct. 8, 1980, 94 Stat. 1655, which related to the effective date of former section 1723e of this title, was repealed by Pub. L. 98-181, title I [title IV, § 483(a)], Nov. 30, 1983, 97 Stat. 1240.

**EMERGENCY MORTGAGE PURCHASE ASSISTANCE;  
TRANSFER OF FUNDS**

Pub. L. 98-371, title I, July 18, 1984, 98 Stat. 1218, in part directed Secretary to transfer all assets acquired

and liabilities incurred pursuant to this section to management and liquidating functions fund established pursuant to section 1721 of this title, and that on Oct. 1, 1984, each outstanding obligation issued by Secretary of Housing and Urban Development to Secretary of the Treasury pursuant to subsec. (c) of this section, together with any promise to repay principal and unpaid interest which had accrued on each obligation, and any other term or condition specified by each such obligation, was canceled.

**§ 1723f. Repealed. Pub. L. 96-294, title V, § 533, June 30, 1980, 94 Stat. 740**

Section, act June 27, 1934, ch. 847, title III, § 314, as added Nov. 9, 1978, Pub. L. 95-619, title II, § 242, 92 Stat. 3228, related to the purchase of energy conserving home improvement loans and advances of credit by the Association under the direction of the Secretary.

**§§ 1723g, 1723h. Repealed. Pub. L. 102-550, title IX, § 912(i)(2), Oct. 28, 1992, 106 Stat. 3876**

Section 1723g, act June 27, 1934, ch. 847, title III, § 315, as added Nov. 9, 1978, Pub. L. 95-619, title II, § 243, 92 Stat. 3230; amended June 30, 1980, Pub. L. 96-294, title V, § 531, 94 Stat. 737; Oct. 17, 1984, Pub. L. 98-479, title II, § 203(a)(4), 98 Stat. 2229, set out authority of Solar Energy and Energy Conservation Bank to purchase loans and advances of credit for energy conservation improvements or solar energy systems.

Section 1723h, act June 27, 1934, ch. 847, title III, § 316, as added Nov. 9, 1978, Pub. L. 95-619, title II, § 244, 92 Stat. 3231; amended June 30, 1980, Pub. L. 96-294, title V, § 532, 94 Stat. 739; Oct. 17, 1984, Pub. L. 98-479, title II, § 203(a)(5), 98 Stat. 2229, set out authority of Solar Energy and Energy Conservation Bank to purchase mortgages secured by newly constructed homes with solar energy systems.

**§ 1723i. Civil money penalties against issuers****(a) In general****(1) Authority**

Whenever an issuer or custodian approved under section 1721(g) of this title knowingly and materially violates any provisions of subsection (b), the Secretary of Housing and Urban Development may impose a civil money penalty on the issuer or the custodian in accordance with the provisions of this section. The penalty shall be in addition to any other available civil remedy or any available criminal penalty and may be imposed whether or not the Secretary imposes other administrative sanctions.

**(2) Amount of penalty**

The amount of the penalty, as determined by the Secretary, may not exceed \$5,000 for each violation, except that the maximum penalty for all violations by a particular issuer or custodian during any one-year period shall not exceed \$1,000,000. Each violation of a provision of subsection (b)(1) shall constitute a separate violation with respect to each pool of mortgages. In the case of a continuing violation, as determined by the Secretary, each day shall constitute a separate violation.

**(b) Violations for which penalty may be imposed****(1) Violations**

The violations by an issuer or a custodian for which the Secretary may impose a civil money penalty under subsection (a) are the following:

(A) Failure to make timely payments of principal and interest to holders of securities guaranteed under section 1721(g) of this title.

(B) Failure to segregate cash flow from pooled mortgages or to deposit either principal and interest funds or escrow funds into special accounts with a depository institution whose accounts are insured by the National Credit Union Administration or by the Federal Deposit Insurance Corporation through the Deposit Insurance Fund.

(C) Use of escrow funds for any purpose other than that for which they were received.

(D) Transfer of servicing for a pool of mortgages to an issuer not approved under this subchapter, unless expressly permitted by statute, regulation, or contract approved by the Secretary.

