

CHAPTER 11A—FEDERAL HOME LOAN MORTGAGE CORPORATION

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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) ¹ 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.)

REFERENCES IN TEXT

The National Housing Act, referred to in subsecs. (h) and (l), is act [June 27, 1934, ch. 847](#), 48 Stat. 1246, as amended. 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, as amended. 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-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.

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.

¹ See References in Text note below.

§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 carry out the purposes or provisions of this chapter; (4) to make and perform contracts, agreements, and commitments; (5) to prescribe and impose fees and charges for services by the Corporation; (6) to settle, adjust, and compromise, and with or without consideration or benefit to the Corporation to release or waive in whole or in part, in advance or otherwise, any claim, demand, or right of, by, or against the Corporation; (7) to sue and be sued, complain and defend, in any State, Federal, or other court; (8) to acquire, take, hold, and own, and to deal with and dispose of any property; and (9) to determine its necessary expenditures and the manner in which the same shall be incurred, allowed, and paid, and appoint, employ, and fix and provide for the compensation and benefits of officers, employees, attorneys, and agents as the Board of Directors determines reasonable and comparable with compensation for employment in other similar businesses (including publicly held financial institutions or other 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 subsection (h)(3)) of the Corporation shall be based on the performance of the Corporation, all without regard to any other law except as may be provided by the Corporation or by laws hereafter enacted by the Congress expressly in limitation of this sentence. The Corporation, with the consent of any such department, establishment, or instrumentality, including any field services thereof, may utilize and act through any such department, establishment, or instrumentality and may avail itself of the use of information, services, facilities, and personnel thereof, and may pay compensation therefor, and all of the foregoing are hereby authorized to provide the same to the Corporation as it may request.

(d) Investment of funds; designation as depository, custodian, or agent for Corporation of any Federal Reserve bank, Federal home loan bank, or any bank designated as depository of public money

Funds of the Corporation may be invested in such investments as the Board of Directors may prescribe. Any Federal Reserve bank or Federal home loan bank, or any bank as to which at the time of its designation by the Corporation there is outstanding a designation by the Secretary of the Treasury as a general or other depository of public money, may be designated by the Corporation as a depository or custodian or as a fiscal or other agent of the Corporation, and is hereby authorized to act as such depository, custodian, or agent. When designated for that purpose by the Secretary of the Treasury, the Corporation shall be a depository of public money, under such regulations as may be prescribed by the Secretary of the Treasury, and may also be employed as fiscal or other agent of the United States, and it shall perform all such reasonable duties as such depository or agent as may be required of it.

(e) Exemption from Federal, State, and local taxation; exception; applicability of other provisions

The Corporation, including its franchise, activities, capital, reserves, surplus, and income, shall be exempt from all taxation now or hereafter imposed by any territory, dependency, or possession of the United States or by any State, 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 according to its value as other real property is taxed.

(f) Actions by and against the Corporation; jurisdiction; removal of actions; attachment or execution issued against the Corporation

Notwithstanding section 1349 of title 28 or any other provision of law, (1) the Corporation shall be deemed to be an agency included in sections 1345 and 1442 of such title 28; (2) all civil actions to which the Corporation is a party shall be deemed to arise under the laws of the United States, and the district courts of the United States shall have original jurisdiction of all such actions, without regard to amount or value; and (3) any civil or other action, case or controversy in a court of a State, or in any court other than a district court of the United States, to which the Corporation is a party may at any time before the trial thereof be removed by the Corporation, without the giving of any bond or security, to the district court of the United States for the district and division embracing the place where the same is pending, or, if there is no such district court, to the district court of the United States for the district in which the principal office of the Corporation is located, by following any procedure for removal of causes in effect at the time of such removal.

(g) Mortgages, obligations, or other securities sold by Corporation deemed lawful investments for security purposes

All mortgages, obligations, or other securities which are or have been sold by the Corporation pursuant to section 1454 or section 1455 of this title shall be lawful investments, and may be accepted as security for all fiduciary, trust, and public funds, the investment or deposits of which shall be under the authority and control of the United States or any officers thereof.

(h) Report on comparability of compensation policies and financial performance of Corporation and payments earned by executive officers; prohibition on payments to terminated executive officers

(1) 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 (A) the comparability of the compensation policies of the Corporation with the compensation policies of other similar businesses, (B) 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 (C) 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.

(2) Notwithstanding the first sentence of subsection (c), 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 paragraph, 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.

(3) For purposes of this subsection, the term "executive officer" has the meaning given the term in section 4502 of this title.

(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 4518 of this title.

(Pub. L. 91–351, title III, §303, July 24, 1970, 84 Stat. 452; Pub. L. 96–153, title III, §316(b), Dec. 21, 1979, 93 Stat. 1118; Pub. L. 98–369, div. A, title I, §177(a), July 18, 1984, 98 Stat. 709; Pub. L. 101–73, title VII, §731(b)(1), (c), Aug. 9, 1989, 103 Stat. 429, 431; Pub. L. 102–550, title XIII, §1382(c)(1), (d)–(h), Oct. 28, 1992, 106 Stat. 4002–4004; Pub. L. 110–289, div. A, title I, §§1113(b)(2), 1153(b)(3), 1161(c)(1), 1162(b)(1), July 30, 2008, 122 Stat. 2678, 2775, 2780, 2781.)

AMENDMENTS

2008—Subsec. (a)(2)(A). Pub. L. 110–289, §1162(b)(1)(A), substituted "13 persons, or such other number as the Director determines appropriate, who" for "18 persons, 5 of whom shall be appointed annually by the President of the United States and the remainder of whom" in first sentence and struck out "appointed by the President of the United States" after "as members" in second sentence.

Pub. L. 110–289, §1153(b)(3), substituted "Except to the extent action under section 4636a of this title temporarily results in a lesser number, the" for "The" in second sentence.

Subsec. (a)(2)(B). Pub. L. 110–289, §1162(b)(1)(B), struck out "such or" before "elected" and ", except that any appointed member may be removed from office by the President for good cause" before period at end.

Subsec. (a)(2)(C). Pub. L. 110–289, §1162(b)(1)(C), struck out "elective" after "Any" in second sentence and struck out first sentence which read as follows: "Any appointive seat on the Board of Directors that becomes vacant shall be filled by appointment by the President of the United States, but only for the unexpired portion of the term."

Subsecs. (b)(2), (h)(2). Pub. L. 110–289, §1161(c)(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. (h)(4). Pub. L. 110–289, §1113(b)(2), added par. (4).

1992—Subsec. (a)(2)(A). Pub. L. 102–550, §1382(c)(1), in second sentence, struck out "and" after "mortgage lending industry," and inserted before period " , 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".

