

**(b) Voluntary mergers authorized****(1) In general**

Any Federal Home Loan Bank may, with the approval of the Director and of the boards of directors of the Banks involved, merge with another Bank.

**(2) Regulations required**

The Director shall promulgate regulations establishing the conditions and procedures for the consideration and approval of any voluntary merger described in paragraph (1), including the procedures for Bank member approval.

(July 22, 1932, ch. 522, § 26, 47 Stat. 740; Pub. L. 101-73, title VII, § 701(b)(1), (3)(A), Aug. 9, 1989, 103 Stat. 412; Pub. L. 110-289, div. A, title II, §§ 1204(8), 1209, 1214, July 30, 2008, 122 Stat. 2786, 2789, 2791.)

**Editorial Notes****AMENDMENTS**

2008—Pub. L. 110-289, § 1209, designated existing provisions as subsec. (a), inserted heading, and added subsec. (b).

Pub. L. 110-289, § 1204(8), substituted “the Director” for “the Board” wherever appearing.

Subsec. (a). Pub. L. 110-289, § 1214, which directed insertion of “At least 30 days prior to liquidating or reorganizing any Bank under this section, the Director shall notify the Bank of its determination and the facts and circumstances upon which such determination is based. The Bank may contest that determination in a hearing before the Director, in which all issues shall be determined on the record pursuant to section 554 of title 5.” at the end of this section, was executed by making the insertion at the end of subsec. (a), to reflect the probable intent of Congress and the amendment by Pub. L. 110-289, § 1209. See above.

1989—Pub. L. 101-73 substituted “Board” for “board” wherever appearing.

**§ 1447. Repealed. Pub. L. 106-102, title VI, § 606(c), Nov. 12, 1999, 113 Stat. 1454**

Section, act July 22, 1932, ch. 522, § 27, as added Pub. L. 103-204, § 18, Dec. 17, 1993, 107 Stat. 2401, related to Housing Opportunity Hotline program.

A prior section 1447, act July 22, 1932, ch. 522, § 27, 47 Stat. 740, related to institutions authorized to subscribe for stock of banks, prior to repeal by Pub. L. 101-73, title VII, § 704(c), Aug. 9, 1989, 103 Stat. 416.

**§ 1448. Effect of partial invalidity of chapter**

If any provision of this chapter, or the application thereof to any person or circumstances, is held invalid, the remainder of the chapter, and the application of such provision to other persons or circumstances, shall not be affected thereby.

(July 22, 1932, ch. 522, § 28, 47 Stat. 740.)

**§ 1449. Reservation of right to amend or repeal chapter**

The right to alter, amend, or repeal this chapter is expressly reserved.

(July 22, 1932, ch. 522, § 30, 47 Stat. 741.)

**CHAPTER 11A—FEDERAL HOME LOAN MORTGAGE CORPORATION**

Sec.  
1451. Definitions.

Sec.  
1452. Federal Home Loan Mortgage Corporation.  
1453. Capitalization of Federal Home Loan Mortgage Corporation.  
1454. Purchase and sale of mortgages; residential mortgages; conventional mortgages; terms and conditions of sale or other disposition; authority to enter into, perform, and carry out transactions.  
1455. Obligations and securities of the Corporation.  
1456. Immunity of Corporation; audits and reporting requirements; data collection; Housing Advisory Council.  
1457. Prohibited activities; penalties for violations by organizations, officers and members of organizations, and individuals.  
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**§ 1451. Definitions**

As used in this chapter—

(a) The term “Board of Directors” means the Board of Directors of the Corporation.

(b) The term “Corporation” means the Federal Home Loan Mortgage Corporation created by this chapter.

(c) The term “law” includes any law of the United States or of any State (including any rule of law or of equity).

(d) The term “mortgage” includes such classes of liens as are commonly given or are legally effective to secure advances on, or the unpaid purchase price of, real estate under the laws of the State in which the real estate is located or a manufactured home that is personal property under the laws of the State in which the manufactured home is located together with the credit instruments, if any, secured thereby, and includes interests in mortgages.

(e) The term “organization” means any corporation, partnership, association, business trust, or business entity.

(f) The term “prescribe” means to prescribe by regulations or otherwise.

(g) The term “property” includes any property, whether real, personal, mixed, or otherwise, including without limitation on the generality of the foregoing choses in action and mortgages, and includes any interest in any of the foregoing.