(E) Failure to maintain a minimum net worth in accordance with requirements prescribed by the Association;

(F) Failure to promptly notify the Association in writing of any changes that materially affect the business status of an issuer.

(G) Submission to the Association of false information in connection with any securities guaranteed, or mortgages pooled, under section 1721(g) of this title.

(H) Hiring, or retaining in employment, an officer, director, principal, or employee whose duties involve, directly or indirectly, programs administered by the Association while such person was under suspension or debarment by the Secretary.

(I) Submission to the Association of a false certification either on its own behalf or on behalf of another person or entity.

(J) Failure to comply with an agreement, certification, or condition of approval set forth on, or applicable to, the application for approval as an issuer of securities under section 1721(g) of this title.

(K) Violation of any provisions of this subchapter or any implementing regulation, handbook, or participant letter issued under authority of this subchapter.

## **(2) Notification to Attorney General**

Before taking action to impose a civil money penalty for a violation under paragraph (1)(G) or paragraph (1)(I), the Secretary shall inform the Attorney General of the United States.

## **(c) Agency procedures**

### **(1) Establishment**

The Secretary shall establish standards and procedures governing the imposition of civil money penalties under subsection (a). The standards and procedures—

(A) shall provide for the Secretary to make the determination to impose the penalty;

(B) shall provide for the imposition of a penalty only after an issuer or a custodian has been given notice of, and opportunity for, a hearing on the record; and

(C) may provide for review by the Secretary of any determination or order, or interlocutory ruling, arising from a hearing.

## **(2) Final orders**

If no hearing is requested within 15 days of receipt of a notice of opportunity for hearing, the imposition of a penalty shall constitute a final and unappealable determination. If the Secretary reviews the determination or order, the Secretary may affirm, modify, or reverse that determination or order. If the Secretary does not review the determination or order within 90 days of the issuance of the determination or order, the determination or order shall be final.

## **(3) Factors in determining amount of penalty**

In determining the amount of a penalty under subsection (a), consideration shall be given to such factors as the gravity of the offense, any history of prior offenses (including offenses occurring before December 15, 1989), ability to pay the penalty, injury to the public, benefits received, deterrence of future violations, and such other factors as the Secretary may determine by regulations.

## **(4) Reviewability of imposition of penalty**

The Secretary's determination or order imposing a penalty under subsection (a) shall not be subject to review, except as provided in subsection (d).

## **(d) Judicial review of agency determination**

### **(1) In general**

After exhausting all administrative remedies established by the Secretary under subsection (c)(1), an issuer or a custodian against which the Secretary has imposed a civil money penalty under subsection (a) may obtain a review of the penalty and such ancillary issues as may be addressed in the notice provided under subsection (c)(1)(A) in the appropriate court of appeals of the United States, by filing in such court, within 20 days after the entry of such order or determination, a written petition praying that the Secretary's order or determination be modified or be set aside in whole or in part.

### **(2) Objections not raised in hearing**

A court shall not consider any objection that was not raised in the hearing conducted pursuant to subsection (c)(1) unless a demonstration is made of extraordinary circumstances causing the failure to raise the objection. If any party demonstrates to the satisfaction of the court that additional evidence, which was not presented at such hearing, is material and that there were reasonable grounds for the failure to present such evidence at the hearing, the court shall remand the matter to the Secretary for consideration of such additional evidence.

### **(3) Scope of review**

The decisions, findings, and determinations of the Secretary shall be reviewed pursuant to section 706 of title 5.

### **(4) Order to pay penalty**

Notwithstanding any other provision of law, the court shall have the power in any such review to order payment of the penalty imposed by the Secretary.

**(e) Action to collect penalty**

If any issuer or custodian fails to comply with the Secretary's determination or order imposing a civil money penalty under subsection (a), after the determination or order is no longer subject to review as provided by subsections (c)(1) and (d), the Secretary may request the Attorney General of the United States to bring an action in an appropriate United States district court to obtain a monetary judgment against the issuer or custodian and such other relief as may be available. The monetary judgment may, in the discretion of the court, include any attorneys fees and other expenses incurred by the United States in connection with the action. In an action under this subsection, the validity and appropriateness of the Secretary's determination or order imposing the penalty shall not be subject to review.

