

112TH CONGRESS
2D SESSION

S. 2072

To discourage disincentives to the housing missions of government sponsored enterprises and require consistent putback risks at the enterprises to assist homeowners.

IN THE SENATE OF THE UNITED STATES

FEBRUARY 6, 2012

Mr. FRANKEN (for himself and Mr. BLUMENTHAL) introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

A BILL

To discourage disincentives to the housing missions of government sponsored enterprises and require consistent putback risks at the enterprises to assist homeowners.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Helping Homeowners
5 Refinance Act”.

6 **SEC. 2. DEFINITIONS.**

7 In this Act—

8 (1) the term “Director” means the Director of
9 the Federal Housing Finance Agency;

1 (2) the term “enterprise” has the same mean-
2 ing as in section 1303 of the Federal Housing En-
3 terprises Financial Safety and Soundness Act of
4 1992 (12 U.S.C. 4502); and

5 (3) the term “putback risk” means the prob-
6 ability that an enterprise would require a loan origi-
7 nator to repurchase a loan purchased by the enter-
8 prise.

9 **SEC. 3. FINANCIAL DISINCENTIVES.**

10 Not later than 30 days after the date of enactment
11 of this Act, the Director shall promulgate rules prohibiting
12 the enterprises from holding any possessory interest in or
13 otherwise owning, in whole or in part, any financial mar-
14 ket instrument that would, in the discretion of the Direc-
15 tor, substantially reduce the financial incentive to carry
16 out the statutory mission of the enterprises to provide li-
17 quidity, stability, and affordability to the United States
18 housing market under the Federal Home Loan Mortgage
19 Corporation Act (12 U.S.C. 1415 et seq.) and the Federal
20 National Mortgage Association Charter Act (12 U.S.C.
21 1716 et seq.).

22 **SEC. 4. GOVERNMENT SPONSORED ENTERPRISES PUTBACK**
23 **RISK POLICIES.**

24 (a) IN GENERAL.—Not later than 30 days after the
25 date of enactment of this Act, the Federal Home Loan

1 Mortgage Corporation shall implement policies to reduce
2 the putback risk, including any putback risk associated
3 with loan refinancing, regardless of the loan-to-value ratio
4 on that mortgage, to be consistent with those of the Fed-
5 eral National Mortgage Association in effect as of Feb-
6 ruary 1, 2012.

7 (b) **APPLICABILITY TO FINANCIAL INSTITUTIONS.**—
8 The enterprises shall apply the same putback risks, includ-
9 ing any putback risk identified in subsection (a), to all
10 financial institutions that refinance mortgage loans owned
11 or guaranteed by an enterprise, regardless of whether the
12 loans being refinanced were originated by the same insti-
13 tution that is originating the new loan.

14 (c) **APPLICATION OF SECTION.**—The policies imple-
15 mented under subsection (a) and the provisions of sub-
16 section (b) shall only apply to loans with a resettlement
17 date on or before May 31, 2009.

18 **SEC. 5. WAIVER AUTHORITY.**

19 The Director may waive any rule under section 3 or
20 the application of the putback risk described in section
21 4, if the Director certifies in writing to Congress that the
22 safety and soundness of the enterprise is put at risk by
23 the applicability of the putback risk.

1 **SEC. 6. RULE OF CONSTRUCTION.**

2 Nothing in this Act shall be construed to affect, be
3 applicable to, or include purchase money originations.

4 **SEC. 7. REPORT TO CONGRESS.**

5 Not later than 24 months after the date of enactment
6 of this Act, the Director shall submit a report to Congress
7 on the implementation of the provisions of this Act.

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