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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.''.