

113TH CONGRESS  
1ST SESSION

# H. R. 3550

To stabilize the housing and banking sectors by eliminating policies that distort markets and facilitate risky lending, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 20, 2013

Mr. AMASH (for himself, Mr. DUNCAN of South Carolina, Mr. JORDAN, Mr. LAMBORN, Mr. MCCLINTOCK, Mr. MEADOWS, Mr. PRICE of Georgia, and Mr. SALMON) introduced the following bill; which was referred to the Committee on Financial Services, and in addition to the Committees on Appropriations, Science, Space, and Technology, Transportation and Infrastructure, and the Judiciary, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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## A BILL

To stabilize the housing and banking sectors by eliminating policies that distort markets and facilitate risky lending, and for other purposes.

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 AND TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the  
5 “New Fair Deal Banking and Housing Stability Act of  
6 2013”.

1 (b) TABLE OF CONTENTS.—The table of contents for  
 2 this Act is as follows:

Sec. 1. Short title and table of contents.

TITLE I—REDUCING RISKY LENDING AND HOUSING MARKET  
 INSTABILITY

Subtitle A—Withdrawing Failed Government Mortgage Corporations

PART 1—IMMEDIATE REFORMS OF GOVERNMENT-SPONSORED CORPORATIONS

- Sec. 101. Repeal of housing goals for enterprises.  
 Sec. 102. Repeal of Housing Trust Fund.  
 Sec. 103. Repeal of Capital Magnet Fund.  
 Sec. 104. Limitation on enterprise mortgage purchases.  
 Sec. 105. Repeal of banking agencies' authority relating Freddie Mac trans-  
 actions.

PART 2—MAKING SPACE FOR PRIVATE SECONDARY MARKETS

- Sec. 111. Reduction of enterprise conforming loan limits.  
 Sec. 112. Loan-to-value limitation on enterprise mortgage purchases.  
 Sec. 113. Increased capital standards for enterprises.  
 Sec. 114. Enterprise portfolio limitations.

PART 3—ABOLITION OF FANNIE MAE AND FREDDIE MAC

- Sec. 121. Abolishment of enterprises.

Subtitle B—Termination of Insurance for Banks' Mortgage Lending

PART 1—IMMEDIATE REFORMS OF FHA CREDIT PROGRAMS

- Sec. 131. FHA lender repurchase requirement.  
 Sec. 132. Prohibition of FHA mortgage insurance for cash-out refinancings.  
 Sec. 133. FHA limitation on seller concessions.

PART 2—REDUCING TAXPAYER GUARANTEES OF MORTGAGES

- Sec. 141. Reduction of FHA mortgage insurance coverage.  
 Sec. 142. Increase in FHA downpayment requirement.

PART 3—TERMINATION OF FHA CREDIT GUARANTEES

- Sec. 151. Termination of FHA insurance authority.

Subtitle C—Ending Guarantees for Government Mortgage-Backed Securities

- Sec. 161. Limitation on GNMA guarantees.  
 Sec. 162. Abolishment of Ginnie Mae.

Subtitle D—Repealing Regulations That Promote Risky Lending

- Sec. 171. Repeal of the Community Reinvestment Act of 1977.  
 Sec. 172. Repeal of Dodd-Frank credit risk retention provisions.  
 Sec. 173. Repeal of Dodd-Frank ability to repay and qualified mortgage provi-  
 sions.

- Sec. 174. Repeal of the Home Mortgage Disclosure Act of 1975.  
 Sec. 175. Repeal of Federal Home Loan Banks Affordable Housing Program  
 and housing goals.  
 Sec. 176. Repeal of FDIC Affordable Housing Program.

Subtitle E—Stopping Subsidies for Certain Obstacles to Housing Construction

- Sec. 181. Repeal of transportation planning provisions; rescission.  
 Sec. 182. Termination of HUD sustainable communities initiatives; rescission.

TITLE II—ENDING BANK BAILOUTS AND RESTORING MARKET  
 DISCIPLINE

Subtitle A—Reducing Risks to Bank Depositors and Other Creditors

- Sec. 201. Capital requirements.  
 Sec. 202. FDIC insurance.