Subsec. (a)(2)(B). Pub. L. 102–550, §1382(d), inserted before period at end " , except that any appointed member may be removed from office by the President for good cause".

Subsec. (b). Pub. L. 102–550, §1382(e), amended subsec. (b) generally, substituting present provisions for provisions which outlined general regulatory authority of the Secretary of Housing and Urban Development over Corporation in such areas as mortgage purchases, dividends, examinations and audits, outstanding obligations, conversion of stock and debt obligations, residential mortgage transactions, and approval or disapproval of requests.

Subsec. (c). Pub. L. 102–550, §1382(f)(1), (g), in cl. (9) of first sentence, inserted "as the Board of Directors determines reasonable and comparable with compensation for employment in other similar businesses (including publicly held financial institutions or other 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 subsection (h)(3)) of the Corporation shall be based on the performance of the Corporation" and struck out after first sentence "Nothing in this chapter or any other law shall be construed to prevent the appointment, employment, and provision

for compensation and benefits, as an officer, employee, attorney, or agent of the Corporation, of any officer, employee, attorney, or agent of any department, establishment, or corporate or other instrumentality of the Government, including any Federal home loan bank or member thereof."

Subsec. (f). Pub. L. 102–550, §1382(h), struck out at end "No attachment or execution shall be issued against the Corporation or any of its property before final judgment in any State, Federal, or other court."

Subsec. (h). Pub. L. 102–550, §1382(f)(2), added subsec. (h).

1989—Subsec. (a). Pub. L. 101–73, §731(b)(1), amended subsec. (a) generally, reorganizing provisions into pars. (1) and (2), and substituting provisions setting forth general policies as governing Board, membership requirements and vacancies, for provisions setting forth status of members, liabilities, and conditions and limitations.

Subsecs. (b) to (g). Pub. L. 101–73, §731(c), added subsec. (b) and redesignated former subsecs. (b) to (f) as (c) to (g), respectively.

1984—Subsec. (d). Pub. L. 98–369 struck out "by the United States," before "by any territory", substituted "possession of the United States" for "possession thereof," and struck out "The provisions of this subsection shall be applicable without regard to any other law, including without limitation on the generality of the foregoing section 3301 of title 26, except laws hereafter enacted by Congress expressly in limitation of this subsection."

1979—Subsec. (f). Pub. L. 96–153 added subsec. (f).

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 1992 AMENDMENT

Pub. L. 102–550, [title XIII, §1382\(c\)\(2\)](#), [Oct. 28, 1992](#), 106 Stat. 4002, 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 Home Loan Mortgage Corporation that occurs after the date of the enactment of this Act [Oct. 28, 1992]."

EFFECTIVE DATE OF 1984 AMENDMENT

Amendment by Pub. L. 98–369, effective Jan. 1, 1985, see section 177(d) of Pub. L. 98–369, set out as a note under section 172 of Title 26, Internal Revenue Code.

TRANSITIONAL PROVISIONS

Pub. L. 110–289, [div. A, title I, §1162\(b\)\(2\)](#), [July 30, 2008](#), 122 Stat. 2782, 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 Home Loan Mortgage Corporation 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."

Pub. L. 101–73, [title VII, §731\(b\)\(2\)](#), [Aug. 9, 1989](#), 103 Stat. 430, provided that:

"(A) INTERIM BOARD.—

"(i) ESTABLISHMENT.—There shall be an interim Board of Directors of the Federal Home Loan Mortgage Corporation, which shall serve from the date of the enactment of this Act [Aug. 9, 1989] until the date of the 1st meeting of the voting common shareholders of the Corporation at which the first election of the directors elected by the shareholders occurs.

"(ii) MEMBERS.—The interim Board of Directors of the Federal Home Loan Mortgage Corporation shall consist of—

"(I) the President of the Corporation; and

"(II) the persons who were (on the day before the date of the enactment of this Act) the Chairman of the Federal Home Loan Bank Board and the Secretary of Housing and Urban Development (or their designees).

"(iii) QUORUM.—A quorum of the interim Board of Directors of the Federal Home Loan Mortgage Corporation shall consist of a majority of the directors duly serving from time to time.

"(B) ELECTION OF PERMANENT DIRECTORS.—The first meeting of the voting common shareholders of the Federal Home Loan Mortgage Corporation for election of directors shall occur, under procedures established by the Corporation, within 6 months after the date of the enactment of this Act."

§1453. Capitalization of Federal Home Loan Mortgage Corporation

(a) Common stock; issuance

The common stock of the Corporation shall consist of voting common stock, which shall be issued to such holders in the manner and amount, and subject to any limitations on concentration of ownership, as may be established by the Corporation.

(b) Par value

The voting common stock shall have such par value and other characteristics as the Corporation provides. The voting common stock shall be vested with all voting rights, each share being entitled to 1 vote. The free transferability of the voting common 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.

(Pub. L. 91-351, [title III, §304, July 24, 1970](#), 84 Stat. 454; Pub. L. 101-73, [title VII, §731\(d\)\(1\), \(3\), Aug. 9, 1989](#), 103 Stat. 432; Pub. L. 102-550, [title XIII, §1382\(i\), Oct. 28, 1992](#), 106 Stat. 4004.)

AMENDMENTS

1992—Subsec. (a). Pub. L. 102-550, §1382(i)(2), (3)(C), redesignated par. (1) as subsec. (a), struck out provisions of par. (1)(A) which related to common stock of Corporation consisting in part of nonvoting common stock issued only to Federal home loan banks, restate provisions of par. (1)(B) as text of subsec. (a), and redesignated par. (2) as subsec. (b).

Subsec. (b). Pub. L. 102-550, §1382(i)(1), (3), redesignated subsec. (a)(2) as (b), struck out "nonvoting common stock and the" before "voting common stock shall have such", struck out at end "Nonvoting common stock of the Corporation shall be evidenced in the manner and shall be transferable only to the extent, to the transferees, and in the manner, provided by the Corporation.", and struck out former subsec. (b) which read as follows: "The Federal home loan banks shall from time to time subscribe, at such price not less than par as the Corporation shall from time to time fix, for such amounts of nonvoting common stock as the Corporation prescribes, and such banks shall pay therefor at such time or times and in such amount or amounts as may from time to time be fixed by call of the Corporation. The amount of the payments for which such banks may be obligated under such subscriptions shall not exceed a cumulative total of \$100,000,000."

Subsec. (c). Pub. L. 102-550, §1382(i)(1), struck out subsec. (c) which read as follows: "Subscriptions of the respective Federal home loan banks to nonvoting common stock shall be allocated by the Corporation."