(h) The term “residential mortgage” means a mortgage which (1) is a mortgage on real estate, in fee simple or under a leasehold having such term as may be prescribed by the Corporation, upon which there is located a structure or structures designed in whole or in part for residential use, or which comprises or includes one or more condominium units or dwelling units (as defined by the Corporation) and (2) has such characteristics and meets such requirements as to amount, term, repayment provisions, number of families, status as a lien on such real estate, and otherwise, as may be prescribed by the Corporation. The term “residential mortgage” also includes a loan or advance of credit insured under title I of the National Housing Act [12 U.S.C. 1702 et seq.] whose original proceeds are applied for in order to finance energy conserving improvements, or the addition of a solar energy system, to residential real estate. The term “residential mortgage” also includes a loan or advance of credit for such purposes, or purchased from any public utility carrying out activities in accordance

with the requirements of title II of the National Energy Conservation Policy Act [42 U.S.C. 8211 et seq.] if the residential mortgage to be purchased is a loan or advance of credit the original proceeds of which are applied for in order to finance the purchase and installation of residential energy conservation measures (as defined in section 210(11)<sup>1</sup> of the National Energy Conservation Policy Act) in residential real estate, not having the benefit of such insurance and includes loans made where the lender relies for purposes of repayment primarily on the borrower's general credit standing and forecast of income, with or without other security. The term "residential mortgage" is also deemed to include a secured loan or advance of credit the proceeds of which are intended to finance the rehabilitation, renovation, modernization, refurbishment, or improvement of properties as to which the Corporation may purchase a "residential mortgage" as defined under the first sentence of this subsection. Such term shall also include other secured loans that are secured by a subordinate lien against a property as to which the Corporation may purchase a residential mortgage as defined under the first sentence of this subsection. A "secured loan or advance of credit" is one in which a security interest is taken in the rehabilitated, renovated, modernized, refurbished, or improved property. Such term shall also include a mortgage, lien, or other security interest on the stock or membership certificate issued to a tenant-stockholder or resident-member by a cooperative housing corporation, 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 term "residential mortgage" also includes a loan or advance of credit secured by a mortgage or other lien on a manufactured home that is the principal residence of the borrower, without regard to whether the security property is real, personal, or mixed.

(i) The term "conventional mortgage" means a mortgage other than a mortgage as to which the Corporation has the benefit of any guaranty, insurance or other obligation by the United States or any of its agencies or instrumentalities.

(j) The term "security" has the meaning ascribed to it by section 77b of title 15.

(k) The term "State", whether used as a noun or otherwise, includes the several States, the District of Columbia, the Commonwealth of Puerto Rico, and the territories and possessions of the United States.

(l) The term "mortgage insurance program" includes, in the case of a residential mortgage secured by a manufactured home, any manufactured home lending program under title I of the National Housing Act [12 U.S.C. 1702 et seq.].

(Pub. L. 91-351, title III, §302, July 24, 1970, 84 Stat. 451; Pub. L. 95-619, title II, §245, Nov. 9, 1978, 92 Stat. 3233; Pub. L. 95-630, title XVII, §1702, Nov. 10, 1978, 92 Stat. 3718; Pub. L. 96-153, title III, §316(c), Dec. 21, 1979, 93 Stat. 1118; Pub.

L. 96-294, title V, §534(a)(2), June 30, 1980, 94 Stat. 741; Pub. L. 98-440, title II, §§202, 203(b)(1), 204, Oct. 3, 1984, 98 Stat. 1693-1695; Pub. L. 99-514, §2, Oct. 22, 1986, 100 Stat. 2095; Pub. L. 102-550, title XIII, §1382(b), Oct. 28, 1992, 106 Stat. 4002.)

### Editorial Notes

#### REFERENCES IN TEXT

The National Housing Act, referred to in subsecs. (h) and (l), is act June 27, 1934, ch. 847, 48 Stat. 1246. Title I of the National Housing Act is classified generally to subchapter I (§1702 et seq.) of chapter 13 of this title. For complete classification of this Act to the Code, see section 1701 of this title and Tables.

The National Energy Conservation Policy Act, referred to in subsec. (h), is Pub. L. 95-619, Nov. 9, 1978, 92 Stat. 3208. Title II of the 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 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.

#### AMENDMENTS

1992—Subsec. (h). Pub. L. 102-550 substituted "purchased from any public utility carrying out activities in accordance with the requirements of title II of the National Energy Conservation Policy Act if the residential mortgage to be purchased is a loan or advance of credit the original proceeds of which are applied for in order to finance the purchase and installation of residential energy conservation measures (as defined in section 210(11) of the National Energy Conservation Policy Act) in residential real estate" for "made by a public utility and purchased by the Corporation pursuant to the first sentence of section 1454(a)(1) of this title".

1986—Subsec. (h). 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. (d). Pub. L. 98-440, §202(a), inserted reference to a manufactured home that is personal property under the laws of the State in which the manufactured home is located.

Subsec. (h). Pub. L. 98-440, §203(b)(1), substituted "status as a lien" for "status as a first lien" and "Such term shall also include other secured loans that are secured by a subordinate lien against a property as to which the Corporation may purchase a residential mortgage as defined under the first sentence of this subsection" for "The maximum principal obligation of loans purchased by virtue of the preceding sentence shall not exceed the dollar limits prescribed by the Federal Home Loan Bank Board with respect to similar types of loans made by Federal savings and loan associations".

Pub. L. 98-440, §202(b), inserted provision that term "residential mortgage" also includes a loan or advance of credit secured by a mortgage or other lien on a manufactured home that is the principal residence of the borrower, without regard to whether the security property is real, personal, or mixed.

