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Office of the Law Revision Counsel

Positive law codification is the process of preparing and enacting, one title at a time, a revision and restatement of the general and permanent laws of the United States.

Positive law codification bills prepared by the Office do not change the meaning or legal effect of a statute being revised and restated. Rather, the purpose is to remove ambiguities, contradictions, and other imperfections from the law.

Lawyers and Judges in Collusion, By Judge John Fitzgerald Molloy
Made Miranda v. Arizona decision.

Separation of Powers doctrine

00:07:15

Opinion of judge is ok unless a party objects.

Legislature makes law

GPOaccess.gov/uscode official version

50 titles

Title 12 Banks & Banking

USCA

USCS

13 Stat 99 covers banking, which covers the bulk of the rules in Title 12 USC

00:08:15

Judiciary to interpret the intent of Congress, i.e. he confirms the intent of Congress

Judge's authority is only to state what the intent of Congress was. When the case is appealed, that is when the intent of the Congress

He has no delegation of authority to go beyond that.

If judge doesn't interpret, but makes his own law, then he is voiding contract, or exceeding jurisdiction.

1 USC Chapter 3, Sec. 204

The codes are "prima facie" evidence of law unless enacted into positive law in which case they are "legal" evidence of law.

[updated 05-04-2009]

Sec. 204. Codes and Supplements as evidence of the laws of
United States and District of Columbia; citation of Codes and
Supplements

In all courts, tribunals, and public offices of the United States,
at home or abroad, of the District of Columbia, and of each State,
Territory, or insular possession of the United States--

(a) United States Code.--**The matter set forth in the edition of the Code of Laws of the United States current at any time shall, together with the then current supplement, if any, establish prima facie the laws of the United States, general and permanent in their nature,** in force on the day preceding the commencement of the session following the last session the legislation of which is included: Provided, however, That **whenever titles of such Code shall have been enacted into positive law the text thereof shall be legal evidence of the laws therein contained, in all the courts of the United States, the several States, and the Territories and insular possessions of the United States.**

(b) District of Columbia Code.--The matter set forth in the edition of the Code of the District of Columbia current at any time shall, together with the then current supplement, if any, establish prima facie the laws, general and permanent in their nature, relating to or in force in the District of Columbia on the day preceding the commencement of the session following the last session the legislation of which is included, except such laws as are of application in the District of Columbia by reason of being laws of the United States general and permanent in their nature.

(c) District of Columbia Code; citation.--The Code of the District of Columbia may be cited as ``D.C. Code".

(d) Supplements to Codes; citation.--Supplements to the Code of Laws of the United States and to the Code of the District of Columbia may be cited, respectively, as ``U.S.C., Sup. ", and ``D.C. Code, Sup. ", the blank in each case being filled with Roman figures denoting the number of the supplement.

(e) New edition of Codes; citation.--New editions of each of such codes may be cited, respectively, as ``U.S.C., ed.", and ``D.C. Code, ed.", the blank in each case being filled with figures denoting the last year the legislation of which is included in whole or in part.

00:10:15

The bulk of the codes come from a combination of legislated statutes and interpretive case law.

Codes can be found at <http://www.gpoaccess.gov>

Office of the Law Revision Counsel of the House of Representative
Positive law codification is the process of preparing and enacting, one title at a time, a revision and restatement of the **general and permanent laws** of the United States.

00:13:50

Titles enacted into law:

1 3 4 5 9 10 11 13 14 17 18 23 28 31 32 35 36 37 38 39 44 46 49

Titles Enacted = Legal evidence of the law, **positive law**

Titles not Enacted = **prima facie** evidence of law

<http://uscode.house.gov>

13 Stat. 99 has bulk of the Banks & Banking statutes

12 USC is the Banks and Banking codes

USCA & USCS same as USC, plus has annotations

USCA has “case holding” relative to the statutes

1 USC Chapter 3, Sec 204

00:19:00

Rectum = an accusation or a trial

00:20:00

Codes vs statutes

00:20:15

Title 62 of Statutes at Large, which is 13 Stat 99

Title 12 of Codes, Banks and Banking

00:20:40

Official source for the United States laws is **Statute at Large** and United States Code is only *prima facie* evidence of such laws. **Royer's Inc. v. United States (1959, CA3 Pa) 265 F.2d 615, 59-1 USTC 9371, 3 AFTR 2d 11571.**

Statutes at Large are "legal evidence" of laws contained therein and are accepted as proof of those laws in any court of United States. **Bear v. United States (1985, DC Neb) 611 F Supp 589, affd (1987, CA8 Neb) 810 F.2d 153**

Unless Congress affirmatively enacts title of United States Code into law, title is only prima facie* evidence of law. Preston v. Heckler (1984, CA9 Alaska) 734 F.2d 1359, 34 CCHEPD 34433, later proceeding (1984, DC Alaska) 596 F Supp 1158.

Where title has not been enacted into positive law, title is only prima facie or reputable evidence of law, and if construction is necessary, recourse may be had to original statutes themselves. **United States v. Zuger (1984, DC Conn) 602 F Supp 889, affd without op (1985, CA2 Conn) 755 F.2d 915, cert den and app dismd (1985) 474 US 805, 88 L Ed 2d 32, 106 S Ct 38.**

Even codification into positive law will not give code precedence where there is conflict between codification and Statutes at Large. **Warner v. Goltra (1934) 293 US 155, 79 L Ed 254, 55 S Ct 46; Stephan v. United States (1943) 319 US 423, 87 L Ed 1490, 63 S Ct 1135; United States v. Welden (1964) 377 US 95, 12 L 2d 152, 84 S Ct 1082.**

United States Code does not prevail over Statutes at Large when the two are inconsistent. Stephan v. United States (1943) 319 US 423, 87 L Ed 1490, 63 S Ct 1135; Peart v. The Motor Vessel Bering Explorer (1974, DC Alaska) 373 F Supp 927.

Although United States Code establishes prima facie what laws of United States are, to extent that provisions of United States Code are inconsistent with Statutes at Large, Statutes at Large will prevail. **Best Feed, Inc. v. United States (1965) 37 Cust Ct 1, 147 F Supp 749.**

Where there is conflict between codification and Statutes at Large, Statutes at Large must prevail. *American Export Lines, Inc. v. United States* (1961) 153 Ct Cl 207, 518 F.2d 1369, cert den (1976) 429 US 817, 50 L Ed 2d 76, 97 S Ct 59.

“This distinction between the Statutes at Large and the U.S.C. can be better understood in the context of positive and non-positive law. A non-positive law title of the Code (such as Title 29 – Labor, for example) consists of Statutes at Large which have not been enacted directly to such title, but which have been codified to such title by the Law Revision Council. On the other hand, in a positive law title (such as Title 10 – Armed Forces), Statutes at Large have been enacted directly to such title. Because of this distinction, it is not uncommon to find such words as ‘title’ or ‘Act’ appearing in the text of a Statutes at Large which have been codified to a non-positive law title of the Code. While we preserve such language in U.S.Cs. , the compilers of the U.S.C. substitute words such as ‘chapter’ or ‘subchapter.’ This substitutionary policy has, on several occasions, resulted in conflict between the U.S.C. and the Statutes at Large. For example, in one case it was held that use of the word ‘Act’ in the Statutes at Large prevailed over substitution of the word ‘chapter’ by the compilers of the Code (see *United states v. Vivian* (1955, CA7 Ill.) 224 F.2d 53, cert den 350 US 953, 100 L Ed 830, 76 S.Ct. 340 (1956))

Other cases:

Warner v. Goltra (1934) 293 US 155, 79 L Ed. 254, 55 S. Ct. 46;

Stephan v. United States (1943) 319 US 423, 87 L Ed. 1490, 63 S.Ct. 1135;

Nashville Milk Co. v. Carnation Co. (1958) 355 US 373, 2 L Ed2d 340, 78 S.Ct. 352;

United States v. Welden (1964) 377 US 95, 12 L.Ed.2d 152, 84 S.Ct. 1082;

United States v. Neifert-White Co. (1968) 390 US 228, 19 L.Ed.2d 1061, 88 S.Ct. 959;

Goldstein v. Cox (1970) 396 US 471, 24 L.Ed.2d 663, 90 S.Ct. 671;

United states v. Bornstein (1976) 423 US 303, 46 L.Ed.2d 514, 96 S.Ct. 523;

American Bank & Trust Co. v. Dallas county (1983) 463 US 855, 77 L.Ed.2d 1072, 103 S.Ct. 3369

00:25:05

There are great differences between 12 USC and the statutes.

Federal Reserve Bank publications

Points of Interest
Federal Reserve Bank of Chicago
Public Information Center
P.O. Box 834
Chicago, IL 60690-0834
312-322-5111

“Banks and Deposit Creation

Depository institutions, which for simplicity we will call banks, are different from other financial institutions because **they offer checking accounts and make loans by lending checkbook deposits.** The deposit creation activity, essentially creating money, affects interest rates because these deposits are part of savings, the source of the supply of credit. Banks create deposits by making loans. Rather than handing cash to borrowers, banks simply increase balances in borrowers’ checking accounts. Borrowers can then draw checks to pay for goods and services. This creation of checking accounts through loans is just as much a deposit as one we might make by pushing a ten-dollar bill through the teller’s window. With all of the nation’s banks able to increase the supply of credit in this fashion, credit could conceivably expand without limit. When banks create checkbook deposits, they create money as well as credit since these deposits are part of the money supply.”

Two Faces of Debt

Federal Reserve Bank of Chicago

Page 19, Paragraphs 3-5:

“For an individual institution, they arise typically when a depositor brings in currency or checks drawn on other institutions. The depositor’s balance rises, but the currency he or she holds or the deposits someone else holds are reduced a corresponding amount. The public’s total money supply is not changed.

But a depositor’s balance also rises when the depository institution extends credit either by granting a loan to or buying securities from the depositor. In exchange for the note or security, the lending or investing institution credits the depositor’s account or gives a check that can be deposited at yet another depository institution. In this case, no one else loses a deposit. The total of currency and checkable deposits—the money supply—is increased. New money has been brought into existence by expansion of depository institution credit. Such newly created funds are in addition to funds that all financial institutions provide in their operations as intermediaries between savers and users of savings.

But individual depository institutions cannot expand credit and create deposits without limit. Furthermore, most of the deposits they create are soon transferred to other institutions. A deposit created through lending is a debt that has to be paid on demand of the depositor, just the same as the debt arising from a customer's deposit of checks or currency in a bank.”

00:31:20

PUBLIC DEBT: PRIVATE ASSET

Debt as an Asset.

We all know what debt is when it is our own—we owe money to someone else. On the other hand, it may not be so easy to understand that many of our financial assets are someone else's debts. For example, to a consumer a savings account at a bank is an asset. However, to the bank it is a debt.

The bank owes us the money that is in our account. We let the bank hold the money for us because it promises to pay us back with interest. The bank then uses our money to make loans and to invest in other debt, including the government's.

Like the savings account, most of us think of the \$25 savings bond we received from grandma as a financial asset. However, it is also a debt our government owes us.

Just as there must be a buyer for every seller in a sales transaction, for every debt incurred someone acquires a financial asset of equal value. Debt, then, is considered an asset of the creditor, and a claim against the assets and earnings of the debtor.

In terms of the national debt, every dollar of the government's debt is someone's asset. Corporations, brokerage houses, bond-trading firms, foreign nationals, and U.S. citizens, both here and abroad, are all willing to loan money to the U.S. government. They view the loan as an investment, an asset that increases their wealth.

00:32:50

National banking corporations are agencies or instruments of the general government, designed to aid in the administration of an important branch of the public service, and are an appropriate constitutional means to that end. *Pollard v. State*, Ala 1880, 65 Ala 628. See, also, *Tarrant v. Bessemer Nat. Bank*, 1913, 61 So 47, 7 Ala App 285.

00:35:00

Note: An agent represents another person, by contract. An agency or instrument is actually a part of the organization it represents. It got its rights from the organization. In this case we are talking about the agency being an extension of the government.

00:35:50

FOIA as it applies to banks (same as govt)

Asked for delegation of authority. Whether bank has delegation of authority. Treasury Delegation Order for Fifth Third Bank: 1. Pursuant to Section 265 of Title 12, USC 90, 12 USC 266, and 12 USC 1464K, the Secretary of the Treasury has the authority to designate financial institution to be depositories and financial agents of the United States.
2. By signing this memorandum the depository warrants or promises that it meets the requirements stated in 31 CFR part 202 to be designated as a depository financial agent of the government.

00:38:30

A national bank cannot lend its credit or become the guarantor of the obligation of another unless it owns or has an interest in the obligation guaranteed especially where it receives no benefits therefrom. *Citizens' Nat. Bank of Cameron v. Good Roads Gravel Co.*, Tex.Civ.App 1921, 236 S.W. 153, dismissed w.o.j.

Note: if you lend money to the bank, the bank does have a fiduciary interest.

A national bank has no power to guarantee the performance of a contract made for the sole benefit of another. *First Nat. Bank v. Crespi & Co.*, Tex.Civ.App. 1920, 217 S.W. 705, dismissed w.o.j.

National banks have no power to negotiate loans for others. *Pollock v. Lumbermen's Nat. Bank of Portland*, Or. 1917, 168 P. 616, 86 Or. 324.

A national bank cannot act as broker in lending its depositors' money to third persons. *Byron v. First Nat. Bank of Rosenberg, Or.* 1915, 146 P. 516, 75 Or. 296.

A national bank is not authorized to act as a broker in loaning the money of others. *Gro v. Cockrill, Ark.* 1897, 39 S.W. 60, 63 Ark. 418. See, also, *Keyser v. Hitz, Dist Col* 1883, 2 Mackey, 513.

Officers of national bank in handling its funds are acting in a fiduciary capacity, and cannot make loans and furnish money contrary to law or in such improvident manner as to imperil its funds. *First Nat. Bank v. Humphreys, Okla.* 1917, 168 P. 410, 66 Okla 186

Representations made by bank president to proposed surety as to borrower's assets, in connection with proposed loan by bank, held binding on bank. *Young v. Goetting, C.C.A.5 (Tex.)* 1926, 16 F.2d 248.

Bank if liable for its vice president's participation in scheme to defraud depositor by facilitating prompt withdrawal of his money. *National city Bank v. Carter, C.C.A.6 (Tenn)* 1926 14 F.2d 940

A National bank receiving the proceeds of a customer's note and mortgage with authority to pay out the same upon the first mortgage lien of real estate is acting in ultra virus and liable for breach of duty.

00:33:21

Who is the bank?

Who has standing?

00:42:15

National bank is not authorized under national banking laws to lend deposited money on depositor's behalf. *Carr v. Weiser State Bank of Weiser, Idaho* 1937, 66 P.2d 1116, 57 Idaho 599.

Under this section, a national bank had no authority to enter into a contract for loaning money of a depositor kept in a deposit account through its cashier authorized by the depositor to draw thereon to make loans. *Holmes v. Uvalde Nat. Bank., TexCiv.App.* 1920, 222 S.W. 640, error refused.

A bank has no right to loan the money of other persons. *Grow v. Cockrill*, Ark. 1897, 39 S.W. 60, 63 Ark. 418.

A “deposit for a specified purpose” is one in the making of which a trust fund is constituted with respect to which a special duty as to its application is assumed by the bank. *Cooper v. National Bank of Savannah*, GA.App. 1917, 94 S.E. 611, 21 GA.App. 356, certiorari granted 38 S.Ct. 423, 246 U.S. 670, 62 L.Ed. 931, Affirmed 40 S.Ct. 58, 251 U.S. 108, 64 L.Ed. 171.

Fund, deposited in bank for special purpose subject to depositor’s check, remains property of depositor. *U.S. Shipping Board Emergency Fleet Corporation v. Atlantic corporation*, D.C. Mass. 1925, 5 F.2d 529, error dismissed 16 F.2d 27.

‘In the case of a special deposit, the bank assumes merely the charge or custody of property, without authority to use it, and the depositor is entitled to receive back the identical money or thing deposited. In such case, the right of property remains in the depositor, and if the deposit is of money, the bank may not mingle it with its own funds. The relation created is that of bailor and bailee, and not that of debtor and creditor.’ 3 R.C.L. 522, *Tuckerman v. Mearns*, App.D.C. 1919, 262 F. 607, 49 App.D.C. 153

00:43:20 Modern Money Mechanics

People would redeem their “deposit receipts” whenever they needed gold or coins to purchase something, and physically take the gold or coins to the seller who, in turn, would deposit them for safekeeping, often with the same banker. Everyone soon found that it was a lot easier simply to use the deposit receipts directly as a means of payment. These receipts, which became known as notes, were acceptable as money since whoever held them could go to the banker and exchange them for metallic money.

Then, bankers discovered that they could make loans merely by giving their promises to pay, or bank notes, to borrowers. In this way, banks began to create money. More notes could be issued than the gold and coin on hand because only a portion of the notes outstanding would be presented for payment at any one time. Enough metallic money had to be kept on hand, of course, to redeem whatever volume of notes was presented for payment.