Subsec. (d). Pub. L. 102-550, §1382(i)(1), struck out subsec. (d) which read as follows: "The Corporation may retire at any time all or any part of the nonvoting common stock of the Corporation, or may call for retirement all or any part of the nonvoting common stock of the Corporation by (1) publishing a notice of the call in the Federal Register or providing such notice in such other manner as the Corporation may determine to be appropriate, and (2) depositing with the Treasurer of the United States, for the purpose of such retirement, funds sufficient to effect such retirement. No call for the retirement of any nonvoting common stock shall be made, and no nonvoting common stock shall be retired without call, if immediately after such action, the total of the nonvoting common stock not called for retirement and of the reserves and surplus of the Corporation would be less than \$100,000,000. The retirement of nonvoting common stock shall be at the par value thereof, or at the price at which such nonvoting common stock was issued if such price is greater than par value. No declaration of any dividend on nonvoting common stock of the Corporation shall be effective with respect to nonvoting common stock which at the time of such declaration is the subject of an outstanding retirement call the effective date of which has arrived."

1989—Subsec. (a). Pub. L. 101-73, §731(d)(1), amended subsec. (a) generally. Prior to amendment, subsec. (a) read as follows: "The capital stock of the Corporation shall consist of nonvoting common stock which shall be issued only to Federal home loan banks and shall have such par value and such other characteristics as the Corporation prescribes. Stock of the Corporation shall be evidenced in such manner and shall be transferable only to such extent, to such transferees, and in such manner as the Corporation prescribes."

Subsec. (b). Pub. L. 101-73, §731(d)(3)(A), substituted "nonvoting common stock" for "common stock".

Subsec. (c). Pub. L. 101-73, §731(d)(3)(B), substituted "nonvoting common stock" for "such stock".

Subsec. (d). Pub. L. 101-73, §731(d)(3)(C), inserted "nonvoting common" before "stock" wherever appearing.

CONVERSION OF STOCK

Pub. L. 101-73, [title VII, §731\(d\)\(2\), Aug. 9, 1989](#), 103 Stat. 432, provided that: "On the date of the enactment of this Act [Aug. 9, 1989], each share of outstanding senior participating preferred stock of the Federal Home Loan Mortgage Corporation, with a par value of \$2.50 per share, shall be changed into and shall become 1 share of voting common stock of the Corporation. Such voting common stock

shall, with respect to the nonvoting common stock of the Corporation, retain all of the rights, priorities and privileges of the senior participating preferred stock. The transformation of the senior participating preferred stock into voting common stock under this paragraph shall be deemed to satisfy the obligation of the Corporation to redeem senior participating preferred stock for non-callable common stock."

§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

(a) Authority for purchase and sale; residential mortgages; conventional mortgages; terms and conditions of sale or other disposition; lending activities

(1) The Corporation is authorized to purchase, and make commitments to purchase, residential mortgages. The Corporation may hold and deal with, and sell or otherwise dispose of, pursuant to commitments or otherwise, any such mortgage or interest therein. The operations of the Corporation under this section shall be confined so far as practicable to residential 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. The Corporation may establish requirements, and impose charges or fees, which may be regarded as elements of pricing, for different classes of sellers or servicers, and for such purposes the Corporation is authorized to classify sellers or servicers according to type, size, location, assets, or, without limitation on the generality of the foregoing, on such other basis or bases of differentiation as the Corporation may consider necessary or appropriate to effectuate the purposes or provisions of this chapter. The Corporation may specify requirements concerning among other things, (A) minimum net worth; (B) supervisory mechanisms; (C) warranty compensation mechanisms; (D) prior approval of facilities; (E) prior origination and servicing experience with respect to different types of mortgages; (F) capital contributions and substitutes; (G) mortgage purchase volume limits; and (H) reduction of mortgage purchases during periods of borrowing. With respect to any particular type of seller, the Corporation shall not be required to make available programs involving prior approval of mortgages, optional delivery of mortgages, and purchase of other than conventional mortgages to an extent greater than the Corporation elects to make such programs available to other types of eligible sellers. Any requirements specified by the Corporation pursuant to the preceding three sentences must bear a rational relationship to the purposes or provisions of this chapter, but will not be considered discriminatory solely on the grounds of differential effects on types of eligible sellers. Insofar as is practicable, the Corporation shall make reasonable efforts to encourage participation in its programs by each type of eligible seller. Nothing in this section authorizes the Corporation to impose any charge or fee upon any mortgagee approved by the Secretary of Housing and Urban Development for participation in any mortgage insurance program under the National Housing Act [12 U.S.C. 1701 et seq.] solely because of such status.

(2) No conventional mortgage secured by a property comprising one- to four-family dwelling units shall be purchased under this section 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. With respect to any transaction in which a seller contemporaneously sells mortgages originated more than one year old prior to the date of sale to the Corporation and receives in payment for such mortgages securities representing undivided interests only in those mortgages, the Corporation shall not impose any fee or charge upon an eligible seller which is not a member of a Federal Home Loan Bank which differs from that imposed upon an eligible seller which is such a member. 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 sale or other disposition by the Corporation of a mortgage under this section may be with or without recourse, and shall be upon such terms and conditions relating to resale, repurchase, guaranty, substitution, replacement, or otherwise as the Corporation may prescribe.

(4)(A) The Corporation is authorized to purchase, service, sell, lend on the security of, and otherwise deal in (i) residential 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) residential mortgages that are secured by a subordinate lien against a property comprising five or more family dwelling units. If the Corporation 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 such mortgages. 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 secured by a subordinate lien 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 (iii) of such sentence.

(5) The Corporation is authorized to lend on the security of, and to make commitments to lend on the security of, any mortgage that the Corporation is authorized to purchase under this section. 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 paragraph, shall be determined by the Corporation from time to time; and such determinations shall be consistent with the objectives that the lending activities shall 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 paragraph shall be within its income derived from such operations and that such operations shall be fully self-supporting. The Corporation shall not be permitted to use its lending authority under this paragraph (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 hereby empowered, in connection with any loan under this paragraph, whether before or after any default, to provide by contract with the borrower for the settlement or extinguishment, upon default, of any redemption, equitable, 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) Authority of other institutions to enter into, perform, and carry out transactions

Notwithstanding any other law, authority to enter into and to perform and carry out any transactions or matter referred to in this section is conferred on any Federal home loan bank, the Resolution Trust Corporation, the Federal Deposit Insurance Corporation, the National Credit Union Administration, any Federal savings and loan association, any Federal home loan bank member, and any other financial institution the deposits or accounts of which are insured by an agency of the United States to the extent that Congress has the power to confer such authority.

(c) Prior approval of Secretary for new programs

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 ¹ of this title.

(d) Use of credit scores as condition for approval of residential mortgages

(1) Definition

In this subsection, 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.

(2) Use of credit scores

The Corporation shall condition purchase of a residential mortgage by the Corporation under this section on the provision of a credit score for the borrower only if—

(A) the credit score is derived from any credit scoring model that has been validated and approved by the Corporation under this subsection; and

(B) 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.

