§ 1468. Separability clause. If any provision of this chapter, or the application thereof to any person or circumstances, is held invalid, the remainder of the chapter, and the application of such provision to other persons or circumstances, shall not be affected thereby. 

Chapter 13.—NATIONAL HOUSING

Sec. 1701. Citation of chapter.

Title I.—HOUSING RENOVATION AND MODERNIZATION

§ 1702. Creation of Federal Housing Administration. 

§ 1703. Insurance of financial institutions. The Administrator is authorized and empowered, upon such terms and conditions as he may prescribe, to insure banks, trust companies, personal-finance companies, mortgage companies, building and loan associations, installment lending companies, and other such financial institutions, which are approved by him as eligible for credit insurance, against losses which they may sustain as a result of loans and advances of credit, and purchases of obligations. 

§ 1704. Loans to financial institutions. The Administrator is further authorized and empowered to make loans to institutions which are insured under section 1703, and to enter into loan agreements with such institutions, upon the security of obligations which meet the requirements prescribed under section 1703. Such loans or agreements may be made for the full face value of the obligations offered as security, and shall be at such rates and upon such terms and conditions as the Administrator shall prescribe. 

§ 1705. Allocation of funds. For the purposes of carrying out the provisions of this title and titles II and III of this chapter, the Reconstruction Finance Corporation shall make available to the Administrator such funds as he may deem necessary, and the amount of notes, debentures, bonds, or other such obligations which the Corporation is authorized and empowered to have outstanding at any one time under existing law shall be hereby increased by an amount sufficient to provide such funds: Provided, That the President, in his discretion, is authorized to provide such [sic] funds or portio thereof by allotment to the Administrator from any funds that are available, or may hereafter be made available, to the President for emergency purposes. 

Title II.—MUTUAL MORTGAGE INSURANCE 

§ 1706. Annual report. The Administrator shall make an annual report to the Congress as soon as practicable after the 1st day of January in each year of his activities under this title and titles II and III of this chapter. 

Title V.—MICHELLOUS 

§ 1707. Definitions. As used in this title—

(a) The term “mortgage” means a first mortgage on real estate in fee simple or on a leasehold (1) under a lease for not less than ninety-nine years which is renewable, or (2) under a lease having a period of not less than fifty years to run from the date the mortgage was executed, upon which there is located a dwelling for not more than four families which is used in whole or in part for residential purposes.
irrespective of whether such dwelling has a party wall or is otherwise physically connected with another dwelling; and the term "first mortgage" means such classes of first liens as are commonly given to secure advances on, or the unpaid purchase price of, real estate located under the laws of the State in which the real estate is located, together with the credit instruments, if any, secured thereby.

(b) The term "mortgagee" includes the original lender under a mortgage, and his successors and assigns approved by the Administrator; and the term "mortgagor" includes the original borrower under a mortgage and his successors and assigns. (June 27, 1934, c. 847, § 203, 48 Stat. 1247.)

§ 1708. Mutual Mortgage Insurance Fund. There is hereby created a Mutual Mortgage Insurance Fund (hereinafter referred to as the "Fund"), which shall be used by the Administrator as a revolving fund for carrying out the provisions of this title as hereinafter provided, and shall there be allocated immediately to such Fund the sum of $100,000,000 out of funds made available to the Administrator for the purposes of this title. (June 27, 1934, c. 847, § 202, 48 Stat. 1248.)

§ 1709. Insurance of mortgages. (a) The Administrator is authorized, upon application by the mortgagee, to insure as hereinafter provided, and shall there be allocated immediately to such Fund the sum of $100,000,000 out of funds made available to the Administrator for the purposes of this title.

(b) To be eligible for insurance under this section a mortgage shall—

1. Have, or be held by, a mortgagee approved by the Administrator as responsible and able to service the mortgage property.

2. Involve a principal obligation (including such initial service charges and appraisal and other fees as the Administrator shall approve) in an amount not to exceed $16,000, and not to exceed 80 per centum of the appraised value of the property as of the date the mortgage is executed.