Transaction deposits are the modern counterpart of bank notes. It was a small step from printing notes to making book entries crediting deposits of borrowers which the borrowers in turn could spend by writing checks, thereby printing their own money.

00:47:00

Concerning mortgages

USCA

Footnote 10, Promissory notes are only evidences of debt, and not debts themselves. Wheeler v. Sohmer, WHEELER v. NEW YORK, 233 U.S. 434, 435 (1914)

Question: Where's the debt?

The publications want you to believe that the note is payment. And they are enforcing them in court by calling them obligations.

An obligation for one is an asset for another. The banks are calling notes obligations aka assets. Because a promissory note cannot be a debt, it also cannot be an asset. "The notes are but the evidence of debt."... "The debt due, of which the notes are evidence, is property vested in the owner. Except, perhaps, where he has conferred authority upon someone else as his agent to loan, manage, receive, and collect the same for him, in such case it might be reasonably held that the situs of the property was the domicile of the agent." Wheeler v. Sohmer, comptroller of the State of New York.

In other words, the situs is the legal bond between you and the bank.

We now know that notes are not debt. It can't be a debt, it can't be an asset. We know that they can't use the depositor's money. So, where does this money come from that they claim we owe them, and how did bank say they have the right to say we have an obligation?

FRB definition: Money: Anything that serves as a generally accepted medium of exchange, a standard of value, and a means of saving and storing purchasing power.

00:50:00

MORTGAGE

USCA

12 USC 3754 Authority to foreclose on mortgages.

00:50:44

59 Corpus Juris Secundum, MORTGAGES 2, Definitions

“The literal meaning of the word ‘mortgage’ is ‘dead pledge’. A mortuum vadium. The term mortgage may be employed as meaning the debt secured by the mortgage, but in its true sense an ordinary mortgage is not a debt as the debt is the principle obligation, and the mortgage is generally regarded as merely an incident or accessory to the debt.

A mortgage is an interest in land created by a written instrument providing security for the performance of a duty or payment of debt, and is usually evidenced by a note.”

A mortgage does not define where a debt truly is. It is an accessory to a debt, not the debt itself.

Supporting cases which worked because brought in were the statute and confirming court case:

Caddy vs. Cortite, New York

Tusty vs. Collins

Baker vs. Citizen State Bank of Louis Park

U.S. vs. Stanley

00:55:34

Intent of Congress re Banks and Banking

13 Stat 99, aka 62 Stat

Cornell Law, on the right in the note section, then go into the source, and it will tell you the statute.

In 12 USC, there are 33 references to 62 revised statutes which is 13 Stat 99 [13th Congress, page 99]. Consists of 20 pages of *Banks & Banking* which are expanded into 4 volumes with hundreds/thousands of sections in 12 USC.

“13 Stat. 102 (1864), Sec. 9. And be it further amended, That the affairs of every association shall be managed by **not less than five directors, one of whom shall be the president. Every director** shall, during his whole term of service, **be a citizen of the United States**; and at least three fourths of the directors shall have resided in the state, territory, or district in which each association is located one year next preceding their election as directors, and be residents of the same during

their continuance in office. Each director **shall own, in his own right, at least ten shares of the capital stock** of the association of which he is a director. Each director, when appointed or elected, **shall take an oath** that he will, so far as the duty devolves on him, **diligently and honestly administer the affairs of such association**, and **will not knowingly violate, or willingly permit to be violated, any of the provisions of this act**, and that he is the bona fide owner, in his own right, of the number of shares of stock required by this act, subscribed by him, or standing in his name on the books of the association, and that the name is not hypothecated, or in any way pledged, as security for any loan or debt; which oath, subscribed by himself, and certified by the officer before whom it is taken, shall be immediately transmitted to the comptroller of the currency, and by him filed and preserved in his office.”

01:00:05

12 USC has about 64 sections which are positive law, and the rest are assumptions, beliefs, and opinions of the Law Revision Council.

01:02:00

[updated 05-04-2009]

Sec. 83. Loans by bank on its own stock

(a) General prohibition

No national bank shall make any loan or discount on the security of the shares of its own capital stock.

(b) Exclusion

For purposes of this section, a national bank shall not be deemed to be making a loan or discount on the security of the shares of its own capital stock if it acquires the stock to prevent loss upon a debt previously contracted for in good faith.

Capital stock is the money the directors put into the “pool” which thus creates the stock of the company. That money cannot be pulled out or touched because the stock would then deflate instantly. They cannot loan it out, or pledge it because it has already been pledged here as capital stock.

01:03:19

13 Stat. 35. And be it further enacted, ‘That no association shall make any loan or discount on the security of the shares of its own capital stock, **nor be the**

purchaser or holder of any such shares, unless such security or purchase shall be necessary to prevent loss upon a debt previously contracted in good faith; and stock so purchased or acquired shall, within six months from the time of its purchase, be sold or disposed of at public or private sale, in default of which a receiver may be appointed to close up the business of the association, according to the provisions of this act.

[The above underlined wording is left out of the code. Perhaps also the next section 36.]

Sec. 36. And be it further enacted, That no association shall at any time be indebted, or in any way liable, to an amount exceeding the amount of its capital stock at such time actually paid in and remaining undiminished by losses or otherwise, except on the following accounts, that is to say:--

First. On account of its notes of circulation.

Second. On account of moneys deposited with, or collected by, such association.

Third. On account of bills of exchange or drafts drawn against money actually on deposit to the credit of such association, or due thereto.

Fourth. On account of liabilities to its stockholders for dividends and reserved profits.

Sec. 37. And be it further amended, That no association shall, either directly or indirectly, pledge or hypothecate any of its note of circulation, for the purpose of procuring money to be paid in on its capital stock, or to be used in its banking operations, or otherwise; nor shall any association use its circulating notes, or any part thereof, in any manner or form, to create or increase its capital stock.

Sec. 38. And be it further enacted, That no association, or any member thereof, shall, during the time it shall continue its banking operations, withdraw, or permit to be withdrawn, either in form of dividends or otherwise, any portion of its capital. And if losses shall at any time have been sustained by any such association equal to or exceeding its undivided profits then on hand, no dividend shall be made; and no dividend shall ever be made by any association, while it shall continue its banking operations, to an amount greater than its net profits then on hand, deducting therefrom its losses and bad debts. And all debts due to any...

The bank cannot use its own capital stock, depositors' money, and cannot lend credit. When an account is opened, there is no negotiation in which the bank says it is going to lend the depositors money. That violates the requirement that each contracting party must be fully informed of what's going on relating to the contract. That lack of knowledge makes the contract **void** (not **voidable**). **A void**

contract means it never existed. A voidable contract is one that exists but is not valid due to bad faith, breach of contract, etc.

01:06:33

Re Sec. 37: The bank may not pledge or hypothecate any of its notes for any reason whatsoever, because of the word “otherwise”.

01:07:00

Since the bank cannot use its notes, that brings up the question, “Who issued the note?” The bank could not have issued it because, if it did, that would violate the federal law.

The note only has one place for a signature. There is no place for the bank to sign. The signature is that of the “borrower”. That note belongs to you. But, it cannot be a debt according to the case law. And, if it is not a debt, according to the FRB publications, then it cannot be an asset. In other words, the note is an accessory to the debt, not the debt. In law, the mortgage is also just an accessory to the debt; it is neither debt nor asset.

01:09:00

The original note: without it being brought forth in an action, the alleged “holder” of the note has no rights, for 2 reasons:

1. The original note is used to prove the note was duly negotiated.

Duly negotiated = a transfer, sale, exchange, or delivery; according to the Securities and Exchange Act.

When you sign the note and give it to the bank, it has been transferred, regardless of any other factors.

2. To assure, if I’m accused by a bank under the note, if a judge honors in favor of the bank, the original note may resurface later and I might could be charged twice for the same thing.

01:11:20

Supporting cases:

A promise to pay cannot, by argument, however ingenious, be made the equivalent of actual payment. Christensen v. Beebe, 91 P.129, 32 Utah 406

McCay v. CAPITAL RESOURCES COMPANY, LTD. 96-200 S.W.2D 1997
Where appellee apparently never possessed appellants' original note as provided in Ark. Code Ann. [] 4-3-309(a)(i) (Repl. 1991), but was required, even if it had, to have proven all three factors specified in []4-3-309(a) and did not do so, appellee could not enforce the original note's terms by the use of a copy, even if all three requirements in []4-3-309(a) had been proven, the trial court was still obligated to ensure that appellee provided adequate protection to the appellants from any future claim, and this, too, was not done. First as previously discussed, we mention the unfairness in these circumstances that, if a duplicate was allowed in place of the original note, the McKays could later be subjected to double liability if the actual holder of the note appeared. Next, we add that the Rules of Evidence are rules of the court involving legal proceedings, while the UCC is composed of statutes of law that established the rights and liabilities of persons. Again, as previously discussed, Capital Resources, as an assignee of the McKays' note, could not sue on the underlying debt the McKays owed to Landmark Savings. For Capital Resources to have prevailed in enforcing the McKays' note, it was required either to produce the original or satisfy the requirements for a negotiable instrument under []4-3-309(a) and (b). Because Capital failed to do either, we must reverse and remand.

Mortgage Securities Inc. v. Hartley LORD, Ne. 4D02-4051. July 23, 2003.
Mortgagee by assignment brought foreclosure action. The Circuit Court, 15th Judicial Circuit, Palm Beach County, Edward Fine and John Wessel, II., entered summary judgment for mortgagor. Mortgagee appealed. The District Court of Appeal, Stone, J., held that mortgagee could not maintain cause of action to enforce missing promissory note or foreclose mortgage, in absence of proof that mortgagee or assignor ever had possession of note.

Note: burden of proof lies on the appellant. Otherwise, debtor must prove that the bank never had it, and the bank must prove that it did have it. [In other words, the burden of prove is on the initiating party.]

01:13:48

LORRAINE C. TILLMAN v. VIRGINIA SAVAGE SMITH (07/25/85)
The purpose of the section is well expressed by commentator Carl W. Ehrhardt as follows: [21] The drafters of the Code excluded from the general rule of admissibility of duplicates these documents because the possessor of the

documents is the owner of the obligation that they represent and the party who may bring a cause of action based on the document. Therefore, the person who possesses the duplicate may not possess the cause of action. For example, if A makes a Xerox copy of a promissory note and subsequently negotiates the original to B, under section 90.953(1), A, the transferor, is not able to sue on the Xerox copy of the promissory note. [22] Ehrhardt, Florida Evidence § 953.1 (2d ed. 1984). See also Lowery v. State, 402 So.2d 1287 (Fla.5th DCA 1981). To fall under section 90.953(1), the agreement would have not only to evidence a right to the payment of money, but be “of a type that is transferred by delivery in the ordinary course of business with any necessary endorsement or assignment* (emphasis added).

Mason v. Rubin, 727 So.2d 283, 37 UCC Rep.Serv.2d 1087 (Fla.App. Dist. 4 02/10/1999) Establishing a lost negotiable instrument is governed by a different statute, section 673.3091, Florida Statutes (1993). The latter statute contains more stringent requirements than the former, and the trial court correctly concluded that the husband did not satisfy section 673.3091.

01:15:05

FIGUEREDO v. BANK ESPIRITO SANTO No. 88-1808 Jan. 31, 1989, FL Third District.

The plaintiff failed to produce for admission into evidence the original copy of a negotiable promissory instrument as is expressly required by section 90.953(1), Florida Statutes (1987). For this reason, the final judgment of foreclosure is vacated with directions for the trial court to receive the original promissory note in evidence.

01:15:30

SMS Financial LLC v. Abco Homes, Inc. No. 98-50117 February 18, 1999 (167 F.3d. 235; 5th Circuit Court of appeals.)

Where the complaining party can not prove the existence of the note, then there is no note. To recover on a promissory note, the plaintiff must prove: (1) the existence of the note in question; (2) that the party sued signed the note; (3) that the plaintiff is the owner or holder of the note; and (4) that a certain balance is due and owing on the note. Since no one is able to produce the “instrument” there is no competent evidence before the Court that any party is the holder of the alleged note or the true holder in due course. New Jersey common law dictates that the plaintiff prove the existence of the alleged note in question, prove that the party

sued signed the alleged note, prove that the plaintiff is the owner and holder of the alleged note, and prove that certain balance is due and owing on any alleged note. Federal Circuit Courts have ruled that the only way to prove the perfection of any security is by actual possession of the security. See Matter of Staff Mortg. & Inv. Corp., 550 F.2d 1228 (9th Cir. 1977), “Under the Uniform Commercial Code, the only notice sufficient to inform all interested parties that a security interest in instruments has been perfected is actual possession by the secured party, his agent or bailee.” Bankruptcy Courts have followed the Uniform Commercial Code. In Re Investors & Lenders, Ltd. 165 B.R. 389 (Bkrcty I) N.J. 1994). Unequivocally the Court’s rule is that in order to prove the “instrument”, possession is mandatory. **In addition to the note, another element of proof is necessary—an accounting that is signed and dated by the person responsible for the account.** Claim of damages, to be admissible as evidence. Must incorporate records such as a general ledger and accounting of an alleged unpaid promissory note, the person responsible for preparing and maintaining the account general ledger must provide a complete accounting which must be sworn to and dated by the person who maintained the ledger. See Pacific Concrete F.C.U.V. Kauanoe, 62 Haw. 334, 614 P.2d 936 (1980), GE Capital Hawaii, Inc. v. Yonenaka, 25 P.3d 807, 96 Hawaii 32, (Hawaii App 2001), Fooks v. Norwich Housing Authority 28 Conn. I. Rptr.

01:15:43

See § 90.953, West’s Fla. Stat. Annot. (1979)(Sponsor’s Note); C. Ehrhardt, Florida Evidence §953.1, at 605 & n5; Lowery v. State, 402 So.2d 1287, 1288-89 (Fla. 5th DCA 1981).

90.953(1). Florida Statutes, is misplaced. The purpose of that subsection is to require production of the original where there is an action on a negotiable instrument. In such instances, the original instrument must be brought forward both to demonstrate the right to payment and to preclude the possibility that the instrument has already been negotiated.

[11] State Street sought to establish the promissory note and mortgage under section 71.011, Florida Statutes. State Street alleged that Hartley executed the note and mortgage and that, after multiple assignments, the documents were assigned to State Street by EMC Mortgage Corporation. Although State Street alleged in its pleading that the original documents were received by it, the record established that State Street never had possession of the original note and, further, that its assignor, EMC, never had possession of the note and, thus, was not able to transfer the original note to State Street.

[12] The trial court correctly concluded that as State Street never had actual or constructive possession of the promissory note, State Street could not, as a matter

of law, maintain a cause of action to enforce the note or foreclose the mortgage. The right to enforce the lost instrument was not properly assigned where neither State Street nor its predecessor in interest possessed the note and did not otherwise satisfy the requirements of section 673.3091, Florida Statutes, at the time of the assignment. See *Slizyk v. Smilack*, 825 So. 2d 428, 430 (Fla. 4th DCA 2002). In *Mason v. Rubin*, 727 So. 2d 283 (Fla. 4th DCA 1999), the appellant brought a foreclosure action on a second mortgage, the trial court denied the foreclosure, and this court affirmed on the basis that the appellant had failed to establish the lost note under section 673.3091. Likewise, here, where State Street failed to comply with section 673.3091, the trial court correctly entered summary judgment denying its foreclosure claim. *fn1

In contrast, here, the undisputed evidence was that EMC, the assignor, never had possession of the notes and, thus, could not enforce the note under section 673.3091 governing lost notes. Because EMC could not enforce the lost note under section 673.3091, it had no power of enforcement which it could assign to State Street.

RAYMOND E. SHORES AND MARCENE G. SHORES v. FIRST FLORIDA RESOURCE CORPORATION (10/11/72)

Appellants are entitled to assurance that they will not later be sued by a holder of these instruments....If there are parties having any claim to these instruments they should be brought into the action and the matter determined. The instruments should then be reestablished, recorded and an appropriate judgment entered.

http://www.judicial_state.ia.us/appeals/opinions/20040909/02-1889.asp
No. 4-561 02.1889 Filed September 9, 2004 CHASE MANHATTEN
MORTGAGE CORPORATION vs LYNN B. GOODRICH and LEANA M
GOODRICH

Several of the separate contentions articulated by the Goodriches posit that the summary judgment record was insufficient to support the summary judgment and decree of foreclosure. Central to these contentions is the mistaken notion that a judgment of foreclosure could not be entered because Chase failed to produce the original of the promissory note. Iowa Rule of Civil Procedure 1.961 contemplates that judgment on a note may be entered without production of the original note if the court so orders. The district court did by order authorize the foreclosure despite Chase's failure to produce the original note. Thus, we conclude the summary judgment record was not insufficient to support the judgment of foreclosure despite Chase's failure to produce the original of the note. Our resolution of this issue is strongly influenced by the fact that the Goodriches make

no contention that either Chase's Lost Note Affidavit or the foreclosure decree misstated any term of the promissory note.