(3) 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—

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

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

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

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

(E) satisfies any other requirements, as determined by the Corporation.

(4) Replacement of credit score model

If the Corporation has validated and approved 1 or more credit score models under paragraph (3) and the Corporation validates and approves an additional credit score model, the Corporation may determine that—

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

(B) the credit score model or credit score models previously validated and approved shall no longer be considered validated and approved for the purposes of paragraph (2).

(5) Public disclosure

Upon establishing the validation and approval process required under paragraph (3), the Corporation shall make publicly available a description of the validation and approval process.

(6) Application

Not later than 30 days after the effective date of this subsection, the Corporation shall solicit applications from developers of credit scoring models for the validation and approval of those models under the process required under paragraph (3).

(7) Timeframe for determination; notice

(A) In general

The Corporation shall make a determination with respect to any application submitted under paragraph (6), 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.

(B) Extensions

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

(C) Status notice

The Corporation shall provide notice to an applicant regarding the status of an application submitted under paragraph (6) not later than 60 days after the date on which the application was submitted to the Corporation.

(D) Reasons for disapproval

If an application submitted under paragraph (6) 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 paragraph.

(8) Authority of Director

If the Corporation elects to use a credit score under this subsection, the Director of the Federal Housing Finance Agency shall require the Corporation to periodically review the validation and approval process required under paragraph (3) 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.

(9) Extension

If, as of the effective date of this subsection, a credit score model has not been approved under paragraph (3), the Corporation may use a credit score model that was in use before the effective date of this subsection, if necessary to prevent substantial market disruptions, until the earlier of—

(A) the date on which a credit score model is validated and approved under paragraph (3); or

(B) the date that is 2 years after the effective date of this subsection.

(Pub. L. 91–351, title III, §305, July 24, 1970, 84 Stat. 454; Pub. L. 93–383, title VIII, §805(a), (b), Aug. 22, 1974, 88 Stat. 726; Pub. L. 93–495, title I, §113, Oct. 28, 1974, 88 Stat. 1506; Pub. L. 95–128, title IV, §408(b), Oct. 12, 1977, 91 Stat. 1138; Pub. L. 95–557, title III, §321(a), (b), Oct. 31, 1978, 92 Stat. 2101; Pub. L. 96–294, title V, §534(a)(1), June 30, 1980, 94 Stat. 740; Pub. L. 96–399, title III, §313(b), Oct. 8, 1980, 94 Stat. 1644; Pub. L. 97–110, title II, §§202(a), (b)(1), 203, Dec. 26, 1981, 95 Stat. 1514, 1515; Pub. L. 98–440, title II, §§201(b), 203(b)(2),

205(b), 206(b), Oct. 3, 1984, 98 Stat. 1693–1696; Pub. L. 100–122, §2(b)(2), 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(b), 445, Feb. 5, 1988, 101 Stat. 1922; Pub. L. 100–628, title X, §1068(b), Nov. 7, 1988, 102 Stat. 3726; Pub. L. 101–73, title VII, §731(e), (f)(2), Aug. 9, 1989, 103 Stat. 433; Pub. L. 102–550, title XIII, §1382(j)–(m), Oct. 28, 1992, 106 Stat. 4004; Pub. L. 105–276, title II, §202(a), title V, §582(a)(14), Oct. 21, 1998, 112 Stat. 2483, 2644; Pub. L. 105–277, div. A, §122, Oct. 21, 1998, 112 Stat. 2681–546; Pub. L. 110–289, div. A, title I, §1124(b)(1), (2), July 30, 2008, 122 Stat. 2692; Pub. L. 115–174, title III, §310(b), May 24, 2018, 132 Stat. 1353.)

REFERENCES IN TEXT

The National Housing Act, referred to in subsec. (a)(1), is act [June 27, 1934, ch. 847](#), 48 Stat. 1246, as amended, which is classified principally to chapter 13 (§1701 et seq.) of this title. For complete classification of this Act to the Code, see section 1701 of this title and Tables.

This chapter, referred to in subsec. (a)(1), was in the original "this Act" and has been translated as reading "this title", meaning title III of Pub. L. 91–351, to reflect the probable intent of Congress.

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

Section 4542 of this title, referred to in subsec. (c), was repealed and a new section 4542 was added by Pub. L. 110–289, [div. A, title I, §§1121\(2\), 1124\(d\), July 30, 2008](#), 122 Stat. 2689, 2693. The new section 4542 does not relate to obtaining the approval of the Secretary.

The effective date of this subsection, referred to in subsec. (d)(6), (9), 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 below.

AMENDMENTS

2018—Subsec. (d). Pub. L. 115–174 added subsec. (d).

2008—Subsec. (a)(2). Pub. L. 110–289 substituted "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." for "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." and inserted last sentence.

1998—Subsec. (a)(2). Pub. L. 105–276, §582(a)(14), 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 207(c)(3) of the National Housing Act, 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."

Pub. L. 105–276, §202(a), which directed the amendment of the first sentence of par. (2) by striking out "or" at end of cl. (B) and substituting "; or (D) the mortgage is subject to default loss protection that the Corporation determines is financially equal or superior, on an individual or pooled basis, to the protection provided by clause (C) of this sentence: *Provided*, That if the Director of the Office of Federal Housing Enterprise Oversight subsequently finds that such default loss protection determined by the Corporation does not provide such equal or superior protection, the Corporation shall provide such additional default loss protection for such mortgage, as approved by the Director of the Office of

Federal Housing Enterprise Oversight, necessary to provide such equal or superior protection." for the period at end, was repealed by Pub. L. 105–277, effective upon enactment of Pub. L. 105–276.

1992—Subsec. (a)(1). Pub. L. 102–550, §1382(j), in first sentence, substituted a period for "from any Federal home loan bank, the Resolution Trust Corporation, the Federal Deposit Insurance Corporation, the National Credit Union Administration, any member of a Federal home loan bank, or any other financial institution the deposits or accounts of which are insured by an agency of the United States, or from any financial institution the deposits or accounts of which are insured under the laws of any State if the total amount of time and savings deposits held in all such institutions in that State is more than 20 per centum of the total amount of such deposits in all banks, building and loan, savings and loan, and homestead associations (including cooperative banks) in that State or from any mortgagee approved by the Secretary of Housing and Urban Development for participation in any mortgage insurance program under the National Housing Act or 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." and in second sentence, substituted a period for ", and the servicing on any such mortgage may be performed by the seller or by a financial institution qualified as a seller under the provisions of the preceding sentence, or by a mortgagee approved by the Secretary of Housing and Urban Development for participation in any mortgage insurance program under the National Housing Act, with which institution or mortgagee the seller may contract."