3. Have a maturity satisfactory to the Administrator, but not to exceed twenty years.

4. Contain complete amortization provisions satisfactory to the Administrator requiring periodic payments by the mortgagor not in excess of his reasonable ability to pay as determined by the Administrator.

5. Bear interest (exclusive of premium charges for insurance) at not to exceed 5 per centum per annum on the amount of the principal obligation outstanding at any time, or not to exceed 6 per centum per annum if the Administrator finds that in certain areas or under special circumstances the mortgage market demands it.

6. Provide, in a manner satisfactory to the Administrator, for the application of the mortgagor's periodic payments (exclusive of the amount allocated to interest) to the mortgagee or the premium charge which is required for mortgage insurance as hereinafter provided) to amortization of the principal of the mortgage.

7. Contain such terms and provisions with respect to insurance, repairs, alterations, payment of taxes, default reserves, delinquency charges, foreclosure proceedings, satisfaction of maturity, additional and secondary liens, and other matters as the Administrator may in his discretion prescribe.

(c) The Administrator is authorized to fix a premium charge for the insurance of mortgages under this section to be determined in accordance with the risk involved which in no case shall be less than one-half of 1 per centum nor more than 1 per centum per annum of the original face value of the mortgage, and which shall be payable annually in advance by the mortgagee. If the Administrator finds upon the presentation of a mortgage for insurance and the term thereafter complies with the provisions of this section, such mortgage may be accepted for insurance by endorsement or otherwise as the Administrator may prescribe; but no mortgage shall be accepted for insurance under this section unless the Administrator finds that the project with respect to which the mortgage is executed is economically sound.

(d) The Administrator is authorized and directed to make such rules and regulations as may be necessary to carry out the provisions of this section. (June 27, 1934, c. 847, § 203, 48 Stat. 1248.)

§ 1710. Payment of insurance. (a) In any case in which the mortgagee under an insured mortgage shall have foreclosed and taken possession of the mortgaged property, the proceeds of sale, or market value, or the insurance proceeds, or both as the case may be, shall be applied to satisfy the mortgage debt, to interest and to the premium charge which is required for such insurance, if any, but not to exceed 6 per centum per annum of the amount of the principal obligation outstanding at the time of the execution of the mortgage, and after default, the mortgagee shall be entitled, upon the prompt conveyance to the Administrator of title to such property satisfactory to him and the assignment of the mortgage to him, to receive the benefits of the insurance as hereinafter provided. Upon such conveyance and assignment the obligation of the mortgagee debentures having a total face value equal to the amount of the mortgage on the date of the delivery of the property to the Administrator, and a certificate of claim, as hereinafter provided. For the purposes of this subsection, the value of the mortgage shall be determined by adding to the amount of the principal of the mortgage which is unpaid the date of such delivery the amount of all payments which have been made by the mortgagee for taxes and insurance on the property mortgaged in accordance with rules and regulations prescribed by the Administrator.

(b) The debentures issued under this section shall be subject to the same terms and conditions as the debentures issued under the Federal Home Loan Mortgage Corporation Act of 1933, as amended, and shall be a liability of the Fund only; but except in the event that the amount in the Fund is insufficient to pay the claims of the holders of such debentures, the Secretary of the Treasury shall pay to the holders the amount thereof which is hereby authorized to be appropriated out of any money in the Treasury not otherwise appropriated, and therefore to the extent of the amount so paid the Secretary of the Treasury shall succeed to all the rights of the holders of such debentures.

