

disposition of loans, or interest therein, having benefit of any guaranty under section 2181 or 2182 of title 22 or such sections as hereafter amended or extended, or of any commitment or agreement for any such guaranty.

1968—Pub. L. 90-448 designated existing provisions as subsec. (a) and added subsec. (b).

1966—Pub. L. 89-754 substituted “but, except with the prior approval of the board, no bank building shall be bought or erected to house any such bank, or leased by such bank under any lease” for “but no bank building shall be bought or erected to house any such bank, nor shall any such bank make any lease” in second sentence.

**§ 1433. Exemption from taxation; obligations acceptable as credit on debt of home owner**

Any and all notes, debentures, bonds, and other such obligations issued by any bank, and consolidated Federal Home Loan Bank bonds and debentures, shall be exempt both as to principal and interest from all taxation (except surtaxes, estate, inheritance, and gift taxes) now or hereafter imposed by the United States, by any Territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority. The bank, including its franchise, its capital, reserves, and surplus, its advances, and its income, shall be exempt from all taxation now or hereafter imposed by the United States, by any Territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority; except that in<sup>1</sup> any real property of the bank 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. The notes, debentures, and bonds issued by any bank, with unearned coupons attached, shall be accepted at par by such bank in payment of or as a credit against the obligation of any home-owner debtor of such bank.

(July 22, 1932, ch. 522, §13, 47 Stat. 735; May 28, 1935, ch. 150, §8, 49 Stat. 295.)

**Editorial Notes**

AMENDMENTS

1935—Act May 28, 1935, inserted “and consolidated Federal Home Loan Bank bonds and debentures” in first sentence.

**§ 1434. Depositories of public money; financial agents**

When designated for that purpose by the Secretary of the Treasury, each Federal Home Loan Bank shall be a depository of public money, except receipts from customs, under such regulations as may be prescribed by said Secretary; and it may also be employed as a financial agent of the Government; and it shall perform all such reasonable duties as depository of public money and financial agent of the Government as may be required of it.

(July 22, 1932, ch. 522, §14, 47 Stat. 736.)

**§ 1435. Obligations as lawful investments; liability of United States for debentures, etc., issued by banks**

Obligations of the Federal Home Loan Banks issued with the approval of the Board or the Di-

rector under this chapter shall be lawful investments, and may be accepted as security, for all fiduciary, trust, and public funds the investment or deposit of which shall be under the authority or control of the United States or any officer or officers thereof. The Federal reserve banks are authorized to act as depositories, custodians, and/or fiscal agents for Federal Home Loan Banks in the general performance of their powers under this chapter. All obligations of Federal Home Loan Banks shall plainly state that such obligations are not obligations of the United States and are not guaranteed by the United States.

(July 22, 1932, ch. 522, §15, 47 Stat. 736; Pub. L. 101-73, title VII, §701(b)(1), (3)(A), Aug. 9, 1989, 103 Stat. 412; Pub. L. 110-289, div. A, title II, §1204(7), July 30, 2008, 122 Stat. 2786.)

**Editorial Notes**

AMENDMENTS

2008—Pub. L. 110-289 inserted “or the Director” after “the Board”.

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

**§ 1436. Reserves and dividends; emergency suspensions of requirements**

**(a) Accumulation and maintenance of reserves; payment of dividends**

Each Federal Home Loan Bank may carry to a reserve account from time-to-time such portion of its net earnings as may be determined by its board of directors. Each Federal Home Loan Bank shall establish such additional reserves and/or make such charge-offs on account of depreciation or impairment of its assets as the Director shall require from time to time. No dividends shall be paid except out of previously retained earnings or current net earnings remaining after reductions for all reserves, chargeoffs, purchases of capital certificates of the Financing Corporation, and payments relating to the Funding Corporation required under this chapter have been provided for, other than chargeoffs or expenses incurred by a Bank in connection with the purchase of capital stock of the Financing Corporation under section 1441 of this title or payments relating to the Funding Corporation Principal Fund under section 1441b(e) of this title. The reserves of each Federal Home Loan Bank shall be invested, subject to such regulations, restrictions, and limitations as may be prescribed by the Director, in direct obligations of the United States, in obligations, participations, or other instruments of or issued by the Federal National Mortgage Association or the Government National Mortgage Association, in mortgages, obligations, or other securities which are or ever have been sold by the Federal Home Loan Mortgage Corporation pursuant to section 1454 or section 1455 of this title, and in such securities as fiduciary and trust funds may be invested in under the laws of the State in which the Federal Home Loan Bank is located.

**(b) Assistance to member institutions in event of severe financial conditions**

Notwithstanding subsection (a) or any other provision of this chapter, if the Director determines that severe financial conditions exist

<sup>1</sup> So in original. Word “in” probably should not appear.

threatening the stability of member institutions, the Director may suspend temporarily the requirements of subsection (a) that a portion of net earnings be set aside semiannually by each Federal Home Loan Bank to a reserve account and permit each Federal Home Loan Bank to declare and pay dividends out of undivided profits.

**(c) Exception in case of losses in connection with Financing Corporation stock**

**(1) In general**

Notwithstanding subsection (a) of this section, if—

(A) a Federal Home Loan Bank incurs a chargeoff or an expense in connection with such bank's investment in the stock of the Financing Corporation under section 1441 of this title;

(B) the Director determines there is an extraordinary need for the member institutions of the bank to receive dividends; and

(C) the bank has reduced all reserves (other than the reserve account required by the first 2 sentences of subsection (a)) to zero,

the Director may authorize such bank to declare and pay dividends out of undivided profits (as such term is defined in section 1441(d)(7) of this title) or the reserve account required by the first 2 sentences of subsection (a).