Subsec. (a)(2). Pub. L. 102–550, §1382(k), substituted "Hawaii, and the Virgin Islands" for "and Hawaii" in last sentence.

Subsec. (c). Pub. L. 102–550, §1382(l), (m), added subsec. (c) and struck out former subsec. (c) which read as follows: "The Board of Directors may not impose any annual limitation on the maximum aggregate principal amount of mortgages purchased by the Corporation."

1989—Subsec. (a)(1). Pub. L. 101–73, §731(e)(1), (f)(2)(A), substituted "Resolution Trust Corporation" for "Federal Savings and Loan Insurance Corporation" and inserted at end "Nothing in this section authorizes the Corporation to impose any charge or fee upon any mortgagee approved by the Secretary of Housing and Urban Development for participation in any mortgage insurance program under the National Housing Act solely because of such status."

Subsec. (a)(2). Pub. L. 101–73, §731(f)(2), substituted "Resolution Trust Corporation" for "Federal Savings and Loan Insurance Corporation" and "Federal Housing Finance Board" for "Federal Home Loan Bank Board".

Subsec. (a)(5). Pub. L. 101–73, §731(e)(2), added par. (5).

Subsec. (b). Pub. L. 101–73, §731(f)(2)(A), substituted "Resolution Trust Corporation" for "Federal Savings and Loan Insurance Corporation".

1988—Subsec. (a)(4)(A)(i). Pub. L. 100–242, §443(b), struck out "through March 15, 1988," before "residential mortgages".

Subsec. (a)(4)(A)(ii). Pub. L. 100–628 struck out "until October 1, 1985," before "residential mortgages".

Subsec. (c). Pub. L. 100–242, §445, added subsec. (c).

1987—Subsec. (a)(4)(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".

1984—Subsec. (a)(2). Pub. L. 98–440, §205(b), which directed insertion of "secured by a property comprising one- to four-family dwelling units" after "mortgages" where first appearing in first sentence was executed by inserting that phrase after "No conventional mortgage" as the probable intent of Congress.

Pub. L. 98–440, §201(b), substituted "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" for "The Corporation shall establish limitations governing the maximum principal obligation of conventional mortgages purchased by it".

Pub. L. 98–440, §206(b), 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 required any increase in the dollar amount limitations under such section.

Subsec. (a)(4). Pub. L. 98–440, §203(b)(2), added par. (4).

1981—Subsec. (a)(1). Pub. L. 97–110, §203, added the Federal Deposit Insurance Corporation and the National Credit Union Administration to the enumeration of agencies from which the Federal

Home Loan Mortgage Corporation is authorized to purchase residential mortgages.

Subsec. (a)(2). Pub. L. 97–110, §202(a), substituted provisions authorizing 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 authorized 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 purchases did not exceed 20 per centum of the cumulative aggregate of the principal balances of all conventional mortgages purchased by the Corporation.

Pub. L. 97–110, §202(b)(1), inserted provision that, with respect to any transaction in which a seller contemporaneously sells mortgages originated more than one year old prior to the date of sale to the Corporation and receives in payment for such mortgages securities representing undivided interests only in those mortgages, the Corporation shall not impose any fee or charge upon an eligible seller which is not a member of a Federal Home Loan Bank which differs from that imposed upon an eligible seller which is such a member.

Subsec. (b). Pub. L. 97–110, §203, added the Federal Deposit Insurance Corporation and the National Credit Union Administration to the enumeration of agencies having the authority to enter into and to perform and carry out transactions and matters referred to in this section.

1980—Subsec. (a)(1). Pub. L. 96–294 inserted provisions relating to public utilities carrying out activities in accordance with the requirements of title II of the National Energy Conservation Policy Act.

Subsec. (a)(2). Pub. L. 96–399 inserted provisions setting forth limitations respecting mortgages secured by a single-family residence, etc., and struck out provisions making the limitations set forth in first proviso of first sentence of section 1464(c) of this title.

1978—Subsec. (a)(1). Pub. L. 95–557 inserted reference to any mortgagee approved by the Secretary of Housing and Urban Development at end of first sentence, and inserted last five sentences relating to imposition of charges or fees for different classes of sellers or servicers, etc.

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

1974—Subsec. (a)(1). Pub. L. 93–495 inserted provisions relating to State insurance of deposits or accounts in financial institutions.

Pub. L. 93–383, §805(a), substituted ". The Corporation may hold" for ", and to hold" and inserted provisions relating to the servicing of any such mortgage by the seller or qualified financial institution.

Subsec. (a)(2). Pub. L. 93–383, §805(b), substituted "80" for "75" in two places and "not exceed 20" for "not 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 if the mortgage were insured by the Secretary under section 1709(b) or 1713 of this title.

EFFECTIVE DATE OF 2018 AMENDMENT

Pub. L. 115–174, [title III, §310\(d\), May 24, 2018](#), 132 Stat. 1355, provided that: "The amendments made by subsections (a) and (b) [amending this section and section 1717 of this title] shall take effect on the date that is 180 days after the date of enactment of this Act [May 24, 2018]."

EFFECTIVE DATE OF 2008 AMENDMENT

Pub. L. 110–289, [div. A, title I, §1124\(b\)\(3\), July 30, 2008](#), 122 Stat. 2693, 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 AMENDMENTS

Pub. L. 105–277, [div. A, §122, Oct. 21, 1998](#), 112 Stat. 2681–546, provided that the amendment made by section 122 is effective upon enactment of Pub. L. 105–276 (Oct. 21, 1998).

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 1981 AMENDMENT

Pub. L. 97–110, [title II, §202\(b\)\(2\)](#), Dec. 26, 1981, 95 Stat. 1514, provided that: "The amendment made by paragraph (1) [amending this section] shall take effect on January 1, 1982, and shall apply to commitments entered into on or after such date."

EFFECTIVE DATE OF 1978 AMENDMENT

Pub. L. 95–557, [title III, §321\(c\)](#), Oct. 31, 1978, 92 Stat. 2102, provided: "The amendments made by this section [amending this section] shall become effective at the end of the two hundred and ten calendar days after enactment of this Act [Oct. 31, 1978], but not before January 31, 1979, or on such earlier date as the Federal Home Loan Mortgage Corporation may prescribe."

SAVINGS PROVISION

Pub. L. 105–276, [title V, §582\(b\)](#), Oct. 21, 1998, 112 Stat. 2644, provided that: "Except to the extent otherwise provided in this Act [see Tables for classification], the repeals made by subsection (a) [amending this section and section 1717 of this title, repealing sections 1437a–1, 1437j–1, 1438, and 11903a of Title 42, The Public Health and Welfare, amending provisions set out as a note under section 1437f of Title 42, and repealing provisions set out as notes under section 1701z–6 of this title and sections 1437f, 1437g, and 1437t of Title 42] shall not affect any legally binding obligations entered into before the effective date under section 503(a) of this Act [set out as a note under section 1437 of Title 42]."