(c) The certificate of claim issued by the Administrator to any mortgagee shall be for an amount which the Administrator determines to be sufficient, when added to the face value of the debentures issued to the mortgagee, to equal the amount which the mortgagee would have received if, at the time of the execution of the mortgage, the mortgagee had foreclosed and taken possession of the property in accordance with the rules and regulations prescribed by the Administrator. (June 27, 1934, c. 847, § 203, 48 Stat. 1248.)
§ 1711. Classification of mortgages and reinsurance fund. (a) Mortgages accepted for insurance under this title shall be so classified into groups that the mortgages in any group shall involve substantially similar risk characteristics and have similar maturity dates. Premium charges received for the insurance of any mortgage, the receipts derived from the property covered by the mortgage and claims assigned to the Administrator by the mortgagee, and earnings on the assets of the group account, shall be credited to the account of the group to which the mortgage is assigned. The principal of and interest paid and to be paid on debentures issued in exchange for any mortgage, payments made or to be made to the mortgagee and the mortgage as provided in section 1710, and expenses incurred in the handling of the property covered by the mortgage and the collection of claims assigned to the Administrator by the mortgagee, and earnings on the assets of the group account, shall be charged to the account of the group to which such mortgage is assigned.

(b) The Administrator shall also provide, in addition to the several group accounts, a general reinsurance account, the credit in which shall be available to cover charges against such group accounts where the amounts credited to such accounts are insufficient to cover such charges. General expenses of operation of the Federal Housing Administration under this title may be allocated in the discretion of the Administrator among the several group accounts or charged to the general reinsurance account, and the amount allocated to the fund under section 1708 shall be credited to the general reinsurance account.

(c) Whenever the credit balance in any group account fails to exceed, until the maturity thereof, the amount of the total premium charges theretofore credited to such group account, the remaining unpaid principal of the then outstanding mortgages assigned to such group by an amount equal to 10 per centum of the total premium payments which have theretofore been credited to such account, the Administrator shall terminate the insurance as to that group of mortgages (1) by transferring to the mortgagees to the Administrator as provided in this subsection (d), (2) by transferring to the holder of such certificate the full amount so payable, and any excess remaining thereafter shall be paid to the mortgagor of such property.

(d) If such excess is greater than the total amount payable under such certificate of claim issued in connection with such property, the Administrator shall pay to the holder of such certificate the full amount so payable; and any excess remaining thereafter shall be paid to the mortgagor of such property.

(e) No mortgagee or mortgagor shall have, and no certificate of claim shall be construed to give to any mortgagee or mortgagor, any right or interest in any property conveyed to the Administrator or in any claim assigned to him; nor shall the Administrator owe any duty to any mortgagee or mortgagor with respect to the handling or disposal of any such property or the collection of any such claim. (June 27, 1934, c. 847, § 204, 48 Stat. 1249.)

§ 1712. Investment of funds. Moneys in the Fund not needed for the current operations of the Federal Housing Administration shall be deposited in the Treasury of the United States to the credit of the Fund, or invested in bonds of the United States which are obligations of the United States. The Treasurer of the United States is hereby directed to pay interest semiannually on any amount so deposited at a rate not greater than the prevailing rate on long-term Government bonds, such rate to be computed on the average amount of such bonds outstanding during any such semiannual period. The Administrator may, with the approval of the Secretary of the Treasury, purchase at not to exceed par, in the open market, debentures issued under the provisions of section 1710. Debentures so purchased shall be canceled and not reissued, and the several group accounts to which such debentures have been charged shall be charged with the purchase price of such debentures.

§ 1713. Low-cost housing insurance. The Administrator may also insure first mortgages, other than mortgages defined in section 1707(a) of this title, insuring low-income housing or providing low-income housing, but does not convey such property to the Administrator but need not conform to the eligibility require-
ments of section 1709. Subject to the right of the Administrator to impose a premium charge in excess of, or less than, the amount specified for mortgages defined in section 1707 (a), the provisions of sections 1710 and 1711 shall be applicable to mortgages insured under this section: Provided, That the insurance with respect to any low-cost housing project shall not exceed $10,000,000. (June 27, 1934, c. 847, § 207, 48 Stat. 1252.)

§ 1714. Taxation. Nothing in this title shall be construed to exempt any real property acquired and held by the Administrator under this title from taxation by any State or political subdivision thereof, to the same extent, according to its value, as other real property is taxed. (June 27, 1934, c. 847, § 208, 48 Stat. 1252.)