247 U.S. 142; 38 S. Ct. 452; 62 L. Ed. 1038 MARIN v. AUGEDAHL No. 227
In Thompson v. Whitman, 18 Wall. 457, a decision obviously "rendered on great...

01:16:08

See these cases mention above

RAYMOND E. SHORES AND MARCENE G. SHORES v. FIRST FLORIDA
RESOURCE CORPORATION (10/11/72)

No. 4-561 02.1889 Filed September 9, 2004 CHASE MANHATTEN
MORTGAGE CORPORATION vs LYNN B. GOODRICH and LEANA M
GOODRICH

00:00:24

A loan has to be that which is given by one in exchange for another.
In other words, somebody loans you something and you owe some kind of
obligation. It's actually some kind of expression of promises going two ways
(trading places).

What the typical claims are: they lent the depositor's money, or the bank's capital,
or the bank's notes.

00:02:12

Federal Reserve Board of Governors

Book

Purposes & Functions,

page 141

Definition of reserves:

A depository institution's bulk cash up to the level of its required reserves +
balances in its reserve account not including funds applied to required clearing
balance

Required reserves

Funds that a depository institution is required to maintain as vault cash or on
deposit with the Federal Reserve Bank

Required Reserve Balance = portion of its required reserves that the depository institution must hold in an account at a Federal Reserve Bank

The above requirement implies that the bank is acting as an agent of the Federal Reserve Bank.

Excess reserves is the amount of reserves held by an institution in excess of its reserve requirement and required clearing balance.

Reserves can be
Deposits at the bank
Deposits at the Federal Reserve Bank (FRB)

00:06:00

If the bank is an agent for the FRB which is an agent for the government
If you sign the note, then the bank is eliminated as a contractor

Who has the delegation of authority to make money.
Constitution says Congress only has the authority to set the value of money, not create money.

When the Congress writes the statutes they create a fiduciary duty on the Congress.
If Congress must get the authority from the People, then the FRB must get the authorization from the people.

But, the bank can't use its depositors money, or its customers' deposits or its notes.

Your signature on the note is your authorization for them to create money, and to be your fiduciary while doing so, and keeping that deposit with the FRB so that it does not show on the books.

The FRB does not make money out of thin air. It uses your signature for its authority to create money based on the note.

00:09:20

You lent yourself the money.

The bank takes your money, claims title to it, then lends it back to you.

You are sitting across the table with the bank. They cannot lend their customers' deposits, their capital, nor their notes. The only remaining evidence is your note with only your authorizing signature from which the bank creates the money.

If the bank lends their customers' deposits or their capital or their notes, then it is committing a crime.

If the bank does not disclose that, then it is committing a fraud. Failure to disclose makes it a contract issue.

Book: Corbin on Contracts

Validity is a variable signification

An oral contract (within the statute of frauds) is unenforceable under certain circumstances (e.g. anything to do with real estate), but can be a valid contract.

Regarding a voidable contract there is the power to void and the power ratify.

A void contract is one that in the law never really existed.

“Nothing can be more material to the obligation than the means of enforcement. Without the remedy the contract may indeed, in the sense of law, be said to not exist and its obligation to fall within the class of those moral and social duties which depend for their performance wholly upon the will of the individual. The ideas of validity and remedy are inseparable, and both are parts of the obligation, which is guaranteed by the Constitution against invasion. The obligation of a contract is the law which binds the parties to perform their agreement.” *RED CROSS LINE vs ATLANTIC FRUIT COMPANY*, 264 U.S. 109, 68 L. Ed. 582, 44 S. Ct. 274 February 18, 1924 Decided

While, in order to have an obligation, according to this court case, there has to be a valid remedy.”

What's the valid remedy for getting your money back from the bank that they stole from you and told you was their money in a loan form?

“It is essential to the creation of a contract that there be a mutual or reciprocal assent.” *Sanford v. Abrams* (1888) 24 Fla. 181, 2 So. 373, *Ross v. Savage* (1913) 66 Fla. 106, 63 So. 148, *McCay v. Sever* (1929) 98 Fla 710, 124 So. 44; *United*

State Rubber Products, Inc. v. Clark (1941) 145 Fla 631, 200 So. 385, Mann v. Thompson (1958, Fla App D1) 100 So. 2d 634

In other words, both parties have to agree to it.

“yes, I did sign the contract, but...”

Typically the mortgage companies will rush the signatures. They do not give you time to read the papers. That is not full disclosure.

The vast majority of people go to the bank and believe they borrowed the bank’s capital and now have to pay it back. That is not what happened, and that, in law, is gross misrepresentation, which is a void contract (not a voidable contract). It never existed because it is not a mutual agreement.

00:15:00

“That, the assent be to a certain and definite proposition.” Fincher v. Belk-Sawyer Co. (1961, Fla App D3) 127 So 2d 130; Goff v. Indian Lake Estates, Inv. (1965, Fla App D2), 178 So 2d 910, Hewitt v. Price (1969, Fla App D3) 222 So. 2d 247

Without a meeting of the minds of the parties on an essential element, there can be no enforceable contract. Hettenbaugh v. Keyes-Oron-Fincher Ins., Inc. (1962, Fla App D3) 147 So 2d 328, Goff v. Indian Lake Estates, Inc. (1965, Fla App D2) 178 So 2d 910

In order to form a contract, the parties must have a distinct understanding, common to both, and without doubt or difference. Unless all understand alike, there can be no assent, and therefore no contract. Webster Lumber Co. v. Lincoln (1927) 94 Fla 1097, 115 So 498, Minsky’s Follies of Florida, Inc. v. Sennes (1953 206 F2d 1; O’neill v. Corporate Trustees, Inc. (1967) 376 F2d 818

Until the terms of the agreement have received the assent of both parties, the negotiation is open and imposes no obligation on either. Goff v. Indian Lake Estates, Inc. (1965 Fla App D2) 178 So 2d 910; Carr v Duval (1840) 39 US 77, 10 L Ed 361

00:15:30

“Without a meeting of the minds of the parties on an essential element, there can be no enforceable contract.” (cited above)

Elements:

What is it?

What does it do?

How does it perform?

What’s going to happen later?

Can it be used later?

Was it fully disclosed?

There has to be a meeting of the minds. There must be a full disclosure so that the minds do meet.

00:16:22

“In order to form a contract, the parties must have a distinct understanding, common to both, and without doubt or difference. Unless all understand alike, there can be no assent, and therefore no contract.” (cited above)

Without a doubt, all you did was loan me your capital, and now I’m paying you back. Right?

.

Yes.

.

If that is true, then why is the bank demanding the original and letting the borrower keep the original copy? What if the borrower kept the original and gave the bank a certified true copy?

.

[The bank cannot use the copy for further transactions, e.g. fractional reserve banking.]

00:17:34

The assent of each party must be freely given; a contract entered into as a result of the exercise of duress or undue influence by the other party, or procured by the fraud of one of the parties, lacks the essential element of real assent and may be avoided by the injured party. *Wall v. Bureau of Lathing and Plastering* (1960, Fla App D3) 117 So. 2d 767

An actual assent by the parties upon exactly the same matters is indispensable to the formation of a contract. *Bullock v. Hardwick* (1947) 158 Fla 834, 30 So 2d 539; *Hettenbaugh v. Keyes-Ogon-Fincher Ins, Inc.* (1962, Fla App D3) 147 So 2d 328; *General Finance Corp. v Stratton* (1963 Fla App D1) 156 So 2d 664

00:18:43

Need to clearly understand who are the parties: Who am I, and who is the bank?

00:19:00

Black's Law Dictionary, Fourth Edition

What is a Bank?

A bench or seal, **the bench of the justice**, the bench of the tribunal occupied by the judges, the seal of the judgment, a court.

Main Entry. Bank

Function. *Noun*

Etymology: Middle English, from Middle French or Old Italian, Middle French *banque*, from Old Italian *banca*, literally bench, of Germanic origin; akin to Old English *Benc* Date: 15th century

1a. an establishment for the **custody**, loan, **exchange**, or issue of money, for the **extension of credit**, and for facilitating the transmission of funds

1b. *obsolete*: the table, counter, or place of business of a **money changer**

2. a person conducting a gambling house or game, *specifically*, **DEALER**

3. a supply of something held in reserve, as

3a. the fund of supplies (as money, chips, or pieces) **held by the banker or dealer** for use in a game

3b. a fund of pieces belonging to a game (as dominoes) from which the players draw

4. a place where something is held available <memory *bank*>; *especially* a depot for the collection and storage of a biological product of human origin for medical use <blood *bank*>.

00:20:00

12 USC 1841 – Definitions (updated 05-04-2009)

(c) Bank Defined.--For purposes of this chapter--

(1) In general.--Except as provided in paragraph (2), the term

``bank" means any of the following:

(A) An insured bank as defined in section 3(h) of the Federal Deposit Insurance Act [12 U.S.C. 1813(h)].

(B) An institution organized under the laws of the United States, any State of the United States, the District of Columbia, any territory of the United States, Puerto Rico, Guam, American Samoa, or the Virgin Islands which both--

(i) accepts demand deposits or deposits that the depositor may withdraw by check or similar means for payment to third parties or others; and

(ii) is engaged in the business of making commercial loans.

00:21:04

12 USC 1813, chapter 17

Definitions

As used in this chapter--

(a) Definitions of Bank and Related Terms.--

(1) Bank.--The term ``bank"--

(A) means any national bank and State bank, and any Federal branch and insured branch;

(B) includes any former savings association.

00:22:00

publication

Federal Reserve Board of Governors

Federal Reserve Board; Purpose and Functions

It makes no difference whether a bank is a member or non-member of the FRB.

Banks covered:

Commercial

Agricultural

Bank Holding Company

Industrial Bank

Neighborhood Bank

Community Bank

Drive-In Bank

00:23:00

RESEARCH OVERVIEW

Check and coordinate the following resources to make certain they are all in agreement with what you are thinking:

Statutes

Intent of Congress

USC, USCA, USCS

UCC

CFR

Court Cases

Once that is accomplished, then check to see if it passes the “smell test”. In other words, together, does it all make sense?

00:23:50

[Could not find CFR 6000 nor title in current CFR]
CFR 6000 FDIC BANK HOLDING COMPANY ACT

c) BANK DEFINED.—For PURPOSES OF THIS Act-

1. IN GENERAL- Except as provided in paragraph (2), the term “**bank**” means any of the following:

(A) An **insured** bank as defined in section 3(h) of the Federal Deposit Insurance Act.

(B) An **insured organization** under the laws of the United States, any State of the United States, the district of Columbia, any territory of the United States, Puerto Rico, Guam, American Samoa, or the virgin Islands which both-

(i) **Accepts demand deposits or deposits that the depositor may withdraw** by check or similar means for payment to third parties or others; and

(ii) **Is engaged in the business of making commercial loans.**

00:24:18

Code of Federal Regulations (CFR) are created from Statutes for the Executive Branch.

00:25:00

12 CFR 25.12 BANKS AND BANKING, Sec. 25.12 Definitions

(e) Bank means a national bank (including a federal branch as defined in part 28 of this chapter) with Federally insured deposits, except as provided in Sec. 25.11©

12 CFR Sec. 25.11

(c) Scope:--(1)General This part applies to all banks **except** as provided in paragraphs (c)(2) and (c)(3) of this section.

(c)(2) Federal branches and agencies (i) This part applies to all insured Federal branches and to any Federal branch that is **uninsured** that results from an acquisition described in section 5(a)(8) of the International Banking Act of 1978 (12 U.S.C. 3103(a)(8)).

(c)(3)(3) Certain special purpose banks. This part does not apply to special purpose banks that **do not perform commercial or retail banking services by granting credit to the public** in the ordinary course of business, other than as incident to their specialized operations. These banks include banker's banks, as defined in 12 U.S.C. 24 (Seventh), and banks that engage only in one or more of the following activities: **providing cash management controlled disbursement services or serving as correspondent banks, trust companies, or clearing agents.**

00:26:35

If you can get the banks to answer, they will say they did not use their capital, but extended only credit to the buyer.

What's an extension of credit? It's a loan, but, of what? They won't answer that question. And if they don't answer the question, then it follows that they didn't lend anything.

00:27:25

[updated 05-04-2009]

12 USC Sec. 222. Federal reserve districts; membership of national banks

The continental United States, excluding Alaska, shall be divided

into not less than eight nor more than twelve districts. Such districts may be readjusted and new districts may from time to time be created by the Board of Governors of the Federal Reserve System, not to exceed twelve in all: Provided, That the districts shall be apportioned with due regard to the convenience and customary course of business and shall not necessarily be coterminous with any State or States. Such districts shall be known as Federal Reserve districts and may be designated by number. When the State of Alaska or Hawaii is hereafter admitted to the Union the Federal Reserve districts shall be readjusted by the Board of Governors of the Federal Reserve System in such manner as to include such State. **Every national bank in any State shall, upon commencing business or within ninety days after admission into the Union of the State in which it is located, become a member bank of the Federal Reserve System by subscribing and paying for stock in the Federal Reserve bank of its district in accordance with the provisions of this chapter and shall thereupon be an insured bank under the Federal Deposit Insurance Act [12 U.S.C. 1811 et seq.], and failure to do so shall subject such bank to the penalty provided by section 501a of this title.**

[updated 05-04-2009]

12 USC Sec. 501a. Forfeiture of franchise of national banks for failure to comply with provisions of this chapter

Should any national banking association in the United States now organized **fail within one year** after December 23, 1913, **to become a member bank or fail to comply with any of the provisions of this chapter** applicable thereto, all of the rights, privileges, and franchises of such association granted to it under the **National Bank Act [12 U.S.C. 21 et seq.]**, or under the provisions of this chapter, **shall be thereby forfeited**. Any noncompliance with or violation of this chapter shall, however, be determined and adjudged by any court of the United States of competent jurisdiction in a suit brought for that purpose in the district or territory in which such bank is located, under direction of the Board of Governors of the Federal Reserve System by the Comptroller of the Currency in his own name before the association shall be declared dissolved. In cases of such noncompliance or violation, other than the failure to become a member bank under the provisions of this chapter, **every director who participated in or assented to the same shall be held liable in his personal or individual capacity for all damages which** said bank, its shareholders, or **any other person shall have sustained in**

consequence of such violation.

Such dissolution shall not take away or impair any remedy against such corporation, its stockholders, or officers, for any liability or penalty which shall have been previously incurred.

00:29:40

[update 05-04-2009]

12 USC Sec. 21. Formation of national banking associations;
incorporators; articles of association

Associations for carrying on the business of banking under title 62 of the Revised Statutes may be formed by any number of natural persons, not less in any case than five. **They shall enter into articles of association, which shall specify in general terms the object for which the association is formed,** and may contain any other provisions, **not inconsistent with law,** which the association may see fit to adopt for the regulation of its business and the conduct of its affairs. **These articles shall be signed by the persons uniting to form the association, and a copy of them shall be forwarded to the Comptroller of the Currency, to be filed and preserved in his office.**

You can contact the Comptroller of the Currency and get a copy of the articles of association, and see whether they are actually proceeding according to law.

00:31:57

33 results when searching references by 12 USC to Title 62 Statutes.

<http://www4.law.cornell.edu/uscode/search/index.html>

May 4, 2009

Your query "**62 stat**" returned 95 results.