¹ See References in Text note below.

§1455. Obligations and securities of the Corporation

(a) Authority to issue; terms and conditions; validity

The Corporation is authorized, upon such terms and conditions as it may prescribe, to borrow, to give security, to pay interest or other return, and to issue notes, debentures, bonds, or other obligations, or other securities, including without limitation mortgage-backed securities guaranteed by the Government National Mortgage Association in the manner provided in section 1721(g) of this title. Any obligation or security of the Corporation shall be valid and binding notwithstanding that a person or persons purporting to have executed or attested the same may have died, become under disability, or ceased to hold office or employment before the issuance thereof.

(b) Prohibitions and restrictions; creation of liens and charges; rank and priority; causes of action to enforce; jurisdiction; service of process

The Corporation may, by regulation or by writing executed by the Corporation, establish prohibitions or restrictions upon the creation of indebtedness or obligations of the Corporation or of liens or charges upon property of the Corporation, including after-acquired property, and create liens and charges, which may be floating liens or charges, upon all or any part or parts of the property of the Corporation, including after-acquired property. Such prohibitions, restrictions, liens, and charges shall have such effect, including without limitation on the generality of the foregoing such rank and priority, as may be provided by regulations of the Corporation or by writings executed by the Corporation, and shall create causes of action which may be enforced by action in the United States District Court for the District of Columbia or in the United States district court for any judicial district in which any of the property affected is located. Process in any such action may run to and be served in any judicial district or any place subject to the jurisdiction of the United States.

(c) Purchase of obligations; funds, maximum amount of purchases, etc.

(1) The Secretary of the Treasury may purchase any obligations issued under subsection (a). For such purpose, the Secretary may use as a public debt transaction 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 such chapter are extended to include such purpose.

(2) The Secretary of the Treasury shall not at any time purchase any obligations under this subsection if the purchase would increase the aggregate principal amount of the outstanding holdings of obligations under this subsection by the Secretary to an amount greater than \$2,250,000,000.

(3) Each purchase of obligations by the Secretary of the Treasury under this subsection shall be upon terms and conditions established to yield a rate of return determined by the Secretary to be appropriate, 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 the purchase.

(4) The Secretary of the Treasury may at any time sell, upon terms and conditions and at prices determined by the Secretary, any of the obligations acquired by the Secretary under this subsection.

(5) All redemptions, purchases and sales by the Secretary of the Treasury of obligations under this subsection shall be treated as public debt transactions of the United States.

(d) Validity of provisions; validity of restrictions, prohibitions, liens, or charges

The provisions of this section and of any restriction, prohibition, lien, or charge referred to in subsection (b) shall be fully effective notwithstanding any other law, including without limitation on the generality of the foregoing any law of or relating to sovereign immunity or priority.

(e) Authority to purchase, hold, or invest by person, trust, or organization

(1) Any person, trust, or organization created pursuant to or existing under the laws of the United States or any State shall be authorized to purchase, hold, and invest in mortgages, obligations, or other securities which are or have been sold by the Corporation pursuant to this section or pursuant to section 1454 of this title to the same extent that such person, trust, or organization is authorized under any applicable law to purchase, hold, or invest in obligations issued by or guaranteed as to principal and interest by the United States or any agency or instrumentality thereof. Where State law limits the purchase, holding, or investment in obligations issued by the United States by such a person, trust, or organization, such Corporation mortgages, obligations, and other securities shall be considered to be obligations issued by the United States for purposes of the limitation.

(2) The provisions of paragraph (1) shall not apply with respect to a particular person, trust, or organization or class thereof in any State which, after December 21, 1979, enacts a statute which specifically names the Corporation and either prohibits or provides for a more limited authority to purchase, hold, or invest in such securities by such person, trust, or organization or class thereof than is provided in paragraph (1). The enactment by any State of any statute of the type described in the preceding sentence shall not affect the validity of any contractual commitment to purchase, hold, or invest which was made prior thereto.

(3) Any authority granted by paragraph (1) and not granted by any other Federal statute shall expire as of the end of June 30, 1985. Such expiration shall not affect the validity of any contractual commitment to purchase, hold, or invest which was made prior thereto pursuant to paragraph (1), and shall not affect the validity of any contractual commitment or other action to purchase, hold, or invest pursuant to any other authorization.

(f) Preferred stock

The Corporation may have preferred stock on such terms and conditions as the Board of Directors shall prescribe. Any preferred stock shall not be entitled to vote with respect to the election of any member of the Board of Directors.

(g) Securities exempt from regulation

All securities issued or guaranteed by the Corporation (other than securities guaranteed by the Corporation that are backed by mortgages not purchased by the Corporation) shall, to the same extent as securities that 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 the laws administered by the Securities and Exchange Commission.

(h) Securities backed by mortgages not purchased by Corporation

(1) The Corporation may not guarantee mortgage-backed securities or mortgage related payment securities backed by mortgages not purchased by the Corporation.

(2) The Corporation shall insert appropriate language in all of the obligations and securities of the Corporation issued under this section and section 1454 of this title clearly indicating that such obligations and 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.

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

Except for fees paid pursuant to sections 1452(c) ¹ and 1455(c) 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, or other security by the Corporation. No provision of this subsection shall affect the purchase of any obligation by any Federal home loan bank pursuant to section 1452(a) of this title.

(j) Notes, debentures, or substantially identical types of unsecured obligations; issuance, maturities, interest rates, etc.

(1) Any notes, debentures, or substantially identical types of unsecured obligations of the Corporation evidencing money borrowed, whether general or subordinated, shall be issued upon the approval of the Secretary of the Treasury and 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.

(2) Any notes, debentures, or substantially identical types of unsecured obligations of the Corporation having maturities of 1 year or less that the Corporation has issued or is issuing as of August 9, 1989, shall be deemed to have been approved by the Secretary of the Treasury as required by this subsection. Such deemed approval shall expire 365 days after August 9, 1989.

(3) Any notes, debentures, or substantially identical types of unsecured obligations of the Corporation having maturities of more than 1 year that the Corporation has issued or is issuing as of August 9, 1989, shall be deemed to have been approved by the Secretary of the Treasury as required by this subsection. Such deemed approval shall expire 60 days after August 9, 1989.

(k) Securities in form of debt obligations or trust certificates of beneficial interest; issuance, maturities, interest rates, etc.

(1) Any securities in the form of debt obligations or trust certificates of beneficial interest, or both, and based upon mortgages held and set aside by the Corporation, shall be issued upon the approval of the Secretary of the Treasury and shall have such maturities and shall bear such rate or rates of interest as may be determined by the Corporation with the approval of the Secretary of the Treasury.