Subtitle B—Repeal of Bailout Authorities

- Sec. 211. Repeal of FDIC powers under the systemic risk determination.  
 Sec. 212. Repeal of unusual and exigent authority of the Federal Reserve.  
 Sec. 213. Exchange Stabilization Fund.

Subtitle C—Bankruptcy, Not Bailouts, for Complex Financial Institutions

- Sec. 221. Reforming the bankruptcy code to accommodate failing financial in-  
 stitutions.

1 **TITLE I—REDUCING RISKY**  
 2 **LENDING AND HOUSING MAR-**  
 3 **KET INSTABILITY**

4 **Subtitle A—Withdrawing Failed**  
 5 **Government Mortgage Corpora-**  
 6 **tions**

7 **PART 1—IMMEDIATE REFORMS OF**  
 8 **GOVERNMENT-SPONSORED CORPORATIONS**

9 **SEC. 101. REPEAL OF HOUSING GOALS FOR ENTERPRISES.**

10 (a) REPEAL.—The Federal Housing Enterprises Fi-  
 11 nancial Safety and Soundness Act of 1992 is amended by  
 12 striking sections 1331 through 1336 (12 U.S.C. 4561–6).

1 (b) CONFORMING AMENDMENTS.—Federal Housing  
2 Enterprises Financial Safety and Soundness Act of 1992  
3 is amended—

4 (1) in section 1303(28) (12 U.S.C. 4502(28)),  
5 by striking “, and, for the purposes” and all that  
6 follows through “designated disaster areas”;

7 (2) in section 1324(b)(1)(A) (12 U.S.C.  
8 4544(b)(1)(A)), by striking clauses (i), (ii), and (iv);

9 (3) in section 1339(h) (12 U.S.C. 4569(h)), by  
10 striking paragraph (7);

11 (4) in section 1341 (12 U.S.C. 4581)—

12 (A) in subsection (a)—

13 (i) in paragraph (1), by inserting “or”  
14 after the semicolon at the end;

15 (ii) in paragraph (2), by striking the  
16 semicolon at the end and inserting a pe-  
17 riod; and

18 (iii) by striking paragraphs (3) and  
19 (4); and

20 (B) in subsection (b)(2)—

21 (i) in subparagraph (A), by inserting  
22 “or” after the semicolon at the end;

23 (ii) by striking subparagraphs (B) and  
24 (C); and

1 (iii) by redesignating subparagraph  
2 (D) as subparagraph (B);

3 (5) in section 1345(a) (12 U.S.C. 4585(a))—

4 (A) in paragraph (1), by inserting “or”  
5 after the semicolon at the end;

6 (B) in paragraph (2), by striking the semi-  
7 colon at the end and inserting a period; and

8 (C) by striking paragraphs (3) and (4);  
9 and

10 (6) in section 1371(a)(2) (12 U.S.C.  
11 4631(a)(2)), by striking “with any housing goal es-  
12 tablished under subpart B of part 2 of subtitle A of  
13 this title, with section 1336 or 1337 of this title,”.

14 (c) REPEAL OF REPORTING REQUIREMENTS.—

15 (1) FANNIE MAE.—Section 309 of the Federal  
16 National Mortgage Association Charter Act (12  
17 U.S.C. 1723a) is amended by striking subsection  
18 (n).

19 (2) FREDDIE MAC.—Section 307 of the Federal  
20 Home Loan Mortgage Corporation Act (12 U.S.C.  
21 1456) is amended by striking subsection (f).

22 (d) TERMINATION OF AFFORDABLE HOUSING ADVI-  
23 SORY COUNCILS.—

24 (1) FANNIE MAE.—Section 309 of the Federal  
25 National Mortgage Association Charter Act (12

1 U.S.C. 1723a) is amended by striking subsection  
2 (o).

3 (2) FREDDIE MAC.—Section 307 of the Federal  
4 Home Loan Mortgage Corporation Act (12 U.S.C.  
5 1456) is amended by striking subsection (g).