§ 1715. Statistical and economic surveys. The Administrator shall cause to be made such statistical surveys and legal and economic studies as he shall deem useful to guide the development of housing and the creation of a sound mortgage market in the United States, and shall publish from time to time the results of such surveys and studies. Expenses of such studies and surveys, and expenses of publication and distribution of the results of such studies and surveys, shall be charged as a general expense of the Fund. (June 27, 1934, c. 847, § 209, 48 Stat. 1252.)

TITLE III.—NATIONAL MORTGAGE ASSOCIATIONS

§ 1716. Creation and powers of national mortgage associations. (a) The Administrator is further authorized and empowered to provide for the establishment of national mortgage associations as hereinafter provided, which shall be authorized, subject to rules and regulations to be prescribed by the Administrator, (1) to purchase and sell first mortgages and such other first liens as are commonly given to secure advances on real estate held in fee simple or under a lease for not less than ninety-nine years, under the laws of the State in which the real estate is located, together with the credit instruments, if any, secured thereby, such mortgages not to exceed 90 per centum of the appraised value of the property as of the date the mortgage is purchased; and (2) to borrow money for such purposes through the issuance of notes, bonds, debentures, or other such obligations as hereinafter provided.

(b) Any number of natural persons, not less than five, may apply to the Administrator for authority to establish a national mortgage association, and at the time of such application shall transmit to the Administrator articles of association, signed and sealed by each of the incorporators and acknowledged before a judge of any court of record or a notary public, which shall contain (1) the name of the association, (2) the place where its principal office or place of business is to be located, and (3) such information with respect to its capital stock as the Administrator may by regulation require. If the Administrator is of the opinion that the incorporators transmitting the articles of association are responsible persons and that such articles of association are satisfactory in all respects, he shall issue or cause to be issued to such incorporators a certificate of approval, and the association shall come, as of the date of issuance of such certificate, a body corporate by the name set forth in its articles of association.

(c) Each national mortgage association created under this section shall have succession from the date of its organization unless it is dissolved by the Administrator as hereinafter provided, or it is dissolved by Act of Congress, and shall have power—

(1) To adopt and use a corporate seal.
(2) To make contracts.
(3) To sue and be sued, complain and defend, in any court of law or equity, State or Federal.
(4) To conduct its business in any State of the United States or in the District of Columbia and to have one or more offices in such State or in the District of Columbia, one of which offices shall be designated at the time of organization as its principal office.

(5) To do all things as are necessary or incidental to the proper management of its affairs and the proper conduct of its business.

(d) No association shall transact any business except such as is incidental to its organization until it has been authorized to do so by the Administrator. Each such association shall have a capital stock of a par value of not less than $5,000,000, and no authorization to commence business shall be granted by the Administrator to any such association until he is satisfied that such capital stock has been subscribed for at not less than par and paid in full in cash or Government securities.

(e) Each national mortgage association, for the purpose of all actions by or against it, real, personal, or mixed, and all suits in equity, shall be deemed a citizen of the State in which its principal office is located.

(f) No individual, association, partnership, or corporation, except associations organized under this section, shall hereafter use the words “national mortgage association”, or any combination of such words, as the name or a part of which the word or words shall be used to do business. Every individual, partnership, association, or corporation violating this prohibition shall be guilty of a misdemeanor and shall be punished by a fine of not exceeding $100 or imprisonment not exceeding thirty days, or both, for each day during which such violation is committed or repeated. The provisions of section 653 of Title 12 shall not apply to associations created under this title. (June 27, 1934, c. 847, § 301, 48 Stat. 1252.)

§ 1717. Obligations of national mortgage associations. Each national mortgage association is authorized to issue and have outstanding at any time notes, bonds, debentures, or other such obligations as may be authorized and empowered to provide for the establishment of national mortgage associations as hereinafter provided, or may be authorized and empowered to create and maintain such reserves as the Administrator shall prescribe, any national mortgage association not exceeded in aggregate amount not to exceed (1) ten times the aggregate par value of its outstanding capital stock, and in no event to exceed (2) the current face value of mortgages held by it and insured under the provisions of title II of this chapter, plus the amount of its cash on hand and on deposit and the amount of its investments in bonds or obligations of, or guaranteed as to principal and interest by, the United States. No national mortgage association shall borrow money except through the issuance of such notes, bonds, debentures, or other obligations, or issue any such notes, bonds, debentures, or other obligations, except with the approval of the Administrator and under such rules and regulations as he shall prescribe. (June 27, 1934, c. 847, § 302, 48 Stat. 1254.)