(2) Any securities in the form of debt obligations or trust certificates of beneficial interest, or both, and based upon mortgages held and set aside by the Corporation, that the Corporation has issued or is issuing as of August 9, 1989, shall be deemed to have been approved by the Secretary of the Treasury as required by this subsection.

(I) 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 (I), 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.

(Pub. L. 91–351, title III, §306, July 24, 1970, 84 Stat. 455; Pub. L. 96–153, title III, §316(a), Dec. 21, 1979, 93 Stat. 1118; Pub. L. 97–289, §6, Oct. 6, 1982, 96 Stat. 1232; Pub. L. 98–35, §5, May 26, 1983, 97 Stat. 198; Pub. L. 98–440, title II, §§210, 211, Oct. 3, 1984, 98 Stat. 1697; Pub. L. 100–242, title IV, §441(b), Feb. 5, 1988, 101 Stat. 1921; Pub. L. 101–73, title VII, §731(g)–(i), Aug. 9, 1989, 103 Stat. 434; Pub. L. 102–550, title XIII, §1382(n), Oct. 28, 1992, 106 Stat. 4005; Pub. L. 110–289, div. A, title I, §§1117(b), 1161(c)(2), July 30, 2008, 122 Stat. 2684, 2780; Pub. L. 111–203, title XIII, §1304(b), July 21, 2010, 124 Stat. 2134.)

REFERENCES IN TEXT

Section 1452(c) of this title, referred to in subsec. (i), was redesignated section 1452(d) of this title by Pub. L. 101–73, title VII, §731(c)(1), Aug. 9, 1989, 103 Stat. 431.

This chapter, referred to in subsec. (l)(1)(A), was in the original "this Act" and has been translated as reading "this title", meaning title III of Pub. L. 91–351, to reflect the probable intent of Congress.

AMENDMENTS

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

2008—Subsec. (c)(2). Pub. L. 110–289, §1161(c)(2)(A), inserted "the" after "Secretary of".

Subsec. (i). Pub. L. 110–289, §1161(c)(2)(B)(ii), made technical amendment to reference in original act which appears in text as reference to section 4516 of this title.

Pub. L. 110–289, §1161(c)(2)(B)(i), made technical amendment to reference in original act which appears in text as reference to section 1455(c) of this title. Amendment was given effect, notwithstanding error in directory language which directed substitution of "section 306(c)" for "section 1316(c)" in the original.

Subsec. (j)(2). Pub. L. 110–289, §1161(c)(2)(C), substituted "or substantially" for "of substantially".

Subsec. (l). Pub. L. 110–289, §1117(b), added subsec. (l).

1992—Subsec. (h). Pub. L. 102–550, §1382(n)(1), designated existing provisions as par. (1) and added par. (2).

Subsec. (i). Pub. L. 102–550, §1382(n)(2), substituted "sections 1452(c) and 1455(c) of this title and assessments pursuant to section 4516 of this title" for "section 1452(c) or 1455(c) of this title".

1989—Subsec. (c). Pub. L. 101–73, §731(g), amended subsec. (c) generally. Prior to amendment, subsec. (c) read as follows: "The Federal home loan banks shall, to such extent as the Board of Directors may prescribe, guarantee the faithful and timely performance by the Corporation of any obligation or undertaking of the Corporation on or with respect to any security (which term as used in this sentence shall not include the capital stock referred to in section 1453 of this title)."

Subsec. (f). Pub. L. 101–73, §731(h), amended subsec. (f) generally. Prior to amendment, subsec. (f) read as follows: "The Corporation may have preferred stock on such terms and conditions as the Board of Directors shall prescribe. Any preferred stock shall not affect the status of the capital stock issued under section 1453 of this title as nonvoting common stock, and shall not be entitled to vote with respect to the election of any member of the Board of Directors. Such preferred stock, or any class thereof, may have such terms as would be required for listing of preferred stock on the New York Stock Exchange, except that this sentence does not apply to any preferred stock, or class thereof, the initial sale of which is made directly or indirectly by the Corporation exclusively to any Federal Home Loan Bank or Banks."

Subsecs. (j), (k). Pub. L. 101–73, §731(i), added subsecs. (j) and (k).

1988—Subsec. (i). Pub. L. 100–242 added subsec. (i).

1984—Subsec. (f). Pub. L. 98–440, §211, inserted provisions that preferred stock shall not be entitled to vote with respect to the election of any member of the Board of Directors and that such preferred stock, or any class thereof, may have such terms as would be required for listing of preferred stock on the New York Stock Exchange, except for any preferred stock, or class thereof, the initial sale of which is made directly or indirectly by the Corporation exclusively to any Federal Home Loan Bank or Banks.

Subsec. (h). Pub. L. 98–440, §210, added subsec. (h).

1983—Subsec. (g). Pub. L. 98–35 added subsec. (g).

1982—Subsec. (f). Pub. L. 97–289 added subsec. (f).

1979—Subsec. (e). Pub. L. 96–153 added subsec. (e).

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.

REPAYMENT OF FEES

Pub. L. 111–203, [title XIII, §1304\(d\), July 21, 2010](#), 124 Stat. 2134, provided that: "Any periodic commitment fee or any other fee or assessment paid by the Federal National Mortgage Association or Federal Home Loan Mortgage Corporation to the Secretary of the Treasury as a result of any preferred stock purchase agreement, mortgage-backed security purchase program, or any other program or activity authorized or carried out pursuant to the authorities granted to the Secretary of the Treasury under section 1117 of the Housing and Economic Recovery Act of 2008 (Public Law 110–289; 122 Stat. 2683) [amending this section and sections 1431 and 1719 of this title], including any fee agreed to by contract between the Secretary and the Association or Corporation, shall be deposited in the General Fund of the Treasury where such amounts shall be—

"(1) dedicated for the sole purpose of deficit reduction; and

"(2) prohibited from use as an offset for other spending increases or revenue reductions."

[For definitions of terms used in section 1304(d) of Pub. L. 111–203, set out above, see section 5301 of this title.]

¹ See References in Text note below.

§1456. Immunity of Corporation; audits and reporting requirements; data collection; Housing Advisory Council

(a) Rights and remedies of Corporation; State qualifications or similar statutes

All rights and remedies of the Corporation, including without limitation on the generality of the foregoing any rights and remedies of the Corporation on, under, or with respect to any mortgage or any obligation secured thereby, shall be immune from impairment, limitation, or restriction by or under (1) any law (except laws enacted by the Congress expressly in limitation of this sentence) which becomes effective after the acquisition by the Corporation of the subject or property on, under, or with respect to which such right or remedy arises or exists or would so arise or exist in the absence of such law, or (2) any administrative or other action which becomes effective after such acquisition. The Corporation is authorized to conduct its business without regard to any qualification or similar statute in any State.