**(f) Settlement by Secretary**

The Secretary may compromise, modify, or remit any civil money penalty which may be, or has been, imposed under this section.

**(g) "Knowingly" defined**

The term "knowingly" means having actual knowledge of or acting with deliberate ignorance of or reckless disregard for the prohibitions under this section.

**(h) Regulations**

The Secretary shall issue such regulations as the Secretary deems appropriate to implement this section.

**(i) Deposit of penalties**

The Secretary shall deposit all civil money penalties collected under this section into moneys of the Association pursuant to section 1722 of this title.

(June 27, 1934, ch. 847, title III, § 317, as added Pub. L. 101-235, title I, § 110(a), Dec. 15, 1989, 103 Stat. 2011; amended Pub. L. 104-208, div. A, title II, § 2704(d)(13)(A), Sept. 30, 1996, 110 Stat. 3009-490; Pub. L. 109-171, title II, § 2102(b), Feb. 8, 2006, 120 Stat. 9; Pub. L. 109-173, § 9(f)(1), Feb. 15, 2006, 119 Stat. 3618.)

**Editorial Notes****AMENDMENTS**

2006—Subsec. (b)(1)(B). Pub. L. 109-173 substituted "Deposit Insurance Fund" for "Bank Insurance Fund for banks or through the Savings Association Insurance Fund for savings associations".

Pub. L. 109-171 repealed Pub. L. 104-208, § 2704(d)(13)(A). See 1996 Amendment note below.

1996—Subsec. (b)(1)(B). Pub. L. 104-208, § 2704(d)(13)(A), which directed substitution of "Deposit Insurance Fund" for "Bank Insurance Fund for banks or through the Savings Association Insurance Fund for savings associations", was repealed by Pub. L. 109-171. See Effective Date of 1996 Amendment note below and 2006 Amendment note above.

**Statutory Notes and Related Subsidiaries****EFFECTIVE DATE OF 2006 AMENDMENT**

Amendment by Pub. L. 109-173 effective Mar. 31, 2006, see section 9(j) of Pub. L. 109-173, set out as a note under section 24 of this title.

Amendment by Pub. L. 109-171 effective no later than the first day of the first calendar quarter that begins

after the end of the 90-day period beginning Feb. 8, 2006, see section 2102(c) of Pub. L. 109-171, set out as a Merger of BIF and SAIF note under section 1821 of this title.

**EFFECTIVE DATE OF 1996 AMENDMENT**

Amendment by Pub. L. 104-208 effective Jan. 1, 1999, if no insured depository institution is a savings association on that date, see section 2704(c) of Pub. L. 104-208, formerly set out as a note under section 1821 of this title.

**EFFECTIVE DATE**

Pub. L. 101-235, title I, § 110(b), Dec. 15, 1989, 103 Stat. 2014, provided that: "The amendment made by subsection (a) [enacting this section] shall apply only with respect to—

"(1) violations referred to in the amendment that occur on or after the effective date of this section [Dec. 15, 1989]; and

"(2) in the case of a continuing violation (as determined by the Secretary of Housing and Urban Development), any portion of a violation referred to in the amendment that occurs on or after such date."

**SUBCHAPTER IV—INSURANCE OF SAVINGS AND LOAN ACCOUNTS****§§ 1724 to 1730d. Repealed. Pub. L. 101-73, title IV, § 407, Aug. 9, 1989, 103 Stat. 363**

Section 1724, acts June 27, 1934, ch. 847, title IV, § 401, 48 Stat. 1255; July 16, 1952, ch. 883, 66 Stat. 727; July 28, 1959, Pub. L. 86-112, 73 Stat. 262; Oct. 16, 1966, Pub. L. 89-695, title III, § 302(a), 80 Stat. 1055; Dec. 23, 1969, Pub. L. 91-151, title I, § 8(a)(1), 83 Stat. 375; Oct. 28, 1974, Pub. L. 93-495, title I, §§ 101(b)(1), 103(a)(1), 88 Stat. 1501, 1503; Mar. 31, 1980, Pub. L. 96-221, title III, § 308(b)(1)(A), 94 Stat. 147, defined terms used in this subchapter.