§ 1718. Investment of funds. Moneys of any national mortgage association not invested in first mortgages or other liens as provided in section 1716 of this title, or in operating facilities approved by the Administrator, shall be kept in cash on hand or on deposit, or invested in bonds or other obligations of, or guaranteed as to principal and interest by, the United States; except that each such association shall keep and maintain such reserves as the Administrator shall by rules and regulations prescribe. (June 27, 1934, c. 847, § 303, 48 Stat. 1254.)

§ 1719. Management of acquired properties. Subject to such rules and regulations as the Administrator shall prescribe, any national mortgage association shall have power to deal with, rent, renovate, modernize, or sell for cash or credit, or otherwise dispose of, with a view to assuring a maximum financial return to the association, any property acquired by it as a result of foreclosure proceedings. (June 27, 1934, c. 847, § 304, 48 Stat. 1254.)

§ 1720. Examinations and liquidation. The Administrator shall have power to provide for the periodic examination of the affairs of every national mortgage association and shall have power to terminate the existence of any such association and order its liquidation and the winding up of its affairs in any case in which the Administrator finds that the association is violating any provisions of this title or...
any rule or regulation thereunder, or in any case in
which he finds that the association is conducting its
business in an unsafe and unbusinesslike manner.
In any case in which the Administrator finds, upon
examination of the affairs of any such association, that
the capital of such association is substantially im-
paired, and if, within thirty days after the Admin-
istrator has notified the association of the existence
of such impairment, the capital is not restored to
the satisfaction of the Administrator, he shall terminate
the existence of such association and shall order the
liquidation and winding up of its affairs. The ex-
penses of examination of any such association shall be
borne by the association or paid for by the association
in such manner and under such rules and regulations as
the Administrator shall prescribe. For the purposes
of this section, examiners appointed by the Admin-
istrator shall submit to the same rules, if any, as
suspending, and penalties as are applicable to
examiners under chapters 2 and 3 of this title, and,
in the exercise of their functions, shall have the same
powers and privileges as are vested in such examiners
by law. (June 27, 1934, c. 847, \$ 305, 48 Stat. 1254.)

§ 1721. Rules and regulations. The Administrator
shall have power to provide by rules and regulations
for the liquidation, reorganization, consolidation, or
merger of national mortgage associations, including
the power to appoint a conservator or a receiver to
take charge of the affairs of any such association,
to require an equitable readjustment of its capital
structure, to release it from the control of a conservator
or receiver, and to permit its further operation. (June
27, 1934, c. 847, \$ 306, 48 Stat. 1255.)

§ 1722. Taxation. National mortgage associations
shall be subject to taxation to the same extent as
State-chartered corporations, except that no State or
political subdivision thereof, to the real property of such
associations from taxation by any State or political subdivision thereof, to the
extent, according to its value, as other personal property is taxed. (June 27, 1934, c. 847, \$ 307, 48 Stat. 1255.)

§ 1723. Depositaries of public moneys. When des-
gnated for that purpose by the Secretary of the
Treasury any national mortgage association shall be
a depositary of public moneys, 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 per-
forn all such reasonable duties as a depositary of
public money and financial agent of the Government as
may be required of it. Any national mortgage asso-
ciation may act as agent for any other instrumentality
of the United States when designated for that pur-
pose by such Instrumentality. (June 27, 1934, c. 847,
\$ 308, 48 Stat. 1255.)