Subsec. (i). Pub. L. 98-440, §204, substituted "any of its agencies or instrumentalities" for "a State or an agency or instrumentality of either".

Subsec. (l). Pub. L. 98-440, §202(c), added subsec. (l).

1980—Subsec. (h). Pub. L. 96-294 inserted provision relating to loans or advances of credit made by a public utility and purchased by the Corporation pursuant to section 1454(a)(1) of this title.

1979—Subsec. (h). Pub. L. 96-153 expanded definition of residential mortgage to include a mortgage, lien, or other security interest on the stock or membership certificate issued to a tenant-stockholder or resident-

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

member by a cooperative housing corporation, 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.

1978—Subsec. (h). Pub. L. 95-630 inserted provisions expanding definition of “residential mortgage” to include a secured loan or advance of credit the proceeds of which are intended to finance the rehabilitation, renovation, modernization, refurbishment, or improvement of properties as to which the Corporation may purchase a “residential mortgage” as defined under first sentence of this subsection, provisions relating to the maximum principal obligation of loans, and provisions defining “secured loan or advance of credit”.

Pub. L. 95-619 inserted provisions relating to loans or advances of credit insured under title I of the National Housing Act whose original proceeds were applied for to finance energy conserving improvements or solar energy systems and provisions relating to certain loans or advances of credit for such purposes not so insured.

### Statutory Notes and Related Subsidiaries

#### EFFECTIVE DATE OF 1978 AMENDMENT

Pub. L. 95-630, title XVII, § 1703, Nov. 10, 1978, 92 Stat. 3719, provided that: “This title [amending sections 1451 and 1464 of this title] shall take effect upon enactment [Nov. 10, 1978].”

#### SHORT TITLE OF 1981 AMENDMENT

Pub. L. 97-110, title II, § 201, Dec. 26, 1981, 95 Stat. 1514, provided that: “This title [amending sections 1454 and 1717 of this title and enacting provisions set out as a note under section 1454 of this title] may be cited as the ‘Mortgage Purchase Amendments of 1981’.”

#### SHORT TITLE AND STATEMENT OF PURPOSE

Pub. L. 91-351, title III, § 301, July 24, 1970, 84 Stat. 451, as amended by Pub. L. 101-73, title VII, § 731(a), Aug. 9, 1989, 103 Stat. 429; Pub. L. 102-550, title XIII, § 1382(a), Oct. 28, 1992, 106 Stat. 4002, provided that:

“(a) This title [enacting this chapter] may be cited as the ‘Federal Home Loan Mortgage Corporation Act’.

“(b) It is the purpose of the Federal Home Loan Mortgage Corporation—

“(1) to provide stability in the secondary market for residential mortgages;

“(2) to respond appropriately to the private capital market;

“(3) to 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; and

“(4) to 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.”

#### REGULATIONS

Pub. L. 102-550, title XIII, § 1383, Oct. 28, 1992, 106 Stat. 4008, directed the Secretary of Housing and Urban Development and the Director to issue final regulations to implement amendments by subtitle D (§§ 1381-1383) of title XIII of Pub. L. 102-550 not later than the expiration of the 18-month period beginning on Oct. 28, 1992, prior to repeal by Pub. L. 110-289, div. A, title I, § 1161(a)(4), July 30, 2008, 122 Stat. 2779.

### § 1452. Federal Home Loan Mortgage Corporation

#### (a) Creation; Board of Directors; policies; principal office; membership; term; vacancies

(1) There is hereby created the Federal Home Loan Mortgage Corporation, which shall be a body corporate under the direction of a Board of Directors. Within the limitations of law and regulation, the Board of Directors shall determine the general policies that govern the operations of the Corporation. The principal office of the Corporation shall be in the District of Columbia or at any other place determined by the Corporation.

(2)(A) The Board of Directors of the Corporation shall consist of 13 persons, or such other number as the Director determines appropriate, who shall be elected annually by the voting common stockholders. Except to the extent action under section 4636a of this title temporarily results in a lesser number, the Board of Directors shall at all times have as members at least 1 person from the homebuilding industry, at least 1 person from the mortgage lending industry, at least 1 person from the real estate industry, and at least 1 person from an organization that has represented consumer or community interests for not less than 2 years or 1 person who has demonstrated a career commitment to the provision of housing for low-income households.

(B) Each member of the Board of Directors shall be elected for a term ending on the date of the next annual meeting of the voting common stockholders.

(C) Any seat on the Board of Directors that becomes vacant after the annual election of the directors shall be filled by the Board of Directors, but only for the unexpired portion of the term.

(D) Any member of the Board of Directors who is a full-time officer or employee of the Federal Government shall not, as such member, receive compensation for services as such a member.

#### (b) Capital distributions; limitation

(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.

(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.

#### (c) Powers of the Corporation

The Corporation shall have power (1) to adopt, alter, and use a corporate seal; (2) to have succession until dissolved by Act of Congress; (3) to make and enforce such bylaws, rules, and regulations as may be necessary or appropriate to