[US CODE: TITLE 12,591 TO 599. REPEALED. JUNE 25, 1948, CH. 645, 21, 62 STAT. 862, EFF. SEPT. 1, 1948](#)
[TITLE 12 - BANKS AND BANKING/CHAPTER 5 - CRIMES AND OFFENSES/SUBCHAPTER II - FEDERAL RESERVE AND MEMBER BANKS, OFFICERS, EMPLOYEES, AND EXAMINERS](#)

[US CODE: TITLE 12,1713. RENTAL HOUSING INSURANCE](#)

TITLE 12 - BANKS AND BANKING/CHAPTER 13 - NATIONAL HOUSING/SUBCHAPTER II - MORTGAGE INSURANCE

[US CODE: TITLE 12,583 TO 588D. REPEALED. JUNE 25, 1948, CH. 645, 21, 62 STAT. 862, EFF. SEPT. 1, 1948](#)

TITLE 12 - BANKS AND BANKING/CHAPTER 5 - CRIMES AND OFFENSES/SUBCHAPTER I - IN GENERAL

[US CODE: TITLE 12,1724 TO 1730D. REPEALED. PUB. L. 101 73, TITLE IV, 407, AUG. 9, 1989, 103 STAT. 363](#)

TITLE 12 - BANKS AND BANKING/CHAPTER 13 - NATIONAL HOUSING/SUBCHAPTER IV - INSURANCE OF SAVINGS AND LOAN ACCOUNTS

[US CODE: TITLE 12,1717. FEDERAL NATIONAL MORTGAGE ASSOCIATION AND GOVERNMENT NATIONAL MORTGAGE ASSOCIATION](#)

TITLE 12 - BANKS AND BANKING/CHAPTER 13 - NATIONAL HOUSING/SUBCHAPTER III - NATIONAL MORTGAGE ASSOCIATIONS

[US CODE: TITLE 12,1121 TO 1128. REPEALED. JUNE 25, 1948, CH. 645, 21, 62 STAT. 862, EFF. SEPT. 1, 1948](#)

TITLE 12 - BANKS AND BANKING/CHAPTER 7 - FARM CREDIT ADMINISTRATION/SUBCHAPTER III - FEDERAL INTERMEDIATE CREDIT BANKS/Penalty Provisions

[US CODE: TITLE 12,981 TO 987. REPEALED. JUNE 25, 1948, CH. 645, 21, 62 STAT. 862, EFF. SEPT. 1, 1948](#)

TITLE 12 - BANKS AND BANKING/CHAPTER 7 - FARM CREDIT ADMINISTRATION/SUBCHAPTER I - FEDERAL LAND BANKS, JOINT-STOCK LAND BANKS, AND FEDERAL LAND BANK ASSOCIATIONS/Penalties

[US CODE: TITLE 12,1311 TO 1318. REPEALED. JUNE 25, 1948, CH. 645, 21, 62 STAT. 862, EFF. SEPT. 1, 1948](#)

TITLE 12 - BANKS AND BANKING/CHAPTER 9 - NATIONAL AGRICULTURAL CREDIT CORPORATIONS/Penalty Provisions

[US CODE: TITLE 12,1703. INSURANCE OF FINANCIAL INSTITUTIONS](#)

TITLE 12 - BANKS AND BANKING/CHAPTER 13 - NATIONAL HOUSING/SUBCHAPTER I - HOUSING RENOVATION AND MODERNIZATION

[US CODE: TITLE 12,1811. FEDERAL DEPOSIT INSURANCE CORPORATION](#)

TITLE 12 - BANKS AND BANKING/CHAPTER 16 - FEDERAL DEPOSIT INSURANCE CORPORATION

[US CODE: TITLE 12,371. REAL ESTATE LOANS](#)

TITLE 12 - BANKS AND BANKING/CHAPTER 3 - FEDERAL RESERVE SYSTEM/SUBCHAPTER X - POWERS AND DUTIES OF MEMBER BANKS

[US CODE: TITLE 12,1709. INSURANCE OF MORTGAGES](#)

TITLE 12 - BANKS AND BANKING/CHAPTER 13 - NATIONAL HOUSING/SUBCHAPTER II - MORTGAGE INSURANCE

[US CODE: TITLE 12,1464. FEDERAL SAVINGS ASSOCIATIONS](#)

TITLE 12 - BANKS AND BANKING/CHAPTER 12 - SAVINGS ASSOCIATIONS

[US CODE: TITLE 12,1731. REPEALED. JUNE 25, 1948, CH. 645, 21, 62 STAT. 862, EFF. SEPT. 1, 1948](#)

TITLE 12 - BANKS AND BANKING/CHAPTER 13 - NATIONAL HOUSING/SUBCHAPTER V - MISCELLANEOUS

[US CODE: TITLE 12,1138D. REPEALED. JUNE 25, 1948, CH. 645, 21, 62 STAT. 862, EFF. SEPT. 1, 1948](#)

TITLE 12 - BANKS AND BANKING/CHAPTER 7 - FARM CREDIT ADMINISTRATION/SUBCHAPTER VI - PROVISIONS COMMON TO PRODUCTION CREDIT ASSOCIATIONS, AND REGIONAL AND CENTRAL BANKS FOR COOPERATIVES

[US CODE: TITLE 12,1245. REPEALED. JUNE 25, 1948, CH. 645, 21, 62 STAT. 862, EFF. SEPT. 1, 1948](#)

TITLE 12 - BANKS AND BANKING/CHAPTER 9 - NATIONAL AGRICULTURAL CREDIT CORPORATIONS/Miscellaneous Administrative Provisions

[US CODE: TITLE 12,94A. REPEALED. JUNE 25, 1948, CH. 646, 39, 62 STAT. 992, EFF. SEPT. 1, 1948](#)

TITLE 12 - BANKS AND BANKING/CHAPTER 2 - NATIONAL BANKS/SUBCHAPTER IV - REGULATION OF THE BANKING BUSINESS; POWERS AND DUTIES OF NATIONAL BANKS

[US CODE: TITLE 12,1248. REPEALED. JUNE 25, 1948, CH. 645, 21, 62 STAT. 862, EFF. SEPT. 1, 1948](#)

TITLE 12 - BANKS AND BANKING/CHAPTER 9 - NATIONAL AGRICULTURAL CREDIT CORPORATIONS/Miscellaneous Administrative Provisions

[US CODE: TITLE 12,1721. MANAGEMENT AND LIQUIDATION
FUNCTIONS OF GOVERNMENT NATIONAL MORTGAGE
ASSOCIATION](#)

TITLE 12 - BANKS AND BANKING/CHAPTER 13 - NATIONAL
HOUSING/SUBCHAPTER III - NATIONAL MORTGAGE ASSOCIATIONS

[US CODE: TITLE 12,581. REPEALED. JUNE 25, 1948, CH. 645, 21, 62
STAT. 862, EFF. SEPT. 1, 1948](#)

TITLE 12 - BANKS AND BANKING/CHAPTER 5 - CRIMES AND
OFFENSES/SUBCHAPTER I - IN GENERAL

[US CODE: TITLE 12,1715N. MISCELLANEOUS MORTGAGE
INSURANCE](#)

TITLE 12 - BANKS AND BANKING/CHAPTER 13 - NATIONAL
HOUSING/SUBCHAPTER II - MORTGAGE INSURANCE

[US CODE: TITLE 12,1701. SHORT TITLE](#)

TITLE 12 - BANKS AND BANKING/CHAPTER 13 - NATIONAL
HOUSING

[US CODE: TITLE 12,1716. DECLARATION OF PURPOSES OF
SUBCHAPTER](#)

TITLE 12 - BANKS AND BANKING/CHAPTER 13 - NATIONAL
HOUSING/SUBCHAPTER III - NATIONAL MORTGAGE ASSOCIATIONS

[US CODE: TITLE 12,1731. REPEALED. JUNE 25, 1948, CH. 645, 21, 62
STAT. 862, EFF. SEPT. 1, 1948](#)

TITLE 12 - BANKS AND BANKING/CHAPTER 13 - NATIONAL
HOUSING/SUBCHAPTER V - MISCELLANEOUS

[US CODE: TITLE 12,591 TO 599. REPEALED. JUNE 25, 1948, CH. 645, 21,
62 STAT. 862, EFF. SEPT. 1, 1948](#)

TITLE 12 - BANKS AND BANKING/CHAPTER 5 - CRIMES AND
OFFENSES/SUBCHAPTER II - FEDERAL RESERVE AND MEMBER
BANKS, OFFICERS, EMPLOYEES, AND EXAMINERS

[US CODE: TITLE 12,1121 TO 1128. REPEALED. JUNE 25, 1948, CH. 645,
21, 62 STAT. 862, EFF. SEPT. 1, 1948](#)

TITLE 12 - BANKS AND BANKING/CHAPTER 7 - FARM CREDIT
ADMINISTRATION/SUBCHAPTER III - FEDERAL INTERMEDIATE
CREDIT BANKS/Penalty Provisions

[US CODE: TITLE 12,1245. REPEALED. JUNE 25, 1948, CH. 645, 21, 62
STAT. 862, EFF. SEPT. 1, 1948](#)

TITLE 12 - BANKS AND BANKING/CHAPTER 9 - NATIONAL
AGRICULTURAL CREDIT CORPORATIONS/Miscellaneous Administrative

Provisions

[US CODE: TITLE 12,583 TO 588D. REPEALED. JUNE 25, 1948, CH. 645, 21, 62 STAT. 862, EFF. SEPT. 1, 1948](#)

TITLE 12 - BANKS AND BANKING/CHAPTER 5 - CRIMES AND OFFENSES/SUBCHAPTER I - IN GENERAL

[US CODE: TITLE 12,1311 TO 1318. REPEALED. JUNE 25, 1948, CH. 645, 21, 62 STAT. 862, EFF. SEPT. 1, 1948](#)

TITLE 12 - BANKS AND BANKING/CHAPTER 9 - NATIONAL AGRICULTURAL CREDIT CORPORATIONS/Penalty Provisions

[US CODE: TITLE 12,1248. REPEALED. JUNE 25, 1948, CH. 645, 21, 62 STAT. 862, EFF. SEPT. 1, 1948](#)

TITLE 12 - BANKS AND BANKING/CHAPTER 9 - NATIONAL AGRICULTURAL CREDIT CORPORATIONS/Miscellaneous Administrative Provisions

[US CODE: TITLE 12,1138D. REPEALED. JUNE 25, 1948, CH. 645, 21, 62 STAT. 862, EFF. SEPT. 1, 1948](#)

TITLE 12 - BANKS AND BANKING/CHAPTER 7 - FARM CREDIT ADMINISTRATION/SUBCHAPTER VI - PROVISIONS COMMON TO PRODUCTION CREDIT ASSOCIATIONS, AND REGIONAL AND CENTRAL BANKS FOR COOPERATIVES

[US CODE: TITLE 12,981 TO 987. REPEALED. JUNE 25, 1948, CH. 645, 21, 62 STAT. 862, EFF. SEPT. 1, 1948](#)

TITLE 12 - BANKS AND BANKING/CHAPTER 7 - FARM CREDIT ADMINISTRATION/SUBCHAPTER I - FEDERAL LAND BANKS, JOINT-STOCK LAND BANKS, AND FEDERAL LAND BANK ASSOCIATIONS/Penalties

[US CODE: TITLE 12,94A. REPEALED. JUNE 25, 1948, CH. 646, 39, 62 STAT. 992, EFF. SEPT. 1, 1948](#)

TITLE 12 - BANKS AND BANKING/CHAPTER 2 - NATIONAL BANKS/SUBCHAPTER IV - REGULATION OF THE BANKING BUSINESS; POWERS AND DUTIES OF NATIONAL BANKS

[US CODE: TITLE 12,581. REPEALED. JUNE 25, 1948, CH. 645, 21, 62 STAT. 862, EFF. SEPT. 1, 1948](#)

TITLE 12 - BANKS AND BANKING/CHAPTER 5 - CRIMES AND OFFENSES/SUBCHAPTER I - IN GENERAL

[US CODE: TITLE 12,1710. PAYMENT OF INSURANCE](#)

TITLE 12 - BANKS AND BANKING/CHAPTER 13 - NATIONAL HOUSING/SUBCHAPTER II - MORTGAGE INSURANCE

[US CODE: TITLE 12,1702. ADMINISTRATIVE PROVISIONS](#)

TITLE 12 - BANKS AND BANKING/CHAPTER 13 - NATIONAL HOUSING/SUBCHAPTER I - HOUSING RENOVATION AND MODERNIZATION

[US CODE: TITLE 12,1757. POWERS](#)

TITLE 12 - BANKS AND BANKING/CHAPTER 14 - FEDERAL CREDIT UNIONS/SUBCHAPTER I - GENERAL PROVISIONS

[US CODE: TITLE 12,1720. REPEALED. PUB. L. 98 181, TITLE IV, 483\(A\), NOV. 30, 1983, 97 STAT. 1240](#)

TITLE 12 - BANKS AND BANKING/CHAPTER 13 - NATIONAL HOUSING/SUBCHAPTER III - NATIONAL MORTGAGE ASSOCIATIONS

[US CODE: TITLE 12,1738. INSURANCE OF MORTGAGES](#)

TITLE 12 - BANKS AND BANKING/CHAPTER 13 - NATIONAL HOUSING/SUBCHAPTER VI - WAR HOUSING INSURANCE

[US CODE: TITLE 12,1701E, 1701F. REPEALED. PUB. L. 91 609, TITLE V, 503\(1\), DEC. 31, 1970, 84 STAT. 1785](#)

TITLE 12 - BANKS AND BANKING/CHAPTER 13 - NATIONAL HOUSING

[US CODE: TITLE 12,1766. POWERS OF BOARD](#)

TITLE 12 - BANKS AND BANKING/CHAPTER 14 - FEDERAL CREDIT UNIONS/SUBCHAPTER I - GENERAL PROVISIONS

[US CODE: TITLE 12,226. FEDERAL RESERVE ACT](#)

TITLE 12 - BANKS AND BANKING/CHAPTER 3 - FEDERAL RESERVE SYSTEM/SUBCHAPTER I - DEFINITIONS, ORGANIZATION, AND GENERAL PROVISIONS AFFECTING SYSTEM

[US CODE: TITLE 12,264. TRANSFERRED](#)

TITLE 12 - BANKS AND BANKING/CHAPTER 3 - FEDERAL RESERVE SYSTEM/SUBCHAPTER V - FEDERAL DEPOSIT INSURANCE CORPORATION

[US CODE: TITLE 12,1701C. SECRETARY OF HOUSING AND URBAN DEVELOPMENT](#)

TITLE 12 - BANKS AND BANKING/CHAPTER 13 - NATIONAL HOUSING

[US CODE: TITLE 12,1719. SECONDARY MARKET OPERATIONS](#)

TITLE 12 - BANKS AND BANKING/CHAPTER 13 - NATIONAL HOUSING/SUBCHAPTER III - NATIONAL MORTGAGE ASSOCIATIONS

US CODE: TITLE 12,1718. CAPITALIZATION OF FEDERAL NATIONAL MORTGAGE ASSOCIATION

TITLE 12 - BANKS AND BANKING/CHAPTER 13 - NATIONAL HOUSING/SUBCHAPTER III - NATIONAL MORTGAGE ASSOCIATIONS

US CODE: TITLE 12,1706. REPEALED. AUG. 2, 1954, CH. 649, TITLE VIII, 802(B), 68 STAT. 642

TITLE 12 - BANKS AND BANKING/CHAPTER 13 - NATIONAL HOUSING/SUBCHAPTER I - HOUSING RENOVATION AND MODERNIZATION

US CODE: TITLE 12,1761. MANAGEMENT

TITLE 12 - BANKS AND BANKING/CHAPTER 14 - FEDERAL CREDIT UNIONS/SUBCHAPTER I - GENERAL PROVISIONS

US CODE: TITLE 12,1020C 1. OMITTED

TITLE 12 - BANKS AND BANKING/CHAPTER 7 - FARM CREDIT ADMINISTRATION/SUBCHAPTER II-A - FEDERAL FARM MORTGAGE CORPORATION

US CODE: TITLE 12,1439, 1439 1. REPEALED. PUB. L. 101 73, TITLE VII, 708, 712, AUG. 9, 1989, 103 STAT. 418, 419

TITLE 12 - BANKS AND BANKING/CHAPTER 11 - FEDERAL HOME LOAN BANKS

US CODE: TITLE 12,1739. MORTGAGE INSURANCE BENEFITS

TITLE 12 - BANKS AND BANKING/CHAPTER 13 - NATIONAL HOUSING/SUBCHAPTER VI - WAR HOUSING INSURANCE

US CODE: TITLE 12,1745. INSURANCE OF MORTGAGES ON SALES OF GOVERNMENT HOUSING; LIMITS AND CONDITIONS; GREENBELT TOWNS; STATE HOUSING

TITLE 12 - BANKS AND BANKING/CHAPTER 13 - NATIONAL HOUSING/SUBCHAPTER VI - WAR HOUSING INSURANCE

US CODE: TITLE 12,1701D. REPEALED. PUB. L. 89 554, 8(A), SEPT. 6, 1966, 80 STAT. 655

TITLE 12 - BANKS AND BANKING/CHAPTER 13 - NATIONAL HOUSING

US CODE: TITLE 12,362 TO 364. OMITTED

TITLE 12 - BANKS AND BANKING/CHAPTER 3 - FEDERAL RESERVE SYSTEM/SUBCHAPTER IX - POWERS AND DUTIES OF FEDERAL RESERVE BANKS

US CODE: TITLE 12,1752. DEFINITIONS

TITLE 12 - BANKS AND BANKING/CHAPTER 14 - FEDERAL CREDIT

UNIONS/SUBCHAPTER I - GENERAL PROVISIONS

[US CODE: TITLE 12,1759. MEMBERSHIP](#)

TITLE 12 - BANKS AND BANKING/CHAPTER 14 - FEDERAL CREDIT
UNIONS/SUBCHAPTER I - GENERAL PROVISIONS

[US CODE: TITLE 12,1731A. PENALTIES](#)

TITLE 12 - BANKS AND BANKING/CHAPTER 13 - NATIONAL
HOUSING/SUBCHAPTER V - MISCELLANEOUS

[US CODE: TITLE 12,1441. FINANCING CORPORATION](#)

TITLE 12 - BANKS AND BANKING/CHAPTER 11 - FEDERAL HOME
LOAN BANKS

[US CODE: TITLE 12,481. APPOINTMENT OF EXAMINERS;](#)