**(2) Requirements of section 1441 of this title not affected**

Notwithstanding any payment of dividends by any Federal Home Loan Bank pursuant to an authorization by the Director under paragraph (1), the applicable provisions of section 1441 of this title shall continue to apply with respect to such bank, and to such bank's investment in the Financing Corporation, in the same manner and to the same extent as if such payment had not been made.

(July 22, 1932, ch. 522, §16, 47 Stat. 736; Aug. 2, 1954, ch. 649, title II, §204(a), 68 Stat. 622; Pub. L. 88-560, title VII, §701(d)(2), Sept. 2, 1964, 78 Stat. 800; Pub. L. 90-448, title VIII, §807(l), Aug. 1, 1968, 82 Stat. 545; Pub. L. 93-383, title VIII, §805(c)(3), Aug. 22, 1974, 88 Stat. 727; Pub. L. 97-320, title I, §124, Oct. 15, 1982, 96 Stat. 1485; Pub. L. 100-86, title III, §306(a), Aug. 10, 1987, 101 Stat. 600; Pub. L. 101-73, title VII, §§701(b)(1), (3)(A), 724(a), Aug. 9, 1989, 103 Stat. 412, 428; Pub. L. 106-102, title VI, §606(g), Nov. 12, 1999, 113 Stat. 1455; Pub. L. 110-289, div. A, title II, §1204(8), July 30, 2008, 122 Stat. 2786.)

**Editorial Notes**

**AMENDMENTS**

2008—Pub. L. 110-289 substituted “the Director” for “the Board” wherever appearing.

1999—Subsec. (a). Pub. L. 106-102, in third sentence substituted “previously retained earnings or current net earnings” for “net earnings” and struck out “, and then only with the approval of the Federal Housing Finance Board” after “section 1441b(e) of this title” and struck out fourth sentence which read as follows: “Beginning on January 1, 1992, the preceding sentence shall be applied by substituting ‘previously retained earnings or current net earnings’ for ‘net earnings’.”

1989—Subsec. (a). Pub. L. 101-73, §724(a)(1), substituted “Each Federal Home Loan Bank may carry to

a reserve account from time-to-time such portion of its net earnings as may be determined by its board of directors.” for “Each Federal Home Loan Bank shall carry to a reserve account semiannually 20 per centum of its net earnings until said reserve account shall show a credit balance equal to 100 per centum of the paid-in capital of such bank. After said reserve has reached 100 per centum of the paid-in capital of said bank, 5 per centum of its net earnings shall be added thereto semiannually. Whenever said reserve shall have been impaired below 100 per centum of the paid-in capital it shall be restored before any dividends are paid.”

Pub. L. 101-73, §724(a)(2), substituted “No dividends shall be paid except out of net earnings remaining after reductions for all reserves, chargeoffs, purchases of capital certificates of the Financing Corporation, and payments relating to the Funding Corporation required under this chapter have been provided for, other than chargeoffs or expenses incurred by a Bank in connection with the purchase of capital stock of the Financing Corporation under section 1441 of this title or payments relating to the Funding Corporation Principal Fund under section 1441b(e) of this title, and then only with the approval of the Federal Housing Finance Board. Beginning on January 1, 1992, the preceding sentence shall be applied by substituting ‘previously retained earnings or current net earnings’ for ‘net earnings’.” for “No dividends shall be paid except out of net earnings remaining after all reserves and charge-offs required under this chapter have been provided for, and then only with the approval of the board.”

Pub. L. 101-73, §701(b)(1), (3)(A), substituted “Board” for “board” wherever appearing.

1987—Subsec. (c). Pub. L. 100-86 added subsec. (c).

1982—Pub. L. 97-320 designated existing provisions as subsec. (a) and added subsec. (b).

1974—Pub. L. 93-383 inserted reference to mortgages, obligations, or other securities sold by the Federal Home Loan Mortgage Corporation pursuant to section 1454 or section 1455 of this title.

1968—Pub. L. 90-448 authorized investments in obligations, participations, or other instruments issued by the Government National Mortgage Association.

1964—Pub. L. 88-560 substituted “in obligations, participations, or other instruments of or issued by the Federal National Mortgage Association” for “in obligations of the Federal National Mortgage Association”.

1954—Act Aug. 2, 1954, inserted reference to obligations of Federal National Mortgage Association in last sentence.

**Statutory Notes and Related Subsidiaries**

**EFFECTIVE DATE OF 1989 AMENDMENT**

Pub. L. 101-73, title VII, §724(b), Aug. 9, 1989, 103 Stat. 429, provided that: “The amendment made by subsection (a)(1) [amending this section] shall take effect on January 1, 1992.”

**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.

**§ 1437. Repealed. Pub. L. 101-73, title VII, § 703(a), Aug. 9, 1989, 103 Stat. 415**

Section, acts July 22, 1932, ch. 522, §17, 47 Stat. 736; 1947 Reorg. Plan No. 3, eff. July 27, 1947, 12 F.R. 4981, 61 Stat. 954; Aug. 11, 1955, ch. 783, title I, §109(a)(3), 69 Stat. 640; June 29, 1977, Pub. L. 95-56, 91 Stat. 252; Aug. 4, 1977, Pub. L. 95-90, §§1, 2, 91 Stat. 564; Oct. 15, 1982, Pub. L. 97-320, title I, §127, 96 Stat. 1486; Jan. 12, 1983, Pub. L. 97-457, §8, 96 Stat. 2507; Nov. 30, 1983, Pub. L. 98-181, title I [title VII, §702(b)], 97 Stat. 1267, set forth powers and duties, etc., of Federal Home Loan Bank Board.