(b) Government audits; procedure; access to records, etc.; reimbursement of costs

(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 all books, accounts, financial records, reports, files and all 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 (d), 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.

(c) 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.

(d) 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 (c)(2)(B).

(e) 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 nonprofit, 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.

(f) 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 (e)(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].

(g) 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.

(Pub. L. 91–351, [title III, §307, July 24, 1970](#), 84 Stat. 456; Pub. L. 101–73, [title VII, §731\(j\)\(1\), Aug. 9, 1989](#), 103 Stat. 435; Pub. L. 102–550, [title XIII, §1382\(o\)–\(t\), Oct. 28, 1992](#), 106 Stat. 4005–4008; Pub. L. 108–271, [§8\(b\), July 7, 2004](#), 118 Stat. 814; Pub. L. 110–289, [div. A, title I, §1161\(c\)\(1\), \(3\), July 30, 2008](#), 122 Stat. 2780.)

REFERENCES IN TEXT

The Federal Housing Enterprises Financial Safety and Soundness Act of 1992, referred to in subsec. (f)(1), 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.

AMENDMENTS

2008—Subsec. (c)(1). Pub. L. 110–289, §1161(c)(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. (e)(1), (2). Pub. L. 110–289, §1161(c)(3)(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. (f)(1). Pub. L. 110–289, §1161(c)(3)(B)(i), substituted "and the Director of the Federal Housing Finance Agency" for "and the Secretary".

Subsec. (f)(2)(E), (L). Pub. L. 110–289, §1161(c)(3)(B)(ii), substituted "the Director of the Federal Housing Finance Agency" for "the Secretary".

Subsec. (f)(3)(B). Pub. L. 110–289, §1161(c)(3)(B)(iii), substituted "Director of the Federal Housing Finance Agency" for "Secretary".

2004—Subsec. (b). Pub. L. 108–271 substituted "Government Accountability Office" for "General Accounting Office" wherever appearing.

1992—Subsec. (b). Pub. L. 102–550, §1382(o), designated existing provisions as par. (1), substituted "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." for "The financial transactions of the Corporation shall be subject to audit by the General Accounting Office in accordance with the principles and procedures applicable to commercial corporate transactions under such rules and regulations as may be prescribed by the Comptroller General of the United States.", and added par. (2).

Subsecs. (c) to (g). Pub. L. 102–550, §1382(p)–(t), added subsecs. (c) to (g).

1989—Subsec. (a). Pub. L. 101–73 substituted "The Corporation is authorized to conduct its business without regard to any qualification or similar statute in any State." for "The Corporation shall be entitled to all immunities and priorities, including without limitation on the generality of the foregoing all immunities and priorities under any such law or action, to which it would be entitled if it were the United States or if it were an unincorporated agency of the United States."

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 1989 AMENDMENT

Pub. L. 101–73, [title VII, §731\(j\)\(2\)](#), [Aug. 9, 1989](#), 103 Stat. 435, provided that: "The amendment made by this subsection [amending this section] shall not apply to any assertion of priority by the Federal Home Loan Mortgage Corporation with respect to any cause of action or claim filed before the date of the enactment of this Act [Aug. 9, 1989]."

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 3(2) and 14 of Pub. L. 92–463, [Oct. 6, 1972](#), 86 Stat. 770, [776](#), set out in the Appendix to Title 5, Government Organization and Employees.

§1457. Prohibited activities; penalties for violations by organizations, officers and members of organizations, and individuals

Except as expressly authorized by statute of the United States, no individual or organization (except the Corporation) shall use the term "Federal Home Loan Mortgage Corporation", or any combination of words including the words "Federal", and "Home Loan", and "Mortgage", as a name or part thereof under which any individual or organization does any business, but this sentence shall not make unlawful the use of any name under which business is being done on July 24, 1970. No individual or organization shall use or display (1) any sign, device, or insigne prescribed or approved by the Corporation for use or display by the Corporation or by members of the Federal home loan banks, (2) any copy, reproduction, or colorable imitation of any such sign, device, or insigne, or (3) any sign, device, or insigne reasonably calculated to convey the impression that it is a sign, device, or insigne used by the Corporation or prescribed or approved by the Corporation, contrary to regulations of the Corporation prohibiting, or limiting or restricting, such use or display by such individual or organization. An organization violating this subsection shall for each violation be punished by a fine of not more than \$10,000. An officer or member of an organization participating or knowingly acquiescing in any violation of this subsection shall be punished by a fine of not more than \$5,000 or imprisonment for not more than one year, or both. An individual violating this subsection shall for each violation be punished as set forth in the sentence next preceding this sentence.

(Pub. L. 91–351, [title III, §308](#), [July 24, 1970](#), 84 Stat. 456; Pub. L. 98–479, [title II, §204\(h\)](#), [Oct. 17, 1984](#), 98 Stat. 2233; Pub. L. 101–73, [title VII, §731\(k\)](#), [Aug. 9, 1989](#), 103 Stat. 435.)

AMENDMENTS

1989—Pub. L. 101–73 struck out subsection (a) designation before "Except as expressly", and struck out subsecs. (b) to (f) relating to applicability of criminal provisions of title 18, and defining terms construing such applicability.

1984—Subsec. (f). Pub. L. 98–479 substituted "United States" for "United States Code" before ", except in a territorial sense".

§1458. Territorial applicability

Notwithstanding any other law, this chapter shall be applicable to the several States, the District of Columbia, the Commonwealth of Puerto Rico, and the territories and possessions of the United States.

(Pub. L. 91–351, [title III, §309](#), [July 24, 1970](#), 84 Stat. 457.)

§1459. Separability

Notwithstanding any other evidences of the intention of Congress, it is hereby declared to be the controlling intent of Congress that if any provision of this chapter, or the application thereof to any person or circumstances, is held invalid, the remainder of this chapter, or the application of such provision to persons or circumstances other than those as to which it is held invalid, shall not be affected thereby.

(Pub. L. 91–351, [title III, §310](#), [July 24, 1970](#), 84 Stat. 457; Pub. L. 101–73, [title VII, §731\(l\)](#), [Aug. 9, 1989](#), 103 Stat. 435.)

AMENDMENTS

1989—Pub. L. 101–73 amended section catchline and struck out first sentence which read as follows: "Except as otherwise provided in this chapter, or as otherwise provided by the Corporation or by laws hereafter enacted by the Congress expressly in limitation of provisions of this chapter, the powers and

functions of the Corporation and of the Board of Directors shall be exercisable, and the provisions of this chapter shall be applicable and effective, without regard to any other law."