[EXAMINATION OF MEMBER BANKS, STATE BANKS, AND TRUST
COMPANIES; REPORTS](#)

TITLE 12 - BANKS AND BANKING/CHAPTER 3 - FEDERAL RESERVE
SYSTEM/SUBCHAPTER XV - BANK EXAMINATIONS

[US CODE: TITLE 12,1747I. REPEALED. PUB. L. 89 117, TITLE XI,
1108\(AA\), AUG. 10, 1965, 79 STAT. 507](#)

TITLE 12 - BANKS AND BANKING/CHAPTER 13 - NATIONAL
HOUSING/SUBCHAPTER VII - INSURANCE FOR INVESTMENTS IN
RENTAL HOUSING FOR FAMILIES OF MODERATE INCOME

[US CODE: TITLE 12,1723. MANAGEMENT](#)

TITLE 12 - BANKS AND BANKING/CHAPTER 13 - NATIONAL
HOUSING/SUBCHAPTER III - NATIONAL MORTGAGE ASSOCIATIONS

[US CODE: TITLE 12,1751. SHORT TITLE](#)

TITLE 12 - BANKS AND BANKING/CHAPTER 14 - FEDERAL CREDIT
UNIONS

[US CODE: TITLE 12,1752A. NATIONAL CREDIT UNION
ADMINISTRATION](#)

TITLE 12 - BANKS AND BANKING/CHAPTER 14 - FEDERAL CREDIT
UNIONS/SUBCHAPTER I - GENERAL PROVISIONS

[US CODE: TITLE 12,1755. FEES](#)

TITLE 12 - BANKS AND BANKING/CHAPTER 14 - FEDERAL CREDIT
UNIONS/SUBCHAPTER I - GENERAL PROVISIONS

[US CODE: TITLE 12,1767. FISCAL AGENTS AND DEPOSITORYES;
AUTHORIZATION TO SECURE DEPOSITS BY GOVERNMENTAL
BODIES](#)

TITLE 12 - BANKS AND BANKING/CHAPTER 14 - FEDERAL CREDIT
UNIONS/SUBCHAPTER I - GENERAL PROVISIONS

[US CODE: TITLE 12,375B. EXTENSIONS OF CREDIT TO EXECUTIVE OFFICERS, DIRECTORS, AND PRINCIPAL SHAREHOLDERS OF MEMBER BANKS](#)

TITLE 12 - BANKS AND BANKING/CHAPTER 3 - FEDERAL RESERVE SYSTEM/SUBCHAPTER X - POWERS AND DUTIES OF MEMBER BANKS

[US CODE: TITLE 12,1743. INSURANCE OF MORTGAGES](#)

TITLE 12 - BANKS AND BANKING/CHAPTER 13 - NATIONAL HOUSING/SUBCHAPTER VI - WAR HOUSING INSURANCE

[US CODE: TITLE 12,1753. FEDERAL CREDIT UNION ORGANIZATION](#)

TITLE 12 - BANKS AND BANKING/CHAPTER 14 - FEDERAL CREDIT UNIONS/SUBCHAPTER I - GENERAL PROVISIONS

[US CODE: TITLE 12,1756. REPORTS AND EXAMINATIONS](#)

TITLE 12 - BANKS AND BANKING/CHAPTER 14 - FEDERAL CREDIT UNIONS/SUBCHAPTER I - GENERAL PROVISIONS

[US CODE: TITLE 12,1758. BYLAWS](#)

TITLE 12 - BANKS AND BANKING/CHAPTER 14 - FEDERAL CREDIT UNIONS/SUBCHAPTER I - GENERAL PROVISIONS

[US CODE: TITLE 12,1754. APPROVAL OF ORGANIZATION CERTIFICATE](#)

TITLE 12 - BANKS AND BANKING/CHAPTER 14 - FEDERAL CREDIT UNIONS/SUBCHAPTER I - GENERAL PROVISIONS

[US CODE: TITLE 12,1467. EXAMINATION FEES](#)

TITLE 12 - BANKS AND BANKING/CHAPTER 12 - SAVINGS ASSOCIATIONS

[US CODE: TITLE 12,1747L. DEFINITIONS](#)

TITLE 12 - BANKS AND BANKING/CHAPTER 13 - NATIONAL HOUSING/SUBCHAPTER VII - INSURANCE FOR INVESTMENTS IN RENTAL HOUSING FOR FAMILIES OF MODERATE INCOME

[US CODE: TITLE 12,501. LIABILITY OF FEDERAL RESERVE OR MEMBER BANK FOR CERTIFYING CHECK WHEN AMOUNT OF DEPOSIT WAS INADEQUATE](#)

TITLE 12 - BANKS AND BANKING/CHAPTER 3 - FEDERAL RESERVE SYSTEM/SUBCHAPTER XVI - CIVIL LIABILITY OF FEDERAL RESERVE AND MEMBER BANKS, SHAREHOLDERS, AND OFFICERS

[US CODE: TITLE 12,1722. BENEFITS AND BURDENS INCIDENT TO ADMINISTRATION OF FUNCTIONS AND OPERATIONS UNDER SECTIONS 1720 AND 1721](#)

TITLE 12 - BANKS AND BANKING/CHAPTER 13 - NATIONAL HOUSING/SUBCHAPTER III - NATIONAL MORTGAGE ASSOCIATIONS

[US CODE: TITLE 12,1701G TO 1701G 3. OMITTED](#)

TITLE 12 - BANKS AND BANKING/CHAPTER 13 - NATIONAL HOUSING

[US CODE: TITLE 12,462B, 462C. OMITTED](#)

TITLE 12 - BANKS AND BANKING/CHAPTER 3 - FEDERAL RESERVE SYSTEM/SUBCHAPTER XIV - BANK RESERVES

[US CODE: TITLE 12,503. LIABILITY OF DIRECTORS AND OFFICERS OF MEMBER BANKS](#)

TITLE 12 - BANKS AND BANKING/CHAPTER 3 - FEDERAL RESERVE SYSTEM/SUBCHAPTER XVI - CIVIL LIABILITY OF FEDERAL RESERVE AND MEMBER BANKS, SHAREHOLDERS, AND OFFICERS

[US CODE: TITLE 12,9. ADDITIONAL EXAMINERS, CLERKS, AND OTHER EMPLOYEES](#)

TITLE 12 - BANKS AND BANKING/CHAPTER 1 - THE COMPTROLLER OF THE CURRENCY

[US CODE: TITLE 12,1150C. SELF-HAULING OF HAY OR OTHER ROUGHAGES UNDER HAY TRANSPORTATION ASSISTANCE PROGRAM; LIABILITY FOR OR REFUND OF EXCESS PAYMENTS; AVAILABILITY OF FUNDS FOR PAYMENTS](#)

TITLE 12 - BANKS AND BANKING/CHAPTER 8 - ADJUSTMENT AND CANCELLATION OF FARM LOANS

[US CODE: TITLE 12,1744. INSURANCE OF LOANS FOR MANUFACTURE OF HOUSES](#)

TITLE 12 - BANKS AND BANKING/CHAPTER 13 - NATIONAL HOUSING/SUBCHAPTER VI - WAR HOUSING INSURANCE

[US CODE: TITLE 12,1747F. PAYMENT OF CLAIMS; ASSIGNMENT OF BENEFITS BY INVESTORS](#)

TITLE 12 - BANKS AND BANKING/CHAPTER 13 - NATIONAL HOUSING/SUBCHAPTER VII - INSURANCE FOR INVESTMENTS IN RENTAL HOUSING FOR FAMILIES OF MODERATE INCOME

[US CODE: TITLE 12,1747A. ELIGIBILITY FOR INSURANCE](#)

TITLE 12 - BANKS AND BANKING/CHAPTER 13 - NATIONAL HOUSING/SUBCHAPTER VII - INSURANCE FOR INVESTMENTS IN RENTAL HOUSING FOR FAMILIES OF MODERATE INCOME

US CODE: TITLE 12,1747. PURPOSE OF SUBCHAPTER;
AUTHORIZATION; TERMS AND CONDITIONS; EXPIRATION OF
INSURANCE CONTRACT

TITLE 12 - BANKS AND BANKING/CHAPTER 13 - NATIONAL
HOUSING/SUBCHAPTER VII - INSURANCE FOR INVESTMENTS IN
RENTAL HOUSING FOR FAMILIES OF MODERATE INCOME

US CODE: TITLE 12,1746. INSURANCE ON MORTGAGES ON LARGE-
SCALE HOUSING PROJECTS

TITLE 12 - BANKS AND BANKING/CHAPTER 13 - NATIONAL
HOUSING/SUBCHAPTER VI - WAR HOUSING INSURANCE

US CODE: TITLE 12,1747G. DEBENTURES

TITLE 12 - BANKS AND BANKING/CHAPTER 13 - NATIONAL
HOUSING/SUBCHAPTER VII - INSURANCE FOR INVESTMENTS IN
RENTAL HOUSING FOR FAMILIES OF MODERATE INCOME

US CODE: TITLE 12,1466A. DISTRICT ASSOCIATIONS

TITLE 12 - BANKS AND BANKING/CHAPTER 12 - SAVINGS
ASSOCIATIONS

US CODE: TITLE 12,1747C. RENT SCHEDULES

TITLE 12 - BANKS AND BANKING/CHAPTER 13 - NATIONAL
HOUSING/SUBCHAPTER VII - INSURANCE FOR INVESTMENTS IN
RENTAL HOUSING FOR FAMILIES OF MODERATE INCOME

US CODE: TITLE 12,1747E. FINANCIAL STATEMENTS BY SECRETARY

TITLE 12 - BANKS AND BANKING/CHAPTER 13 - NATIONAL
HOUSING/SUBCHAPTER VII - INSURANCE FOR INVESTMENTS IN
RENTAL HOUSING FOR FAMILIES OF MODERATE INCOME

US CODE: TITLE 12,1747J. TAXATION OF REAL PROPERTY

TITLE 12 - BANKS AND BANKING/CHAPTER 13 - NATIONAL
HOUSING/SUBCHAPTER VII - INSURANCE FOR INVESTMENTS IN
RENTAL HOUSING FOR FAMILIES OF MODERATE INCOME

US CODE: TITLE 12,1747K. RULES AND REGULATIONS

TITLE 12 - BANKS AND BANKING/CHAPTER 13 - NATIONAL
HOUSING/SUBCHAPTER VII - INSURANCE FOR INVESTMENTS IN
RENTAL HOUSING FOR FAMILIES OF MODERATE INCOME

US CODE: TITLE 12,1747H. TERMINATION OF INSURANCE
CONTRACT BY INVESTOR

TITLE 12 - BANKS AND BANKING/CHAPTER 13 - NATIONAL
HOUSING/SUBCHAPTER VII - INSURANCE FOR INVESTMENTS IN
RENTAL HOUSING FOR FAMILIES OF MODERATE INCOME

US CODE: TITLE 12,1747B. PREMIUM CHARGES; FEES FOR EXAMINATION AND INSPECTION

TITLE 12 - BANKS AND BANKING/CHAPTER 13 - NATIONAL HOUSING/SUBCHAPTER VII - INSURANCE FOR INVESTMENTS IN RENTAL HOUSING FOR FAMILIES OF MODERATE INCOME

US CODE: TITLE 12,1751A. OMITTED

TITLE 12 - BANKS AND BANKING/CHAPTER 14 - FEDERAL CREDIT UNIONS

US CODE: TITLE 12,1747D. EXCESS EARNINGS USED FOR AMORTIZATION OF ORIGINAL INVESTMENT

TITLE 12 - BANKS AND BANKING/CHAPTER 13 - NATIONAL HOUSING/SUBCHAPTER VII - INSURANCE FOR INVESTMENTS IN RENTAL HOUSING FOR FAMILIES OF MODERATE INCOME

The note is the authorization to create the money.

When the note is given to the banker, he becomes the holder. That does not mean he has the right of ownership or the right to “sell” it, etc.

The shown above, the bank is regulated by the Comptroller, SEC, FDIC, and FRB Board of Governors.

The Federal Reserve demands only original documents from the bank.

The banks want you to think what you are borrowing is “credit”.

Money Aggregates are the FRB’s name for different sources of money. They are labeled:

M1=measure of US money stock consisting of currency held by public, travelers’ checks, demand deposits, and other checkable deposits

M2=M1 + certain overnight repurchase agreements, certain overnight dollar savings deposits, etc.

M3=M2 + time deposits of \$100,000 or more depository

In 2009 M1 is no longer published.

The bank extends credit, but they want cash back. (not “payment in kind”)

00:42:13

Thomas Jefferson warned that if we have a central bank the banks would take over and start influencing legislation so that we would have our properties taken away from us.

According to the FRB Board of Governors, the FRB is designed as a banking surplus for the federal government.

What they don't say is that they provide banking for the people.

The loan documents are pooled together and sold over and over again.

00:45:45

book: The ABC's of the UCC, by American Bar Assoc., Sandra M. Rocks [?]

Securities sold in the open market are not the same as securities in the banking industry.

Article 8 of UCC explains that.

Scope: As noted above, Article provides the commercial law rules for acquisition, holding, and transferring of interest in securities and other investment properties. The definition of security contained in 8-102 with help from 8-103 has little to do with the definition of security that is developed for the purposes of federal securities law. Article 8's definition is intended to cover assets that one would normally expect to be bought and sold as securities in today's market place, and it has 4 components.

First, the asset must be an obligation of the issuer. [The signed note.]

Second, the asset must take one of 3 forms: bearer form, registered form, or

uncertificated form [i.e. book entries].

Third, it must be in one of a class of series, or by its terms be divisible in a class of series shares, participations, interests, or obligations.

[The bank does have either a direct interest, or an interest as a fiduciary. It's also an obligation, so it could be in both categories.]

Fourth, the asset must function like a security, meaning that it is delta-traded in the securities industry.

At the bottom of a note, it could say "Fannie Mae/Freddie Mac Instrument". In the example, Fannie Mae "acquired ownership" of the note a month after it was created, and GMAC was thereafter servicing it. On the monthly invoice there was a note saying "For questions on the servicing of your account call GM Family First".

On the original application it said "Servicing Disclosure and Servicing Transfer Estimate".

00:51:07

Fannie Mae puts all the interest into a pool of loans and calls it a security. See the SEC for their servicing agreement.

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**This is no longer valid. The updated version and web page is below.
Apparently the sections have been moved to a different title and renumbered**

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[updated 05-04-2009]

<http://uscode.house.gov/download/pls/15C2A.txt>

-CITE-

-EXPCITE-

TITLE 15 - COMMERCE AND TRADE
CHAPTER 2A - SECURITIES AND TRUST INDENTURES
SUBCHAPTER I - DOMESTIC SECURITIES

-HEAD-

Sec. 77b. Definitions; promotion of efficiency, competition, and capital formation

-STATUTE-

(a) Definitions

When used in this subchapter, unless the context otherwise requires -

(1) The term "security" means any note, stock, treasury stock, security future, bond, debenture, evidence of indebtedness, certificate of interest or participation in any profit-sharing agreement, collateral-trust certificate, preorganization certificate or subscription, transferable share, investment contract, voting-trust certificate, certificate of deposit for a security, fractional undivided interest in oil, gas, or other mineral rights, any put, call, straddle, option, or privilege on any security, certificate of deposit, or group or index of securities (including any interest therein or based on the value thereof), or any put, call, straddle, option, or privilege entered into on a national securities exchange relating to foreign currency, or, in general, any interest or instrument commonly known as a "security", or any certificate of interest or participation in, temporary or interim certificate for, receipt for, guarantee of, or warrant or right to subscribe to or purchase, any of the foregoing.

(2) The term "person" means an individual, a corporation, a partnership, an association, a joint-stock company, a trust, any unincorporated organization, or a government or political subdivision thereof. As used in this paragraph the term "trust" shall include only a trust where the interest or interests of the beneficiary or beneficiaries are evidenced by a security.

(3) The term "sale" or "sell" shall include every contract of sale or disposition of a security or interest in a security, for

value. The term "offer to sell", "offer for sale", or "offer" shall include every attempt or offer to dispose of, or solicitation of an offer to buy, a security or interest in a security, for value. The terms defined in this paragraph and the term "offer to buy" as used in subsection (c) of section 77e of this title shall not include preliminary negotiations or agreements between an issuer (or any person directly or indirectly controlling or controlled by an issuer, or under direct or indirect common control with an issuer) and any underwriter or among underwriters who are or are to be in privity of contract with an issuer (or any person directly or indirectly controlling or controlled by an issuer, or under direct or indirect common control with an issuer). Any security given or delivered with, or as a bonus on account of, any purchase of securities or any other thing, shall be conclusively presumed to constitute a part of the subject of such purchase and to have been offered and sold for value. The issue or transfer of a right or privilege, when originally issued or transferred with a security, giving the holder of such security the right to convert such security into another security of the same issuer or of another person, or giving a right to subscribe to another security of the same issuer or of another person, which right cannot be exercised until some future date, shall not be deemed to be an offer or sale of such other security; but the issue or transfer of such other security upon the exercise of such right of conversion or subscription shall be deemed a sale of such other security. Any offer or sale of a security futures product by or on behalf of the issuer of the securities underlying the security futures product, an affiliate of the issuer, or an underwriter, shall constitute a contract for sale of, sale of, offer for sale, or offer to sell the underlying securities.

