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Whole Loan: a mortgage loan.

[66 FR 47806, Sept. 13, 2001, as amended at 67 FR 11861, Mar. 15, 2002; 67 FR 66535, Nov. 1, 2002; 68 FR 7312, Feb. 13, 2003; 71 FR 75087, Dec. 14, 2006; 73 FR 35895, June 25, 2008]

APPENDIX B TO SUBPART B OF PART 1750 [RESERVED]

PART 1770—EXECUTIVE COMPENSATION

Sec.
1770.1 Authority and scope.
1770.2 Purpose.
1770.3 Definitions.
1770.4 Submission requirements.
1770.5 Compliance.

AUTHORITY: 12 U.S.C. 1452(h)(2), 1723a(d)(3)(B), 4501(6), 4502(3), 4502(7), 4513, 4514, 4517, 4518(a), 4631, 4632, 4636, 4641.

SOURCE: 66 FR 47554, Sept. 12, 2001, unless otherwise noted.

§ 1770.1 Authority and scope.

(a) *Authority*. Title XIII of the Housing and Community Development Act of 1992, Pub. L. No. 102–550, entitled the Federal Housing Enterprises Financial Safety and Soundness Act of 1992 (''the Act'') (12 U.S.C. 4501 *et seq.*), established the Office of Federal Housing Enterprise Oversight (''OFHEO'') as an independent office within the Department of Housing and Urban Development. In general, OFHEO is the safety and soundness regulator of two housing-related government sponsored enterprises: the Federal National Mortgage Association (''Fannie Mae'') and the Federal Home Loan Mortgage Corporation (''Freddie Mac'') (collectively, ''the Enterprises''). The supervisory responsibilities of the Director of OFHEO (the ''Director'') include oversight of compensation provided by the Enterprises to their executive officers.

(b) *Scope*. The procedures set forth in this part apply to OFHEO's oversight of executive compensation under the following two statutory mandates:

(1) *Prohibition of excessive compensation*. The Act requires the Director to prohibit an Enterprise from providing compensation to any executive officer that is not reasonable and comparable with that paid by other similar businesses to executives doing similar work, *i.e.*, having similar duties and responsibilities. Businesses used for comparison purposes include publicly held financial institutions or major financial services companies. (12 U.S.C. 4518(a)). To effectuate this compensation oversight responsibility, the Act provides that the Director has full authority to take such actions as the Director determines are necessary. (12 U.S.C. 4513(8)). However, the Director may not prescribe or set a specific level or range of compensation for executive officers of the Enterprises. (12 U.S.C. 4518(b)).

(2) *Prior approval of termination benefits*. The Enterprises' enabling statutes (''charter acts'') similarly provide that an Enterprise may not enter into any agreement or contract to provide any payment of money or other thing of current or potential value in connection with the termination of employment of an executive officer unless the agreement or contract is approved in advance by the Director. The Director may only approve termination benefits that are comparable to benefits provided by other public or private entities involved in financial services and housing interests to executives with comparable duties and responsibilities. Agreements or contracts that provide for termination payments to executives that were entered into before October 28, 1992 are not retroactively subject to approval or disapproval by the Director. However, a renegotiation, amendment or change to such an agreement or contract entered into on or before October 28, 1992 shall be considered as entering into an agreement or contract that is subject to approval by the Director. (Section 309(d)(3)(B); 12 U.S.C. 1723a(d)(3)(B) of Fannie Mae's Charter Act; Section 303(h)(2); 12 U.S.C. 1452(h)(2) of Freddie Mac's Corporation Act)

§ 1770.2 Purpose.

In exercising responsibilities related to executive compensation, the Director has established a structured process for the submission of relevant information by each Enterprise. This part codifies those procedures and clarifies the terms used therein in order to facilitate and enhance the efficiency of OFHEO's oversight.