

in the secondary market; or (B) to originate mortgage loans.” and struck out first two sentences which read as follows: “In the further interest of assuring sound operation, any loan made by the corporation in its secondary market operations under this section, and any extension or renewal thereof, shall not exceed 90 per centum of the unpaid principal balances of the mortgages securing the loan, and shall bear interest at a rate consistent with general loan policies established from time to time by the corporation’s board of directors. Any such loan shall mature in not more than twelve months and the term of any extension or renewal shall not exceed twelve months.”

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

EFFECTIVE DATE OF 2010 AMENDMENT

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

EFFECTIVE DATE OF 1968 AMENDMENT

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

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

Section, acts June 27, 1934, ch. 847, title III, § 305, 48 Stat. 1254; July 1, 1948, ch. 784, § 1, 62 Stat. 1206; Apr. 20, 1950, ch. 94, title I, § 118, 64 Stat. 57; Aug. 2, 1954, ch. 649, title II, § 201, 68 Stat. 616; Aug. 11, 1955, ch. 783, title I, § 103, title IV, § 402, 69 Stat. 636, 651; Aug. 7, 1956, ch. 1029, title II, §§ 205-208, 70 Stat. 1096; Pub. L. 85-10, § 2, Mar. 27, 1957, 71 Stat. 8; Pub. L. 85-104, title II, §§ 204-207, July 12, 1957, 71 Stat. 298; Pub. L. 85-364, §§ 2, 3(a), 4, Apr. 1, 1958, 72 Stat. 73, 74; Pub. L. 86-372, title III, §§ 303(a), 304, Sept. 23, 1959, 73 Stat. 669; Pub. L. 87-70, title I, § 101(c), title VI, § 601(a), (b), June 30, 1961, 75 Stat. 153, 175, 176; Pub. L. 88-560, title I, § 109(b), Sept.

2, 1964, 78 Stat. 777; Pub. L. 89-117, title VIII, §801, Aug. 10, 1965, 79 Stat. 493; Pub. L. 89-429, §3(a), May 24, 1966, 80 Stat. 166; Pub. L. 89-566, §3, Sept. 10, 1966, 80 Stat. 738; Pub. L. 89-754, title III, §310(d), title X, §§1005, 1020(c), Nov. 3, 1966, 80 Stat. 1270, 1285, 1296; Pub. L. 90-19, §1(a)(2), May 25, 1967, 81 Stat. 17; Pub. L. 90-448, title II, §201(g), title VIII, §806, Aug. 1, 1968, 82 Stat. 503, 544; Pub. L. 91-152, §2, title I, §115, Dec. 24, 1969, 83 Stat. 379, 385; Pub. L. 91-351, title IV, §401, July 24, 1970, 84 Stat. 458; Pub. L. 95-557, title III, §318(b), Oct. 31, 1978, 92 Stat. 2101; Pub. L. 96-399, title III, §338, Oct. 8, 1980, 94 Stat. 1657; Pub. L. 97-35, title III, §333(a)(1), (2), Aug. 13, 1981, 95 Stat. 413, related to the special assistance functions of the Government National Mortgage Association.

SAVINGS PROVISION

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

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

(a) Separate accountability of assets and liabilities

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

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

For the purposes of this section and to assure that, to the maximum extent, and as rapidly as possible, private financing will be substituted for Treasury borrowings otherwise required to carry mortgages held under the aforesaid separate accountability, the Association is authorized to issue, upon the approval of the Secretary of the Treasury, and have outstanding at any one time obligations having such maturities and bearing such rate or rates of interest as may be determined by the Association with the approval of the Secretary of the Treasury, to be redeemable at the option of the Association before maturity in such manner as may be stipulated in such obligations; but in no event shall any such obligations be issued if, at the time of such proposed issuance, and as a consequence thereof, the resulting aggregate amount of its outstanding obligations under this subsection would exceed the amount of the Association's ownership under the aforesaid separate account-

ability, free from any liens or encumbrances, of cash, mortgages, and obligations of the United States or guaranteed thereby, or obligations, participations, or other instruments which are lawful investments for fiduciary, trust or public funds. The proceeds of any private financing effected under this subsection shall be paid to the Secretary of the Treasury in reduction of the indebtedness of the Association to the Secretary of the Treasury under the aforesaid separate accountability. The Association shall insert appropriate language in all of its obligations issued under this subsection clearly indicating that such obligations, together with the interest thereon, are not guaranteed by the United States and do not constitute a debt or obligation of the United States or of any agency or instrumentality thereof other than the Association. The Association is authorized to purchase in the open market any of its obligations outstanding under this subsection at any time and at any price.

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

No mortgage shall be purchased by the Association in its operations under this section except pursuant to and in accordance with the terms of a contract or commitment to purchase the same made prior to the cutoff date provided for in section 1718(d)¹ of this title, which contract or commitment became a part of the aforesaid separate accountability, and the total amount of mortgages and commitments held by the Association under this section shall not, in any event, exceed \$3,350,000,000: *Provided*, That such maximum amount shall be progressively reduced by the amount of cash realizations on account of principal of mortgages held under the aforesaid separate accountability and by cancellation of any commitments to purchase mortgages thereunder, as reflected by the books of the Association, with the objective that the entire aforesaid maximum amount shall be eliminated with the orderly liquidation of all mortgages held under the aforesaid separate accountability: *And provided further*, That nothing in this subsection shall preclude the Association from granting such usual and customary increases in the amounts of outstanding commitments (resulting from increased costs or otherwise) as have theretofore been covered by like increases in commitments granted by the agencies of the Federal Government insuring or guaranteeing the mortgages. There shall be excluded from the total amounts set forth in this subsection the amounts of any mortgages which, subsequent to May 31, 1954, are transferred by law to the Association and held under the aforesaid separate accountability.

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

The Association may issue to the Secretary of the Treasury its obligations in an amount outstanding at any one time sufficient to enable the Association to carry out its functions under this section, such obligations to mature not more than five years from their respective dates of issue, to be redeemable at the option of the Association before maturity in such manner as may be stipulated in such obligations. Each

¹ See References in Text note below.