(4) The term "issuer" means every person who issues or proposes to issue any security; except that with respect to certificates of deposit, voting-trust certificates, or collateral-trust certificates, or with respect to certificates of interest or shares in an unincorporated investment trust not having a board of directors (or persons performing similar functions) or of the fixed, restricted management, or unit type, the term "issuer" means the person or persons performing the acts and assuming the duties of depositor or manager pursuant to the provisions of the

trust or other agreement or instrument under which such securities are issued; except that in the case of an unincorporated association which provides by its articles for limited liability of any or all of its members, or in the case of a trust, committee, or other legal entity, the trustees or members thereof shall not be individually liable as issuers of any security issued by the association, trust, committee, or other legal entity; except that with respect to equipment-trust certificates or like securities, the term "issuer" means the person by whom the equipment or property is or is to be used; and except that with respect to fractional undivided interests in oil, gas, or other mineral rights, the term "issuer" means the owner of any such right or of any interest in such right (whether whole or fractional) who creates fractional interests therein for the purpose of public offering.

(5) The term "Commission" means the Securities and Exchange Commission.

(6) The term "Territory" means Puerto Rico, the Virgin Islands, and the insular possessions of the United States.

(7) The term "interstate commerce" means trade or commerce in securities or any transportation or communication relating thereto among the several States or between the District of Columbia or any Territory of the United States and any State or other Territory, or between any foreign country and any State, Territory, or the District of Columbia, or within the District of Columbia.

(8) The term "registration statement" means the statement provided for in section 77f of this title, and includes any amendment thereto and any report, document, or memorandum filed as part of such statement or incorporated therein by reference.

(9) The term "write" or "written" shall include printed, lithographed, or any means of graphic communication.

(10) The term "prospectus" means any prospectus, notice, circular, advertisement, letter, or communication, written or by radio or television, which offers any security for sale or confirms the sale of any security; except that (a) a communication sent or given after the effective date of the registration statement (other than a prospectus permitted under subsection (b) of section 77j of this title) shall not be deemed a prospectus if it is proved that prior to or at the same time

with such communication a written prospectus meeting the requirements of subsection (a) of section 77j of this title at the time of (!1) such communication was sent or given to the person to whom the communication was made, and (b) a notice, circular, advertisement, letter, or communication in respect of a security shall not be deemed to be a prospectus if it states from whom a written prospectus meeting the requirements of section 77j of this title may be obtained and, in addition, does no more than identify the security, state the price thereof, state by whom orders will be executed, and contain such other information as the Commission, by rules or regulations deemed necessary or appropriate in the public interest and for the protection of investors, and subject to such terms and conditions as may be prescribed therein, may permit.

(11) The term "underwriter" means any person who has purchased from an issuer with a view to, or offers or sells for an issuer in connection with, the distribution of any security, or participates or has a direct or indirect participation in any such undertaking, or participates or has a participation in the direct or indirect underwriting of any such undertaking; but such term shall not include a person whose interest is limited to a commission from an underwriter or dealer not in excess of the usual and customary distributors' or sellers' commission. As used in this paragraph the term "issuer" shall include, in addition to an issuer, any person directly or indirectly controlling or controlled by the issuer, or any person under direct or indirect common control with the issuer.

(12) The term "dealer" means any person who engages either for all or part of his time, directly or indirectly, as agent, broker, or principal, in the business of offering, buying, selling, or otherwise dealing or trading in securities issued by another person.

(13) The term "insurance company" means a company which is organized as an insurance company, whose primary and predominant business activity is the writing of insurance or the reinsuring of risks underwritten by insurance companies, and which is subject to supervision by the insurance commissioner, or a similar official or agency, of a State or territory or the District of Columbia; or any receiver or similar official or any

liquidating agent for such company, in his capacity as such.

(14) The term "separate account" means an account established and maintained by an insurance company pursuant to the laws of any State or territory of the United States, the District of Columbia, or of Canada or any province thereof, under which income, gains and losses, whether or not realized, from assets allocated to such account, are, in accordance with the applicable contract, credited to or charged against such account without regard to other income, gains, or losses of the insurance company.

(15) The term "accredited investor" shall mean -

(i) a bank as defined in section 77c(a)(2) of this title whether acting in its individual or fiduciary capacity; an insurance company as defined in paragraph (13) of this subsection; an investment company registered under the Investment Company Act of 1940 [15 U.S.C. 80a-1 et seq.] or a business development company as defined in section 2(a)(48) of that Act [15 U.S.C. 80a-2(a)(48)]; a Small Business Investment Company licensed by the Small Business Administration; or an employee benefit plan, including an individual retirement account, which is subject to the provisions of the Employee Retirement Income Security Act of 1974 [29 U.S.C. 1001 et seq.], if the investment decision is made by a plan fiduciary, as defined in section 3(21) of such Act [29 U.S.C. 1002(21)], which is either a bank, insurance company, or registered investment adviser; or

(ii) any person who, on the basis of such factors as financial sophistication, net worth, knowledge, and experience in financial matters, or amount of assets under management qualifies as an accredited investor under rules and regulations which the Commission shall prescribe.

(16) The terms "security future", "narrow-based security index", and "security futures product" have the same meanings as provided in section 78c(a)(55) of this title.

(b) Consideration of promotion of efficiency, competition, and capital formation

Whenever pursuant to this subchapter the Commission is engaged in rulemaking and is required to consider or determine whether an action is necessary or appropriate in the public interest, the

Commission shall also consider, in addition to the protection of investors, whether the action will promote efficiency, competition, and capital formation.

00:53:27

- 3. The term "issuer" means every person who issues or proposes to issue any security; except that with respect to certificates of deposit, voting-trust certificates, or collateral-trust certificates, the term "issuer" means the person or persons performing the acts and assuming the duties of depositor or manager pursuant to the provisions of the trust or other agreement or instrument under which such securities are issued; except that in the case of a trust, committee, or other legal entity, the trustees or members thereof shall not be individually liable as issuers of any security issued by the association, trust, committee, or other legal entity;
- 4. The term "underwriter" means any person who has purchased from an issuer with a view to, or offers or sells for an issuer in connection with, the distribution of any security, or participates or has a direct or indirect participation in any such undertaking, or participates or has a participation in the direct or indirect underwriting of any such undertaking;
- 5. The term "dealer" means any person who engages either for all or part of his time, directly or indirectly, as agent, broker, or principal, in the business of offering, buying, selling, or otherwise dealing or trading in securities issued by another person.

If you are not the issuer of the note or mortgage, then you have no obligation.

Again, the bank is prohibited from issuing any note.

For the same reasons, the bank may not be an underwriter, i.e. it may not purchase the note, unless it uses its own money (not its capital, depositors' money, nor notes).

The bank may say it extended credit, so that it can avoid answering that it broke the law, or that it was a servicer for another entity such as Fannie Mae, in which case the bank has no proprietary interest in the debt.

Again, there must be a meeting of minds and assent on each element of the transaction.

00:56:11

[updated 05-04-2009]

http://edocket.access.gpo.gov/cfr_2009/janqtr/12cfr1.2.htm

12 CFR 1.2 definitions

(e) Investment security means a marketable debt obligation that is not predominantly speculative in nature. A security is not predominantly speculative in nature if it is rated investment grade. When a security is not rated, the security must be the credit equivalent of a security rated investment grade.

(f) Marketable means that the security:

(1) Is registered under the Securities Act of 1933, 15 U.S.C. 77a et seq.;

(2) Is a municipal revenue bond exempt from registration under the Securities Act of 1933, 15 U.S.C. 77c(a)(2);

(3) Is offered and sold pursuant to Securities and Exchange Commission Rule 144A, 17 CFR 230.144A, and rated investment grade or is the credit equivalent of investment grade; or

(4) Can be sold with reasonable promptness at a price that corresponds reasonably to its fair value.

00:57:00

The note is a security, because 12 USC chapter 8 defines it as such.

Is the note an asset or a security?

00:57:28

Asset v. Security

- Securities have 4 components:
- 1. must be either **an obligation** or a share, participation or **other interest in the issuer or issuers property.**
- 2. Asset must take 1 of 3 forms.
 - 1. Bearer Form (physical certificate)
 - 2. Registered Form (physical certificate entitling the person registered the rights)
 - 3. Uncertified (Book entry)
- 3. Must be divisible into a class or series of shares. (jumbo certificate)
- 4. Must function like a security. (Dealt or traded on a securities exchange or security market.)
- A **Financial Asset is defined to include all securities**, and also to include 2 other groups of assets.
 1. Any share or obligation dealt in or traded on financial markets or is issued or dealt in as a medium of exchange. Examples are: Commercial paper, bankers acceptances and certificates of deposit.
 2. “**Any property**” held in a securities account.

The question is who has what interest in the debt.

The bank will grossly misrepresent its interest. It will claim an interest in the note. But, as shown before, the note does not qualify as the debt. It is merely an accessory to the debt. No applicable presumption can be made based upon the note itself.

The fulfillment of the above criteria matches exactly with the information in the FRB Board of Governors’ book *Purposes and Functions*: Every asset is an obligation, and vice versa; and all securities are assets and financial obligations.

Notes held in a security account are assets.

01:00:30

12 USC 92a



Fiduciary Powers of a Bank:

The statutory authority for national banks to exercise fiduciary powers is **12 USC. 92a, Trust Powers**. Under section 92a(a) the OCC is authorized to permit national banks, **when not in contravention of state or local law**, to exercise **eight expressly identified fiduciary powers** and to act in any other **fiduciary capacity** in which state banks, trust companies, or other corporations that come into competition with national banks are permitted to act under the laws of the state in which the national bank is located. Under section 92a(b), whenever state law permits state institutions that compete with national banks to exercise any or all of the fiduciary powers listed in section 92a(a), a national bank's exercise of those powers is deemed not to be in contravention of state or local law under section 92a.

- § 92. **Acting as insurance agent or broker**
- § 92a. **Trust powers**

12 USC 92 Acting as insurance agent or broker

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12 USC 92a Trust Powers

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Glass-Stiegel Act repealed in part by Gramm-Leach-Bliley Act

Since deregulation which allowed banks and insurance companies to be under one ownership there is a reasonable question as to which type of entity you are dealing with: insurance, what kind of a bank, broker, dealer, trust?

[updated 05-04-2009]

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12 USC Sec. 582. Receipt of United States or bank notes as collateral

No national banking association shall hereafter offer or receive United States notes or national-bank notes as security or as collateral security for any loan of money, or for a consideration agree to withhold the same from use, or offer or receive the custody or promise of custody of such notes as security, or as collateral security, or consideration for any loan of money. **Any association offending against the provisions of this section shall be deemed guilty of a misdemeanor and shall be fined not more than \$1,000 and a further sum equal to one-third of the money so loaned.** The officer or officers of any association who shall make any such loan shall be liable for a further sum equal to one-quarter of the money loaned; and any fine or penalty incurred by a violation of this section shall be recoverable for the benefit of the party bringing such suit.

The questions now becomes, Who am I dealing with? Insurance? Trust? Broker? Dealer? Bank? What kind of bank?

01:02:39

[updated 05-04-2009]

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12 USC Sec. 83. Loans by bank on its own stock

(a) General prohibition

No national bank shall make any loan or discount on the security of the shares of its own capital stock.

(b) Exclusion

For purposes of this section, a national bank shall not be deemed to be making a loan or discount on the security of the shares of its own capital stock if it acquires the stock to prevent loss upon a debt previously contracted for in good faith.

12 USC 83 also found at 13 Stat 99, Title 62, Sec. 35

12 USC 581 was transferred to 18 USC 334

18 USC Sec. 334. Issuance of Federal Reserve or national bank notes

Whoever, being a Federal Reserve Agent, or an agent or employee of such Federal Reserve Agent, or of the Board of Governors of the Federal Reserve System, issues or puts in circulation any Federal Reserve notes, without complying with or in violation of the provisions of law regulating the issuance and circulation of such Federal Reserve notes; or

Whoever, being an officer acting under the provisions of chapter 2 of Title 12, countersigns or delivers to any national banking association, or to any other company or person, any circulating notes contemplated by that chapter except in strict accordance with its provisions--

Shall be fined under this title or imprisoned not more than five years, or both.

01:04:08

[updated 05-04-2009]

http://edocket.access.gpo.gov/cfr_2009/janqtr/12cfr37.1.htm

12 CFR Sec. 37.1 Authority, purpose, and scope.

(a) Authority. A national bank is authorized to enter into debt cancellation contracts and debt suspension agreements and charge a fee therefor, in connection with extensions of credit that it makes, pursuant to 12 U.S.C. 24(Seventh).

(b) Purpose. This part sets forth the standards that apply to debt cancellation contracts and debt suspension agreements entered into by national banks. The purpose of these standards is to ensure that national banks offer and implement such contracts and agreements consistent with safe and sound banking practices, and subject to appropriate consumer protections.

(c) Scope. This part applies to debt cancellation contracts and debt suspension agreements entered into by national banks in connection with extensions of credit they make. National banks' debt cancellation contracts and debt suspension agreements are governed by this part and applicable Federal law and regulations, and not by part 14 of this chapter or by State law.

The above comes from the following:

Note: "personal security" = bank's capital

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12 USC 24 (Seventh)

Seventh. To exercise by its board of directors or duly authorized officers or agents, subject to law, all such incidental powers as shall be necessary to carry on the business of banking; by discounting and negotiating promissory notes, drafts, bills of exchange, and other evidences of debt; by receiving deposits; by buying and selling exchange, coin, and bullion; by loaning money on personal security; and by obtaining, issuing, and circulating notes **according to the provisions of title 62 of the Revised Statutes. The business of dealing in securities and stock by the association shall be limited to purchasing and selling such securities and stock without recourse, solely upon the order, and for the account of, customers, and in no case for its own account, and the association shall not underwrite any issue of securities or stock;** Provided, That the association may purchase for its own account investment securities under such limitations and restrictions as the Comptroller of the Currency may by regulation prescribe. In no event shall the total amount of the investment securities of any one obligor or maker, held by the association for its own account, exceed at any time 10 per centum of its capital stock actually paid in and unimpaired and 10 per centum of its unimpaired surplus fund, except that this limitation shall not require any association to dispose of any securities lawfully held by it on August 23, 1935. As used in this section the term ``investment securities" shall mean marketable obligations, evidencing indebtedness of any person, copartnership, association, or corporation in the form of bonds, notes and/or debentures commonly known as investment securities under such further definition of the term ``investment securities" as may by regulation be prescribed by the Comptroller of the Currency. Except as hereinafter provided or otherwise permitted by law, nothing herein contained shall authorize the purchase by the association for its own account of any shares of stock of any corporation. The limitations and restrictions herein contained as to dealing in, underwriting and purchasing for its own account, investment securities shall not apply to obligations of the United States, or general obligations of any State or of any political subdivision thereof, or obligations of the Washington Metropolitan Area Transit Authority which are guaranteed by the