Section 1725, acts June 27, 1934, ch. 847, title IV, § 402, 48 Stat. 1256; May 28, 1935, ch. 150, § 22, 49 Stat. 298; 1947 Reorg. Plan No. 3, eff. July 29, 1947, 12 F.R. 4981, 61 Stat. 954; July 3, 1948, ch. 825, § 2, 62 Stat. 1240; June 27, 1950, ch. 369, §§ 5, 6, 64 Stat. 258; Aug. 2, 1954, ch. 649, title V, § 501(1), title VIII, § 802(b), 68 Stat. 633, 642; June 11, 1960, Pub. L. 86-507, § 1(12), 74 Stat. 200; Aug. 16, 1973, Pub. L. 93-100, § 4, 87 Stat. 343; Oct. 28, 1974, Pub. L. 93-495, title I, § 105(d), 88 Stat. 1504; Oct. 28, 1977, Pub. L. 95-147, § 2(b), 91 Stat. 1227; Oct. 15, 1982, Pub. L. 97-320, title I, § 125(a), (b), title III, § 314, 96 Stat. 1485, 1499; Aug. 10, 1987, Pub. L. 100-86, title III, §§ 304, 306(b), (i), 101 Stat. 597, 601, 603, related to creation of Federal Savings and Loan Insurance Corporation.

Section 1726, acts June 27, 1934, ch. 847, title IV, § 403, 48 Stat. 1257; May 28, 1935, ch. 150, §§ 23, 24, 49 Stat. 298; July 14, 1952, ch. 723, § 10(a)(5), 66 Stat. 604; Aug. 11, 1955, ch. 783, title I, § 111, 69 Stat. 641; Sept. 2, 1964, Pub. L. 88-560, title IX, § 901(b), 78 Stat. 804; July 24, 1970, Pub. L. 91-351, title VII, § 707, 84 Stat. 463; Oct. 28, 1974, Pub. L. 93-495, title I, § 105(a), 88 Stat. 1503; Nov. 10, 1978, Pub. L. 95-630, title XII, § 1203, 92 Stat. 3711; Mar. 31, 1980, Pub. L. 96-221 title IV, §§ 407(b), 409, 94 Stat. 160; Oct. 15, 1982, Pub. L. 97-320, title I, § 115(a), title II, § 202(c), (d), 96 Stat. 1475, 1492; Aug. 10, 1987, Pub. L. 100-86, title V, § 504(a), 101 Stat. 632, related to insurance of accounts and eligibility provisions.

Section 1727, acts June 27, 1934, ch. 847, title IV, § 404, 48 Stat. 1258; May 28, 1935, ch. 150, § 25, 49 Stat. 298; June 27, 1950, ch. 369, §§ 7, 8, 64 Stat. 259; Sept. 8, 1961, Pub. L. 87-210, §§ 3-6, 75 Stat. 483; Aug. 10, 1965, Pub. L. 89-117, title XI, § 1110(d), 79 Stat. 508; Sept. 21, 1968, Pub. L. 90-505, § 6(a), 82 Stat. 858; Dec. 23, 1969, Pub. L. 91-151, title I, § 6(a), 83 Stat. 375; Dec. 24, 1969, Pub. L. 91-152, title IV, § 416(c)(1), 83 Stat. 401; Dec. 22, 1971, Pub. L. 92-213, § 5, 85 Stat. 776; Aug. 16, 1973, Pub. L. 93-100, § 6, 87 Stat. 344; Oct. 28, 1974, Pub. L. 93-495, title I, § 115, 88 Stat. 1507; Oct. 15, 1982, Pub. L. 97-320, title I, § 126, 96 Stat. 1485; Aug. 10, 1987, Pub. L. 100-86, title III, §§ 305, 306(c), (f), (g), 307, title V, § 505(c), 101 Stat. 600-603, 633, related to primary and secondary services.