TITLe IV.—INSURANCE OF SAVINGS AND LOAN
ACCOUNTS

§ 1724. Definitions. As used in this title—
(a) The term "insured institution" means an in-
stitution whose accounts are insured under this title.
(b) The term "insured member" means an individ-
ual, partnership, association, or corporation which
holds an insured account.
(c) The term "insured account" means a share,
certificate, or deposit account of a type approved by
the Federal Savings and Loan Insurance Corporation
which is held by an insured member in an insured
institution and which is insured under the provisions
of this title.
(d) The term "default" means an adjudication or
other official determination of a court of competent
jurisdiction or other public or private proceeding by
which a conservator, receiver, or other legal custo-
dian is appointed for an insured institution for the
purpose of liquidation. (June 27, 1934, c. 847, \$ 401,
48 Stat. 1255.)

§ 1725. Creation of federal savings and loan insur-
ance corporation. (a) There is hereby created a
Federal Savings and Loan Insurance Corporation
(hereinafter referred to as the "Corporation"), which
shall insure the accounts of institutions eligible for
insurance as hereinafter provided, and shall be under
the direction of a board of trustees, to be composed of
five members and operated by it under such bylaws,
rules, and regulations as it may prescribe for carrying
out the purposes of this title. The members of the
Federal Home Loan Bank Board shall constitute the
board of trustees of the Corporation and shall serve
without additional compensation. The prin-
cipal office of the Corporation shall be in the District
of Columbia.
(b) The Corporation shall have a capital stock of

§ 1726. Powers. The Corporation shall have power
to—
(1) Adopt and use a corporate seal.
(2) To have succession until dissolved by Act of
Congress.
(3) To make contracts.
(4) To sue and be sued, complain and defend, in
any court of law or equity, State or Federal.
(5) To appoint and to fix the compensation, by its
board of trustees, of such officers, employees, attor-
eys, or agents, as shall be necessary for the perform-
ance of its duties under this title, without regard to
the provisions of any other laws relating to the em-
ployment or compensation of officers or employees of
the United States. Nothing in this title or any other
provision of law shall be construed to prevent the
appointment and compensation as an officer, attorney,
or employee of the Corporation, of any officer, attor-
ney, or employee of any board, corporation, commis-
sion, executive department, or instrumentality of the
Government. The Corporation, with the consent of any
board, corporation, commission, establishment, executive department, or instrument-
ality of the Government, may be required of it. Any national mortgage asso-
ciation may act as agent for any other instrumentality
of the United States when designated for that pur-
pose by such Instrumentality. (June 27, 1934, c. 847,
\$ 309, 48 Stat. 1255.)
any Territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority. The Corporation, including its franchise, surplus, undivided profits, and 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 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) The Corporation shall make an annual report of its operations to the Congress as soon as practicable after the 1st day of January in each year.

Property is taxed.

Authority. The Corporation, including its franchise, surplus, undivided profits, and 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 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) The Corporation shall make an annual report of its operations to the Congress as soon as practicable after the 1st day of January in each year.

No individual, association, partnership, or corporation shall use the words "Federal Savings and Loan Insurance Corporation", or any combination of any of these words which would have the effect of leading the public in general to believe there was an actual association, actually not existing, between such individual, association, partnership, or corporation and the Federal Savings and Loan Insurance Corporation, as the name under which he or it shall hereafter do business. No individual, association, partnership, or corporation shall advertise or otherwise represent falsely by any device whatsoever that his or its accounts are insured or in anywise guaranteed by the Federal Savings and Loan Insurance Corporation, by the Government of the United States, or by any instrumentality thereof; and no insured member shall advertise or otherwise represent falsely by any device whatsoever the extent to which or the manner in which its accounts are insured by the Federal Savings and Loan Insurance Corporation. Every individual, partnership, association, or corporation violating this subsection shall be punished by a fine of not exceeding $1,000, or by imprisonment not exceeding one year, or both. (June 27, 1934, c. 847, § 402, 48 Stat. 1256.)

