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SEC. 1117. TEMPORARY AUTHORITY FOR PURCHASE OF OBLIGATIONS OF REGULATED

 ENTITIES BY SECRETARY OF TREASURY.

 (a) Fannie Mae.--Section 304 of the Federal National Mortgage

Association Charter Act (12 U.S.C. 1719) is amended by adding at the end

the following new subsection:

 ``(g) 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 Act, 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.

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 ``(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) 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 (g), 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.''.

 (b) Freddie Mac.--Section 306 of the Federal Home Loan Mortgage

Corporation Act (12 U.S.C. 1455) is amended by adding at the end the

following new subsection:

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 ``(l) 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 Act, 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.--

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 ``(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) 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 (l), 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.''.

 (c) Federal Home Loan Banks.--Section 11 of the Federal Home Loan

Bank Act (12 U.S.C. 1431) is amended by adding at the end the following

new subsection:

 ``(l) Temporary Authority of Treasury to Purchase Obligations;

Conditions.--

 ``(1) Authority to purchase.--

 ``(A) General authority.--In addition to the

 authority under subsection (i) of this section, the

 Secretary of the Treasury is authorized to purchase any

 obligations issued by any Federal Home Loan Bank under

 any section of this Act, on such terms and conditions as

 the Secretary may determine and in such amounts as the

 Secretary may determine. Nothing in this subsection

 requires a Federal Home Loan Bank to issue obligations

 or securities to the Secretary without mutual agreement

 between the Secretary and the Federal Home Loan Bank.

 Nothing in this subsection permits or authorizes the

 Secretary, without the agreement of the Federal Home

 Loan Bank, to engage in open market purchases of the

 common securities of any Federal Home Loan Bank.

 ``(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;

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 ``(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 Federal Home Loan Bank's plan for

 the orderly resumption of private market funding

 or capital market access.

 ``(iv) The probability of the Federal Home

 Loan Bank fulfilling the terms of any such

 obligation or other security, including repayment.

 ``(v) The need to maintain the Federal Home

 Loan Bank's status as a private shareholder-owned

 company.

 ``(vi) Restrictions on the use of Federal Home

 Loan Bank 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 obligations.--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

 acquired by the Secretary under this subsection.

 ``(C) Application of sunset to purchased

 obligations.--The authority of the Secretary of the

 Treasury to hold, exercise any rights received in

 connection with, or sell, any obligations 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

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 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 (l), 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 Federal

 Home Loan Bank, as defined under Regulation S-K, 17 C.F.R.

 229.''.