Secretary of Transportation under section 9 of the National Capital Transportation Act of 1969, or obligations issued under authority of the Federal Farm Loan Act, as amended, or issued by the thirteen banks for cooperatives or any of them or the Federal Home Loan Banks, or obligations which are insured by the Secretary of Housing and Urban Development under title XI of the National Housing Act [12 U.S.C. 1749aaa et seq.] or obligations which are insured by the Secretary of Housing and Urban Development (hereinafter in this sentence referred to as the "Secretary") pursuant to section 207 of the National Housing Act [12 U.S.C. 1713], if the debentures to be issued in payment of such insured obligations are guaranteed as to principal and interest by the United States, or obligations, participations, or other instruments of or issued by the Federal National Mortgage Association, or the Government National Mortgage Association, or mortgages, obligations or other securities which are or ever have been sold by the Federal Home Loan Mortgage Corporation pursuant to section 305 or section 306 of the Federal Home Loan Mortgage Corporation Act [12 U.S.C. 1454 or 1455], or obligations of the Federal Financing Bank or obligations of the Environmental Financing Authority, or obligations or other instruments or securities of the Student Loan Marketing Association, or such obligations of any local public agency (as defined in section 110(h) of the Housing Act of 1949 [42 U.S.C. 1460(h)]) as are secured by an agreement between the local public agency and the Secretary in which the local public agency agrees to borrow from said Secretary, and said Secretary agrees to lend to said local public agency, monies in an aggregate amount which (together with any other monies irrevocably committed to the payment of interest on such obligations) will suffice to pay, when due, the interest on and all installments (including the final installment) of the principal of such obligations, which monies under the terms of said agreement are required to be used for such payments, or such obligations of a public housing agency (as defined in the United States Housing Act of 1937, as amended [42 U.S.C. 1437 et seq.]) as are secured (1) by an agreement between the public housing agency and the Secretary in which the public housing agency agrees to borrow from the Secretary, and the Secretary agrees to lend to the public housing agency, prior to the maturity of such obligations, monies in an amount which (together with any other monies irrevocably committed to the payment of interest on such obligations) will suffice to pay the principal of such obligations with interest to maturity thereon, which monies under the terms of said agreement are required to be used for the

purpose of paying the principal of and the interest on such obligations at their maturity, (2) by a pledge of annual contributions under an annual contributions contract between such public housing agency and the Secretary if such contract shall contain the covenant by the Secretary which is authorized by subsection (g) of section 6 of the United States Housing Act of 1937, as amended [42 U.S.C. 1437d(g)], and if the maximum sum and the maximum period specified in such contract pursuant to said subsection 6(g) [42 U.S.C. 1437d(g)] shall not be less than the annual amount and the period for payment which are requisite to provide for the payment when due of all installments of principal and interest on such obligations, or (3) by a pledge of both annual contributions under an annual contributions contract containing the covenant by the Secretary which is authorized by section 6(g) of the United States Housing Act of 1937 [42 U.S.C. 1437d(g)], and a loan under an agreement between the local public housing agency and the Secretary in which the public housing agency agrees to borrow from the Secretary, and the Secretary agrees to lend to the public housing agency, prior to the maturity of the obligations involved, moneys in an amount which (together with any other moneys irrevocably committed under the annual contributions contract to the payment of principal and interest on such obligations) will suffice to provide for the payment when due of all installments of principal and interest on such obligations, which moneys under the terms of the agreement are required to be used for the purpose of paying the principal and interest on such obligations at their maturity: Provided, That in carrying on the business commonly known as the safe-deposit business the association shall not invest in the capital stock of a corporation organized under the law of any State to conduct a safe-deposit business in an amount in excess of 15 per centum of the capital stock of the association actually paid in and unimpaired and 15 per centum of its unimpaired surplus. The limitations and restrictions herein contained as to dealing in and underwriting investment securities shall not apply to obligations issued by the International Bank for Reconstruction and Development, the European Bank for Reconstruction and Development, the Inter-American Development Bank \1\ Bank for Economic Cooperation and Development in the Middle East and North Africa,,\2\ the North American Development Bank, the Asian Development Bank, the African Development Bank, the Inter-American Investment Corporation, or the International Finance Corporation,,\2\ or obligations issued by any State or political subdivision or any agency of a State or political subdivision for housing, university, or dormitory purposes, which are at

the time eligible for purchase by a national bank for its own account, nor to bonds, notes and other obligations issued by the Tennessee Valley Authority or by the United States Postal Service: Provided, That no association shall hold obligations issued by any of said organizations as a result of underwriting, dealing, or purchasing for its own account (and for this purpose obligations as to which it is under commitment shall be deemed to be held by it) in a total amount exceeding at any one time 10 per centum of its capital stock actually paid in and unimpaired and 10 per centum of its unimpaired surplus fund. Notwithstanding any other provision in this paragraph, the association may purchase for its own account shares of stock issued by a corporation authorized to be created pursuant to title IX of the Housing and Urban Development Act of 1968 [42 U.S.C. 3931 et seq.], and may make investments in a partnership, limited partnership, or joint venture formed pursuant to section 907(a) or 907(c) of that Act [42 U.S.C. 3937(a) or 3937(c)]. Notwithstanding any other provision of this paragraph, the association may purchase for its own account shares of stock issued by any State housing corporation incorporated in the State in which the association is located and may make investments in loans and commitments for loans to any such corporation: Provided, That in no event shall the total amount of such stock held for its own account and such investments in loans and commitments made by the association exceed at any time 5 per centum of its capital stock actually paid in and unimpaired plus 5 per centum of its unimpaired surplus fund. Notwithstanding any other provision in this paragraph, the association may purchase for its own account shares of stock issued by a corporation organized solely for the purpose of making loans to farmers and ranchers for agricultural purposes, including the breeding, raising, fattening, or marketing of livestock. However, unless the association owns at least 80 per centum of the stock of such agricultural credit corporation the amount invested by the association at any one time in the stock of such corporation shall not exceed 20 per centum of the unimpaired capital and surplus of the association: Provided further, That notwithstanding any other provision of this paragraph, the association may purchase for its own account shares of stock of a bank insured by the Federal Deposit Insurance Corporation or a holding company which owns or controls such an insured bank if the stock of such bank or company is owned exclusively (except to the extent directors' qualifying shares are required by law) by depository institutions or depository institution holding companies (as defined in section 1813 of this title) and such

bank or company and all subsidiaries thereof are engaged exclusively in providing services to or for other depository institutions, their holding companies, and the officers, directors, and employees of such institutions and companies, and in providing correspondent banking services at the request of other depository institutions or their holding companies (also referred to as a "banker's bank"), but in no event shall the total amount of such stock held by the association in any bank or holding company exceed at any time 10 per centum of the association's capital stock and paid in and unimpaired surplus and in no event shall the purchase of such stock result in an association's acquiring more than 5 per centum of any class of voting securities of such bank or company. The limitations and restrictions contained in this paragraph as to an association purchasing for its own account investment securities shall not apply to securities that (A) are offered and sold pursuant to section 4(5) of the Securities Act of 1933 (15 U.S.C. 77d(5)); (B) are small business related securities (as defined in section 3(a)(53) of the Securities Exchange Act of 1934 [15 U.S.C. 78c(a)(53)]); or (C) are mortgage related securities (as that term is defined in section 3(a)(41) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)(41))).³ The exception provided for the securities described in subparagraphs (A), (B), and (C) shall be subject to such regulations as the Comptroller of the Currency may prescribe, including regulations prescribing minimum size of the issue (at the time of initial distribution) or minimum aggregate sales prices, or both.

¹ So in original. Probably should be followed by a comma.

² So in original.

³ So in original. The period probably should be preceded by an additional closing parenthesis.

A national banking association may deal in, underwrite, and purchase for such association's own account qualified Canadian government obligations to the same extent that such association may deal in, underwrite, and purchase for such association's own account obligations of the United States or general obligations of any State or of any political subdivision thereof. For purposes of this paragraph--

(1) the term "qualified Canadian government obligations" means any debt obligation which is backed by Canada, any Province of Canada, or any political subdivision of any such Province to a degree which is comparable to the liability of the United States,

any State, or any political subdivision thereof for any obligation which is backed by the full faith and credit of the United States, such State, or such political subdivision, and such term includes any debt obligation of any agent of Canada or any such Province or any political subdivision of such Province if--

(A) the obligation of the agent is assumed in such agent's capacity as agent for Canada or such Province or such political subdivision; and

(B) Canada, such Province, or such political subdivision on whose behalf such agent is acting with respect to such obligation is ultimately and unconditionally liable for such obligation; and

(2) the term "Province of Canada" means a Province of Canada and includes the Yukon Territory and the Northwest Territories and their successors.

In addition to the provisions in this paragraph for dealing in, underwriting, or purchasing securities, the limitations and restrictions contained in this paragraph as to dealing in, underwriting, and purchasing investment securities for the national bank's own account shall not apply to obligations (including limited obligation bonds, revenue bonds, and obligations that satisfy the requirements of section 142(b)(1) of title 26) issued by or on behalf of any State or political subdivision of a State, including any municipal corporate instrumentality of 1 or more States, or any public agency or authority of any State or political subdivision of a State, if the national bank is well capitalized (as defined in section 1831o of this title).

01:07:20

[updated 05-04-2009]

http://edocket.access.gpo.gov/cfr_2009/janqtr/12cfr1.1.htm

12 CFR Sec. 1.1 Authority, purpose, scope, and reservation of authority.

(a) Authority. This part is issued pursuant to 12 U.S.C. 1 et seq., 12 U.S.C. 24 (Seventh), and 12 U.S.C. 93a.

(b) Purpose This part prescribes standards under which national banks may purchase, sell, deal in, underwrite, and hold securities, consistent with the authority contained in 12 U.S.C. 24 (Seventh) and

safe and sound banking practices.

(c) Scope. The standards set forth in this part apply to national banks and Federal branches of foreign banks. Further, pursuant to 12 U.S.C. 335, State banks that are members of the Federal Reserve System are subject to the same limitations and conditions that apply to national banks in connection with purchasing, selling, dealing in, and underwriting securities and stock. In addition to activities authorized under this part, foreign branches of national banks are authorized to conduct international activities and invest in securities pursuant to 12 CFR part 211.

(d) Reservation of authority. The OCC may determine, on a case-by-case basis, that a national bank may acquire an investment security other than an investment security of a type set forth in this part, provided the OCC determines that the bank's investment is consistent with 12 U.S.C. section 24 (Seventh) and with safe and sound banking practices. The OCC will consider all relevant factors, including the risk characteristics of the particular investment in comparison with the risk characteristics of investments that the OCC has previously authorized, and the bank's ability effectively to manage such risks. The OCC may impose limits or conditions in connection with approval of an investment security under this subsection. Investment securities that the OCC determines are permissible in accordance with this paragraph constitute eligible investments for purposes of 12 U.S.C. 24.

UCC Article 8 also talks about investment securities.

01:09:00

[updated 05-04-2009]

15 USC 18

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Sec. 18. Acquisition by one corporation of stock of another

No person engaged in commerce or in any activity affecting commerce shall acquire, directly or indirectly, the whole or any part of the stock or other share capital and no person subject to the jurisdiction of the Federal Trade Commission shall acquire the whole or any part of the assets of another person engaged also in commerce or in any activity affecting commerce, where in any line of commerce or in any activity

affecting commerce in any section of the country, the effect of such acquisition may be substantially to lessen competition, or to tend to create a monopoly.

No person shall acquire, directly or indirectly, the whole or any part of the stock or other share capital and no person subject to the jurisdiction of the Federal Trade Commission shall acquire the whole or any part of the assets of one or more persons engaged in commerce or in any activity affecting commerce, where in any line of commerce or in any activity affecting commerce in any section of the country, the effect of such acquisition, of such stocks or assets, or of the use of such stock by the voting or granting of proxies or otherwise, may be substantially to lessen competition, or to tend to create a monopoly.

This section shall not apply to persons purchasing such stock solely for investment and not using the same by voting or otherwise to bring about, or in attempting to bring about, the substantial lessening of competition. Nor shall anything contained in this section prevent a corporation engaged in commerce or in any activity affecting commerce from causing the formation of subsidiary corporations for the actual carrying on of their immediate lawful business, or the natural and legitimate branches or extensions thereof, or from owning and holding all or a part of the stock of such subsidiary corporations, when the effect of such formation is not to substantially lessen competition.

Nor shall anything herein contained be construed to prohibit any common carrier subject to the laws to regulate commerce from aiding in the construction of branches or short lines so located as to become feeders to the main line of the company so aiding in such construction or from acquiring or owning all or any part of the stock of such branch lines, nor to prevent any such common carrier from acquiring and owning all or any part of the stock of a branch or short line constructed by an independent company where there is no substantial competition between the company owning the branch line so constructed and the company owning the main line acquiring the property or an interest therein, nor to prevent such common carrier from extending any of its lines through the medium of the acquisition of stock or otherwise of any other common carrier where there is no substantial competition between the company extending its lines and the company whose stock, property, or an interest therein is so acquired.

Nothing contained in this section shall be held to affect or impair any right heretofore legally acquired: Provided, That nothing in this section shall be held or construed to authorize or make lawful anything

heretofore prohibited or made illegal by the antitrust laws, nor to exempt any person from the penal provisions thereof or the civil remedies therein provided.

Nothing contained in this section shall apply to transactions duly consummated pursuant to authority given by the Secretary of Transportation, Federal Power Commission, Surface Transportation Board, the Securities and Exchange Commission in the exercise of its jurisdiction under section 79j of this title, the United States Maritime Commission, or the Secretary of Agriculture under any statutory provision vesting such power in such Commission, Board, or Secretary.

5 Different grades of securities (Defined 12 CFR 1.2, limitations 12 CFR 1.3)

Type 1 Obligation of US

bank may deal in, underwrite, purchase, and sell for its own account

Type 2 Obligations of States

bank may have or contract to, or deal in, underwrite, purchase, and sell for its own account. Aggregate value issued by any one obligor may not exceed 10% of the bank's capital and surplus.

Type 3 A security that is not Type 1, 2, 4, or 5

bank may have or contract to purchase and sell for its own account. Aggregate value issued by any one obligor may not exceed 10% of the bank's capital and surplus.

Type 2 & 3 Aggregate value issued by any one obligor may not exceed 10 percent of the bank's capital and surplus.

Type 4 Small business related security, Commercial mortgage related security, 1st TD, any type of commercial loan with real estate attached to it; residential mortgage mortgage.

bank may purchase and sell for its own account. Total of account is not limited. But, there is a special aggregate limitation of 25% of capital regarding small business.

Type 5 Rated, marketable, not type 4, secured by interests in a pool of loans with various obligors, in which a bank may invest directly.

bank may purchase and sell for its own account. Aggregate value of securities issued by any one issuer held by the bank does not

exceed 25 percent of the bank's capital and surplus.

Banks may not lend:

- Their depositors' money
- Their capital
- Their notes
- Their credit

Federal National Mortgage Association (Fannie Mae)

Federal Home Mortgage Corporation (Freddie Mac)

12 CFR Sec. 1.6 Convertible securities.

A national bank may not purchase securities convertible into stock at the option of the issuer.

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Purpose of legal system is to prevent a monopoly by the banks and other commercial entities.

[updated 05-04-2009]

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15 USC Sec. 18. Acquisition by one corporation of stock of another

No person engaged in commerce or in any activity affecting commerce shall acquire, directly or indirectly, the whole or any part of the **stock** or other share capital and no person subject to the jurisdiction of the Federal Trade Commission shall acquire the whole or any part of the assets of another person engaged also in commerce or in any activity affecting commerce, **where** in any line of commerce or in any activity affecting commerce in any section of the country, **the effect of such acquisition may** be substantially to lessen competition, or to **tend to create a monopoly.**

No person shall acquire, directly or indirectly, the whole or any part of the stock or other share capital and no person subject to the jurisdiction of the Federal Trade Commission shall acquire the whole or any part of the assets of one or more persons engaged in commerce or in any activity affecting commerce, where in any line of commerce or in any activity affecting commerce in any section of the country, the effect of such acquisition, of such stocks or assets, or of the use of such stock by the voting or granting of proxies or otherwise, may be substantially to lessen competition, or to tend to create a monopoly.

This section shall not apply to persons purchasing such stock solely for investment and not using the same by voting or otherwise to bring about, or in attempting to bring about, the substantial lessening of competition. Nor shall anything contained in this section prevent a corporation engaged in commerce or in any activity affecting commerce from causing the formation of subsidiary corporations for the actual carrying on of their immediate lawful business, or the natural and legitimate branches or extensions thereof, or from owning and holding all or a part of the stock of such subsidiary corporations, when the effect of such formation is not to substantially lessen competition.

Nor shall anything herein contained be construed to prohibit any

common carrier subject to the laws to regulate commerce from aiding in the construction of branches or short lines so located as to become feeders to the main line of the company so aiding in such construction or from acquiring or owning all or any part of the stock of such branch lines, nor to prevent any such common carrier from acquiring and owning all or any part of the stock of a branch or short line constructed by an independent company where there is no substantial competition between the company owning the branch line so constructed and the company owning the main line acquiring the property or an interest therein, nor to prevent such common carrier from extending any of its lines through the medium of the acquisition of stock or otherwise of any other common carrier where there is no substantial competition between the company extending its lines and the company whose stock, property, or an interest therein is so acquired.

Nothing contained in this section shall be held to affect or impair any right heretofore legally acquired: Provided, That nothing in this section shall be held or construed to authorize or make lawful anything heretofore prohibited or made illegal by the antitrust laws, nor to exempt any person from the penal provisions thereof or the civil remedies therein provided.

Nothing contained in this section shall apply to transactions duly consummated pursuant to authority given by the Secretary of Transportation, Federal Power Commission, Surface Transportation Board, the Securities and Exchange Commission in the exercise of its jurisdiction under section 79j of this title,\1\ the United States Maritime Commission, or the Secretary of Agriculture under any statutory provision vesting such power in such Commission, Board, or Secretary.

00:01:11

Securities must be graded investments pursuant to
UCC Article 8

12 CFR Title 1

12 CFR 1.2 DEFINITIONS OF TYPES OF SECURITIES

Different grades of securities

Type 1 Obligation of US

Type 2 Obligations of States

Type 3 A security that is not Type 1, 2, 4, or 5

Type 4 Small business related security, Commercial mortgage related security, 1st TD, any type of commercial loan with real estate attached to it; residential mortgage loan.

Type 5 Rated, marketable, not type 4, secured by interests in a pool of loans with various obligors, in which a bank may invest directly.

