

sembled, May 9, 1950, pursuant to the provisions of the Reorganization Act of 1949, approved June 20, 1949 [see 5 U.S.C. 901 et seq.].

#### FEDERAL NATIONAL MORTGAGE ASSOCIATION

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

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

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

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

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

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

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

(4) the function of issuing notes or other obligations to the Secretary of the Treasury, which may be purchased by the Secretary, under section 7 of the Reconstruction Finance Corporation Act, as amended [15 U.S.C. 606], in an amount not in excess of that necessary to finance at any one time the outstanding balances of the investments, loans, and purchases held by the Federal National Mortgage Association, taking into consideration other balance-sheet items;

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

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

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

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

##### SEC. 4. PERFORMANCE OF FUNCTIONS OF ADMINISTRATOR

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

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

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

##### SEC. 6. EFFECTIVE DATE

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

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

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

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

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

##### CODIFICATION

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

##### AMENDMENTS

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

##### EFFECTIVE DATE OF 1968 AMENDMENT

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

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

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

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

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

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

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

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

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

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

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

Notwithstanding any other provision of law, any institution, including a national bank or State member bank of the Federal Reserve System or any member of the Federal Deposit In-

surance Corporation, trust company, or other banking organization, organized under any law of the United States, including the laws relating to the District of Columbia, shall be authorized to purchase shares of common stock of the corporation and to hold or dispose of such stock, subject to the provisions of this subchapter.

(June 27, 1934, ch. 847, title III, § 303, 48 Stat. 1254; Feb. 3, 1938, ch. 13, § 7, 52 Stat. 24; July 1, 1948, ch. 784, § 1, 62 Stat. 1206; Aug. 2, 1954, ch. 649, title II, § 201, 68 Stat. 613; Aug. 7, 1956, ch. 1029, title II, § 202, 70 Stat. 1096; Pub. L. 85-10, § 1(a), (b), Mar. 27, 1957, 71 Stat. 7; Pub. L. 85-104, title II, §§ 201, 202, July 12, 1957, 71 Stat. 298; Pub. L. 87-70, title VI, § 603(b), (c), June 30, 1961, 75 Stat. 176; Pub. L. 89-117, title X, § 1004(b), Aug. 10, 1965, 79 Stat. 501; Pub. L. 89-566, § 2, Sept. 10, 1966, 80 Stat. 738; Pub. L. 90-19, § 1(j)(2), (l), May 25, 1967, 81 Stat. 18; Pub. L. 90-448, title VIII, § 802 (i)-(m), (s), Aug. 1, 1968, 82 Stat. 537, 538; Pub. L. 91-609, title IX, § 902, Dec. 31, 1970, 84 Stat. 1808; Pub. L. 93-383, title VIII, § 806(g)-(i), Aug. 22, 1974, 88 Stat. 727, 728; Pub. L. 97-320, title VII, § 707(a), Oct. 15, 1982, 96 Stat. 1540; Pub. L. 100-242, title IV, § 442, Feb. 5, 1988, 101 Stat. 1921; Pub. L. 102-550, title XIII, § 1381(d), Oct. 28, 1992, 106 Stat. 3995; Pub. L. 110-289, div. A, title I, § 1161(b)(1), July 30, 2008, 122 Stat. 2779.)

AMENDMENTS

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

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

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

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

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

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

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

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

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