

conomic return that may be less than the return earned on other activities) by increasing the liquidity of mortgage investments and improving the distribution of investment capital available for residential mortgage financing; and

“(4) to promote access to mortgage credit throughout the Nation (including central cities, rural areas, and underserved areas) by increasing the liquidity of mortgage investments and improving the distribution of investment capital available for residential mortgage financing.”

REGULATIONS

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

§ 1452. Federal Home Loan Mortgage Corporation

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

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

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

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

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

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

(b) Capital distributions; limitation

(1) Except as provided in paragraph (2), the Corporation may make such capital distributions (as such term is defined in section 4502 of this title) as may be declared by the Board of Directors.

(2) The Corporation may not make any capital distribution that would decrease the total cap-

ital 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 Cor-

poration 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