[updated 05-04-2009]

http://edocket.access.gpo.gov/cfr_2009/janqtr/12cfr1.2.htm

12 CFR Sec. 1.2 Definitions. [excerpt]

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. .

(j) **Type I security** means:

(1) Obligations of the United States;

(2) Obligations issued, insured, or guaranteed by a department or an agency of the United States Government, if the obligation, insurance, or guarantee commits the full faith and credit of the United States for the repayment of the obligation;

(3) Obligations issued by a department or agency of the United States, or an agency or political subdivision of a State of the United States, that represent an interest in a loan or a pool of loans made to third parties, if the full faith and credit of the United States has been validly pledged for the full and timely payment of interest on, and principal of, the loans in the event of non-payment by the third party obligor(s);

(4) General obligations of a State of the United States or any political subdivision thereof; and municipal bonds if the national bank is well capitalized as defined in 12 CFR 6.4(b)(1);

(5) Obligations authorized under 12 U.S.C. 24 (Seventh) as permissible for a national bank to deal in, underwrite, purchase, and sell for the bank's own account, including qualified Canadian government obligations; and

(6) Other securities the OCC determines to be eligible as Type I securities under 12 U.S.C. 24 (Seventh).

(k) **Type II** security means an investment security that represents:

(1) Obligations issued by a State, or a political subdivision or agency of a State, for housing, university, or dormitory purposes that would not satisfy the definition of Type I securities pursuant to paragraph (j) of Sec. 1.2;

(2) Obligations of international and multilateral development banks and organizations listed in 12 U.S.C. 24 (Seventh);

(3) Other obligations listed in 12 U.S.C. 24 (Seventh) as permissible for a bank to deal in, underwrite, purchase, and sell for the bank's own account, subject to a limitation per obligor of 10 percent of the bank's capital and surplus; and

(4) Other securities the OCC determines to be eligible as Type II securities under 12 U.S.C. 24 (Seventh).

(l) **Type III** security means an investment security that does not qualify as a Type I, II, IV, or V security. Examples of Type III securities include corporate bonds and municipal bonds that do not satisfy the definition of Type I securities pursuant to paragraph (j) of Sec. 1.2 or the definition of Type II securities pursuant to paragraph (k) of Sec. 1.2.

(m) **Type IV** security means:

(1) A small business-related security as defined in section 3(a)(53)(A) of the Securities Exchange Act of 1934, 15 U.S.C. 78c(a)(53)(A), that is rated investment grade or is the credit equivalent thereof, that is fully secured by interests in a pool of loans to numerous obligors.

(2) A commercial mortgage-related security that is offered or sold pursuant to section 4(5) of the Securities Act of 1933, 15 U.S.C. 77d(5), that is rated investment grade or is the credit equivalent thereof, or a commercial mortgage-related security as described in section 3(a)(41) of the Securities Exchange Act of 1934, 15 U.S.C. 78c(a)(41), that is rated investment grade in one of the two highest investment grade rating categories, and that represents ownership of a promissory note or certificate of interest or participation that is directly secured by a first lien on one or more parcels of real estate upon which one or more commercial structures are located and that is fully secured by interests in a pool of loans to numerous obligors.

(3) A **residential mortgage-related security** that is offered and sold pursuant to section 4(5) of the Securities Act of 1933, 15 U.S.C. 77d(5), that is rated investment grade or is the credit equivalent thereof, or a residential mortgage-related security as described in section 3(a)(41) of the Securities Exchange Act of 1934, 15 U.S.C. 78c(a)(41)), that is rated investment grade in one of the two highest investment grade rating categories, and that does not otherwise qualify as a **Type I** security.

(n) Type V security means a security that is:

- (1) Rated investment grade;
- (2) Marketable;
- (3) Not a Type IV security; and
- (4) Fully secured by interests in a pool of loans to numerous obligors and in which a national bank could invest directly.

00:04:25

[updated 05-04-2009]

http://edocket.access.gpo.gov/cfr_2009/janqtr/12cfr1.3.htm

12 CFR 1.3

Sec. 1.3 Limitations on dealing in, underwriting, and purchase and sale of securities.

(a) **Type I** securities. A national bank may deal in, underwrite, purchase, and sell Type I securities for its own account. The amount of Type I securities that the bank may deal in, underwrite, purchase, and sell is not limited to a specified percentage of the bank's capital and surplus.

(b) **Type II** securities. A national bank may deal in, underwrite, purchase, and sell Type II securities for its own account, provided the aggregate par value of Type II securities issued by any one obligor held by the bank does not exceed 10 percent of the bank's capital and surplus. In applying this limitation, a national bank shall take account of Type II securities that the bank is legally committed to purchase or to sell in addition to the bank's existing holdings.

(c) **Type III** securities. A national bank may purchase and sell Type III securities for its own account, provided the aggregate par value of Type III securities issued by any one obligor held by the bank does not exceed 10 percent of the bank's capital and surplus. In applying this limitation, a national bank shall take account of Type III securities that the bank is legally committed to purchase or to sell in addition to the bank's existing holdings.

(d) **Type II and III** securities; other investment securities limitations. A national bank may not hold Type II and III securities issued by any one obligor with an aggregate par value exceeding 10 percent of the bank's capital and surplus. However, if the proceeds of each issue are to be used to acquire and lease real estate and related facilities to economically and legally separate industrial tenants, and if each issue is payable solely from and secured by a first lien on the revenues to be derived from rentals paid by the lessee under net

noncancellable leases, the bank may apply the 10 percent investment limitation separately to each issue of a single obligor.

(e) **Type IV** securities--(1) General. A national bank may purchase and sell Type IV securities for its own account. Except as described in paragraph (e)(2) of this section, the amount of the Type IV securities that a bank may purchase and sell is not limited to a specified percentage of the bank's capital and surplus.

(2) Limitation on small business-related securities rated in the third and fourth highest rating categories by an NRSRO. A national bank may hold small business-related securities, as defined in section 3(a)(53)(A) of the Securities Exchange Act of 1934, 15 U.S.C. 78c(a)(53)(A), of any one issuer with an aggregate par value not exceeding 25 percent of the bank's capital and surplus if those securities are rated investment grade in the third or fourth highest investment grade rating categories. In applying this limitation, a national bank shall take account of securities that the bank is legally committed to purchase or to sell in addition to the bank's existing holdings. No percentage of capital and surplus limit applies to small business related securities rated investment grade in the highest two investment grade rating categories.

(f) **Type V** securities. A national bank may purchase and sell Type V securities for its own account provided that the aggregate par value of Type V securities issued by any one issuer held by the bank does not exceed 25 percent of the bank's capital and surplus. In applying this limitation, a national bank shall take account of Type V securities that the bank is legally committed to purchase or to sell in addition to the bank's existing holdings.

(g) Securitization. A national bank may securitize and sell assets that it holds, as a part of its banking business. The amount of securitized loans and obligations that a bank may sell is not limited to a specified percentage of the bank's capital and surplus.

(h) Pooled investments--(1) General. A national bank may purchase and sell for its own account investment company shares provided that:

(i) The portfolio of the investment company consists exclusively of assets that the national bank may purchase and sell for its own account; and

(ii) The bank's holdings of investment company shares do not exceed the limitations in Sec. 1.4(e).

(2) Other issuers. The OCC may determine that a national bank may invest in an entity that is exempt from registration as an investment

company under section 3(c)(1) of the Investment Company Act of 1940, provided that the portfolio of the entity consists exclusively of assets that a national bank may purchase and sell for its own account.

(3) Investments made under this paragraph (h) must comply with Sec. 1.5 of this part, conform with applicable published OCC precedent, and must be:

(i) Marketable and rated investment grade or the credit equivalent of a security rated investment grade, or

(ii) Satisfy the requirements of Sec. 1.3(i).

(i) Securities held based on estimates of obligor's performance. (1) Notwithstanding Sec. Sec. 1.2(d) and (e), a national bank may treat a debt security as an investment security for purposes of this part if the security is marketable and the bank concludes, on the basis of estimates that the bank reasonably believes are reliable, that the obligor will be able to satisfy its obligations under that security.

(2) The aggregate par value of securities treated as investment securities under paragraph (i)(1) of this section may not exceed 5 percent of the bank's capital and surplus.

00:06:00

A note is a Type IV security. Bank can purchase and sell as many as they wish, but they may not use their capital or customers' deposits, or owned notes for that purpose. It has value.

According to contract law, the borrower must be fully informed that he is creating the money, and the bank is buying his note. Or, that the bank is actual a servicer of the note. Otherwise, the contract is unconcionable and void.

Either the bank is committing a fraud upon the court, or it is violating the basic prohibition against using the Capital, Deposits, and Notes (CDN).

The bank is purchasing your purchasing power when it receives the note. It misrepresents itself in that it is not actual lending institution, but rather it is a service institution.

The bank does a credit report because they want to be certain that you have the purchasing power.

00:09:19

[updated 05/04/2009]

http://edocket.access.gpo.gov/cfr_2009/janqtr/12cfr1.6.htm

12 CFR Sec. 1.6 Convertible securities.

A national bank may not purchase securities convertible into stock at the option of the issuer.

The Fannie Mae or GMAC prospectus will show what they are offering. 424b3 or 424b5 form has the official detail, and is filed with the SEC.

00:11:57

[updated 05-04-2009]

http://www.fanniemae.com/markets/debt/understanding_fm_debt/debt_issuance_activities.jhtml?p=Debt+Securities&s=Understanding+Fannie+Mae+Debt&t=Debt+Issuance+Overview

Fannie Mae's Funding Philosophy

Fannie Mae takes a long-term approach to its funding strategy. This is because of Fannie Mae's continuous requirements for large amounts of funding to carry out its mission. We believe it is incumbent on us to work in the best interest of investors and not to issue opportunistically for short-term gain. We endeavor to structure debt products that match the needs of our portfolio to the interests of the market. When anticipating the issuance of any new debt security, **Fannie Mae works diligently with its dealers to gauge demand for various types of securities and to ensure that there will be solid distribution of a security once it is brought to market.** Fannie Mae has demonstrated a long-term commitment to investors in the way we bring issues to market and monitor their performance in the secondary market.

Fannie Mae's Status as an Issuer

Fannie Mae's debt obligations are treated as U.S. agency securities in the marketplace, which is just below U.S. Treasuries and above AAA corporate debt. This agency status is due in part to the creation and existence of the corporation pursuant to a federal law, the public mission that it serves. Fannie Mae's senior unsecured debt has been rated "AAA," "Aaa," and "AAA" respectively by Fitch, Inc., Moody's Investors Service, and Standard & Poor's. Fitch, Moody's, and Standard & Poor's rate Fannie Mae's short-term debt "F1+," "Prime-1" or "P-1," and "A-1+," respectively. **Fannie Mae's debt securities are unsecured obligations of the corporation and are not backed by the full faith and credit**

of the U.S. Government.

Regulatory Treatment of Fannie Mae Debt Securities

Fannie Mae debt obligations receive favorable treatment from a regulatory perspective. It is because of our U.S. agency status in the market, high credit quality, and public mission as stated in the charter act under which we operate that our debt is afforded such favorable treatment. The charter act actually limits Fannie Mae's business to activities that provide support and stability to the secondary mortgage market, especially those activities that promote housing for low- and moderate- income families. Fannie Mae securities are "exempted securities" under the laws administered by the U.S. Securities and Exchange Commission to the same extent as U.S. Government obligations. Also, Fannie Mae debt qualifies for more liberal treatment than corporate debt under U.S. Federal statutes and regulations, and to a limited extent, foreign overseas statutes and regulations. Some of these statutes and regulations make it possible for deposit-taking institutions to invest in Fannie Mae debt more liberally than in corporate debt and mortgage-backed and asset-backed securities. Others enable certain institutions to invest in Fannie Mae debt on par with obligations of the United States and in unlimited amounts.

00:14:20

Updated 06-03-09

REAL ESTATE SETTLEMENT PROCEDURES

[http://frwebgate.access.gpo.gov/cgi-](http://frwebgate.access.gpo.gov/cgi-bin/usc.cgi?ACTION=RETRIEVE&FILE=$$xa$$busc12.wais&start=9805293&SIZE=8819&TYPE=TEXT)

[bin/usc.cgi?ACTION=RETRIEVE&FILE=\\$\\$xa\\$\\$busc12.wais&start=9805293&SIZE=8819&TYPE=TEXT](http://frwebgate.access.gpo.gov/cgi-bin/usc.cgi?ACTION=RETRIEVE&FILE=$$xa$$busc12.wais&start=9805293&SIZE=8819&TYPE=TEXT)

12 USC Sec. 2602. Definitions

For purposes of this chapter--

(1) the term "federally related mortgage loan" includes any loan (other than temporary financing such as a construction loan) which--

(A) is secured by a first or subordinate lien on residential real property (including individual units of condominiums and cooperatives) designed principally for the occupancy of from one to four families, including any such secured loan, the proceeds of which are used to prepay or pay off an existing loan secured by the same property; and

(B)(i) is made in whole or in part by any lender the deposits or accounts of which are insured by any agency of the Federal Government, or is made in whole or in part by any lender

which is regulated by any agency of the Federal Government, or

(ii) is made in whole or in part, or insured, guaranteed, supplemented, or assisted in any way, by the Secretary or any other officer or agency of the Federal Government or under or in connection with a housing or urban development program

administered by the Secretary or a housing or related program administered by any other such officer or agency; or

(iii) is intended to be sold by the originating lender to the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Home Loan Mortgage Corporation, or a financial institution from which it is to be purchased by the Federal Home Loan Mortgage Corporation; or

(iv) is made in whole or in part by any "creditor", as defined in section 1602(f) of title 15, who makes or invests in residential real estate loans aggregating more than \$1,000,000 per year, except that for the purpose of this chapter, the term "creditor" does not include any agency or instrumentality of any State;

(2) the term "thing of value" includes any payment, advance, funds, loan, service, or other consideration;

(3) the term "Settlement services" includes any service provided in connection with a real estate settlement including, but not limited to, the following: title searches, title examinations, the provision of title certificates, title insurance, services rendered by an attorney, the preparation of documents, property surveys, the rendering of credit reports or appraisals, pest and fungus inspections, services rendered by a real estate agent or broker, the origination of a federally related mortgage loan (including, but not limited to, the taking of loan applications, loan processing, and the underwriting and funding of loans), and the handling of the processing, and closing or settlement;

(4) the term "title company" means any institution which is qualified to issue title insurance, directly or through its agents, and also refers to any duly authorized agent of a title company;

(5) the term "person" includes individuals, corporations, associations, partnerships, and trusts;

(6) the term "Secretary" means the Secretary of Housing and Urban Development;

(7) the term "affiliated business arrangement" means an

arrangement in which (A) a person who is in a position to refer business incident to or a part of a real estate settlement service involving a federally related mortgage loan, or an associate of such person, has either an affiliate relationship with or a direct or beneficial ownership interest of more than 1 percent in a provider of settlement services; and (B) either of such persons directly or indirectly refers such business to that provider or affirmatively influences the selection of that provider; and

(8) the term "associate" means one who has one or more of the following relationships with a person in a position to refer settlement business: (A) a spouse, parent, or child of such person; (B) a corporation or business entity that controls, is controlled by, or is under common control with such person; (C) an employer, officer, director, partner, franchisor, or franchisee of such person; or (D) anyone who has an agreement, arrangement, or understanding, with such person, the purpose or substantial effect of which is to enable the person in a position to refer settlement business to benefit financially from the referrals of such business.

If there is a federal document in the settlement papers, then it is known as a "federally related mortgage".

FRB publication: Rules Regarding Availability of Information

If a RESPA request is made, the bank may respond with a letter which will contain some form of dunning statement or admission that it is acting as an agent. That indicates that it is a service rather than have an interest in the debt. For that reason they would have no standing to sue.

12 USC 3754

Sec. 3754. Designation of foreclosure commissioner

(a) In general

The Secretary may designate a person or persons to serve as a foreclosure commissioner or commissioners for the purpose of foreclosing upon a single family mortgage.

(b) Power of sale

A foreclosure commissioner designated under this section shall have a nonjudicial power of sale.

(c) Qualifications

The foreclosure commissioner, if a natural person, shall be a resident of the State in which the security property is located and, if not a natural person, the foreclosure commissioner must be duly authorized to transact business under laws of the State in which the security property is located. No person shall be designated as a foreclosure commissioner unless that person is responsible, financially sound, and competent to conduct a foreclosure.

(d) Designation procedure

(1) Written designation

The Secretary may designate a foreclosure commissioner by executing a written designation stating the name and business or residential address of the commissioner, except that if a person is designated in his or her capacity as an official or employee of a government or corporate entity, such person may be designated by his or her unique title or position instead of by name.

(2) Substitute commissioners

The Secretary may, with or without cause, designate a substitute foreclosure commissioner to replace a previously designated foreclosure commissioner.

(3) Number

More than 1 foreclosure commissioner may be designated at any time.