§ 1726. Insurance of accounts and eligibility provisions. (a) It shall be the duty of the Corporation to insure the accounts of all Federal savings and loan associations, and it may insure the accounts of building and loan, savings and loan, and homestead associations and cooperative banks organized and operated according to the laws of the State, District, or Territory in which they are chartered or organized. (b) Application for such insurance shall be made immediately by each Federal savings and loan association, and may be made at any time by other eligible organizations. Such applications shall be in a form as the Corporation shall prescribe, and shall contain an agreement (1) to pay the reasonable cost of such examinations as the Corporation shall deem necessary in connection with such insurance, and if the insurance is granted, to permit and pay the cost of such examinations as in the judgment of the Corporation may from time to time be necessary for its protection and the protection of other insured institutions, to permit the Corporation to have access to any information or report with respect to any examination made by any public regulatory authority and to furnish any additional information with respect thereto as the Corporation may require, and to pay the premium charges for insurance as hereinafter provided. Each applicant for such insurance shall also file with its application an agreement that during the period that the insurance is in force it will not make any loans beyond fifty miles from its principal office except with the approval of, and pursuant to regulations of the Corporation, but any applicant which, prior to June 27, 1934, has been permitted to make loans beyond such fifty-mile limit may continue to make loans within the territory in which the application is operating on such date; will not, after becoming an insured institution, issue securities which guarantee a definite return or which have a definite maturity except with the specific approval of the Corporation, or issue any securities the form of which has not been approved by the Corporation; will not carry on any sales plan or practices, or any advertising, in violation of regulations to be made by the Corporation; will provide adequate reserves satisfactory to the Corporation, to be established in accordance with such regulations as the Corporation may prescribe, to cover dividends to its insured members; but such regulations shall require the building up of reserves to 5 per centum of all insured accounts within a reasonable period, not exceeding ten years, 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.

§ 1727. Premiums on insurance. (a) Each institution whose application for insurance is approved by the Corporation shall pay to the Corporation, in such manner as it shall prescribe, a premium charge for such insurance equal to one-fourth of 1 per centum of the total amount of all accounts of the insured members of such institution plus any creditor obligations of such institution. Each premium shall be paid at the time the certificate is issued by the Corporation under section 1726, and thereafter annually until a reserve fund has been established by the Corporation equal to 5 per centum of all insured accounts and creditor obligations of all insured institutions, except that under regulations prescribed by the Corporation such premium charge may be paid semiannually. If at any time such reserve fund falls below such 5 per centum, the payment of such annual premium charge for insurance shall be resumed and shall be paid semiannually until the reserve is brought back to such 5 per centum. For the purposes of this subsection, the amount in all accounts of insured members and the amount of creditor obligations of any institution may be determined from adjusted statements made within one year prior to the approval of the application of such institution for insurance, or in such other manner as the Corporation may by rules and regulations prescribe.

(b) The Corporation is further authorized to assess against each insured institution additional premiums for insurance until the amount of such premiums equals the amount of all losses and expenses of the Corporation; except that the total amount so assessed in any one year against any such institution shall not exceed one-fourth of 1 per centum of the total amount of the accounts of its insured members and its creditor obligations. (June 27, 1934, c. 847, § 404, 48 Stat. 1258.)

§ 1728. Payment of insurance. (a) Each institution whose application for insurance under this title is approved by the Corporation shall be entitled to insurance up to the full withdrawal or repurchaseable value of the accounts of each of its members and investors (including individuals, partnerships, associations, and corporations) holding withdrawable or repurchaseable shares, investment certificates, deposit certificates of any institution; except that no member or investor of
any such institution shall be insured for an aggregate amount in excess of $5,000.

In the event of a default by any insured institution the Corporation shall promptly determine the insured members thereof and the amount of their insured accounts, and shall make available to each of them, after notice by mail at his last-known address and surrender and transfer to the Corporation of his insured account, either (1) a new insured account in an insured institution not in default, in an amount equal to the amount so transferred, or (2) at the option of the insured member, the amount of his account which is insured under this section, as follows: Not to exceed 10 per centum in cash, and the balance within three years from the date of such default, in negotiable non-interest-bearing debentures of the Corporation. The Corporation shall furnish to all insured institutions a certificate stating that the insurance of accounts in such institution is to be paid in the manner described in this subsection. (June 27, 1934, c. 847, § 505, 48 Stat. 1255.)

§ 1725. Liquidation of insured institutions. (a) In order to facilitate the liquidation of insured institutions, the Corporation is authorized (1) to contract with any insured institution with respect to the making available of insured accounts to the insured members of any insured institution in default, or (2) to provide for the organization of a new Federal savings and loan association for such purpose subject to the approval of the Federal Home Loan Bank Board.

(b) In the event that a Federal savings and loan association is in default, the Corporation shall have power to terminate the insured status of any insured institution to become effective immediately. If the Corporation is not so appointed within thirty days after notice to the Corporation, terminate its status as an insured institution upon a majority vote of its shareholders entitled to vote, or upon a majority vote of its board of directors, whichever body which is authorized to act for the institution. Thereafter, upon its status as an insured institution shall immediately cease and all rights of its insured members to represent itself as an insured institution, but the insured accounts of its members existing on the date of such termination shall continue as such for a period of five years thereafter, and the insured institution shall be required to continue the payment of the premium charge for insurance for a period of three years after the date of such termination.

The Corporation shall have power to terminate the insured status of any insured institution at any time, after ninety days' notice in writing, for violation of any provision of this title, or of any regulation made thereunder, or of any agreement made pursuant to section 1726. In the event the insured status of any insured institution is so terminated it shall not thereafter represent itself as an insured institution, but the insured accounts of its members existing on the date of such termination shall continue as such for a period of five years thereafter, and the insured institution shall be required to continue the payment of the premium charge for insurance during such five-year period. (June 27, 1934, c. 847, § 407, 48 Stat. 1260.)

TITLE V—MISCELLANEOUS

§ 1731. Penalties. (a) Whoever, for the purpose of obtaining any loan from the Federal Housing Administration or the Federal Savings and Loan Insurance Corporation, or any extension or renewal thereof, or for the acceptance, release, or substitution of security therefor, or for the purpose of inducing the Administration or the Corporation to purchase any assets, or for the purpose of influencing in any way the action of the Administration or the Corporation under this chapter, makes any statement, knowing it to be false, and any violation of any security, shall be fined by a fine of not more than $5,000, or by imprisonment for not more than two years, or both.

(b) Whoever (1) falsely makes, forgeps, or counterfeits any obligation or coupon, in imitation of or purporting to be an obligation or coupon issued under authority of this chapter, or (2) passes, utters, or publishes, or attempts to pass, utter, or publish, any false, forged, or counterfeited obligation or coupon purporting to have been so issued, or (4) passes, utters, or publishes, or attempts to pass, utter, or publish, as true, any falsely altered or spurious obligation or coupon, so issued or purporting to have been so issued, knowing the same to be false, forged, or counterfeited, or (3) falsely alters any obligation or coupon so issued or purporting to have been so issued, shall be fined by a fine of not more than $5,000, or by imprisonment for not more than five years, or both.

(c) Whoever, being connected in any capacity with the Federal Housing Administration or the Federal Savings and Loan Insurance Corporation, (1) embezzles, abstracts, purloins, or willfully misapplies any moneys, funds, securities, or other things of value, whether belonging to the Administration or pledged, or otherwise entrusted to the Administration or the Corporation, or (2) with intent to defraud the Administration or the Corporation or any other body, politic or corporate, or any other individual, or to defraud any officer, auditor, or examiner of the Administration or the Corporation, shall be fined by a fine of not more than $5,000, or by imprisonment for not more than five years, or both.
§ 1752. Definitions. A Federal credit union shall have succession in its corporate name during its existence and shall have power—

(1) To make contracts.

(2) To sue and be sued.

(3) To adopt and use a common seal and alter the same at pleasure.

(4) To purchase, hold, and dispose of property necessary and incidental to its operations.

(5) To make loans with maturities not exceeding two years to its members for provident or productive purposes upon such terms and conditions as this chapter and the bylaws provide and as the credit committee may approve, at rates of interest not exceeding 8 per centum per month on unpaid balances (inclusive of all charges incident to making the loan); Provided, That no loans to a director, officer, or member...