6 **SEC. 102. REPEAL OF HOUSING TRUST FUND.**

7 (a) REPEAL.—The Federal Housing Enterprises Fi-  
8 nancial Safety and Soundness Act of 1992 is amended by  
9 striking sections 1337 and 1338 (12 U.S.C. 4567, 4568).

10 (b) CONFORMING AMENDMENTS.—

11 (1) FEDERAL HOUSING ENTERPRISES FINAN-  
12 CIAL SAFETY AND SOUNDNESS ACT OF 1992.—The  
13 Federal Housing Enterprises Financial Safety and  
14 Soundness Act of 1992 is amended—

15 (A) in section 1324(b)(1)(A) (12 U.S.C.  
16 4544(b)(1)(A)), as amended by the preceding  
17 provisions of this Act—

18 (i) by striking clause (iii);

19 (ii) by striking the dash after “which”  
20 and inserting the text of clause (v) and a  
21 period; and

22 (iii) by striking clause (v);

23 (B) in section 1339(b)—

24 (i) by striking paragraph (1);

1 (ii) by striking the dash after “consist  
2 of” and inserting the text of paragraph (2)  
3 and a period; and

4 (iii) by striking paragraph (2); and  
5 (C) in section 1345 (12 U.S.C. 4585), by  
6 striking subsection (f).

7 (2) HOPE FOR HOMEOWNERS PROGRAM.—Sec-  
8 tion 257(w) of the National Housing Act (12 U.S.C.  
9 1715z–23(w)) is amended—

10 (A) by striking paragraphs (2) and (3);  
11 and

12 (B) by redesignating paragraph (4) as  
13 paragraph (2).

14 **SEC. 103. REPEAL OF CAPITAL MAGNET FUND.**

15 (a) USE OF FUNDS.—Immediately upon the enact-  
16 ment of this Act, any amounts in the Capital Magnet  
17 Fund established under section 1339 of the Federal Hous-  
18 ing Enterprises Financial Safety and Soundness Act of  
19 1992 (12 U.S.C. 4569) shall be available to the Secretary  
20 of the Treasury for use only for reducing the budget def-  
21 icit of the Federal Government.

22 (b) REPEAL AND ABOLISHMENT OF FUND.—Section  
23 1339 of the Federal Housing Enterprises Financial Safety  
24 and Soundness Act of 1992 (12 U.S.C. 4569) is hereby

1 repealed and the Capital Magnet Fund established under  
2 such section is abolished.

3 (c) CONFORMING AMENDMENT.—Section 1303(24)  
4 of the Federal Housing Enterprises Financial Safety and  
5 Soundness Act of 1992 (12 U.S.C. 4502(24)) is amended  
6 by striking subparagraph (B).

7 **SEC. 104. LIMITATION ON ENTERPRISE MORTGAGE PUR-**  
8 **CHASES.**

9 (a) FANNIE MAE.—Section 302(b) of the Federal  
10 National Mortgage Association Charter Act (12 U.S.C.  
11 1717(b)) is amended by adding at the end the following  
12 new paragraph:

13 “(7) The corporation may only purchase, make com-  
14 mitments to purchase, service, sell, lend on the security  
15 of, or otherwise deal in a mortgage on a property com-  
16 prising 1- to 4-family dwelling units that—

17 “(A) bears interest at a rate that is fixed for  
18 the entire term of the mortgage; and

19 “(B) is made—

20 “(i) to finance the purchase of such prop-  
21 erty that shall be occupied by the mortgagor as  
22 the mortgagor’s principal residence; or

23 “(ii) to prepay or pay off the outstanding  
24 principal obligation under an existing mortgage  
25 or loan secured by the same property, which is

1           occupied by the mortgagor as the mortgagor’s  
2           principal residence, but not including a mort-  
3           gage under which any portion of the mortgage  
4           proceeds are used for any purpose other than to  
5           prepay or pay off such existing mortgage or for  
6           any settlement costs in connection with such  
7           mortgage, as determined in accordance with  
8           guidelines issued by the Director.”.

9           (b) FREDDIE MAC.—Section 305(a) of the Federal  
10          Home Loan Mortgage Corporation Act (12 U.S.C.  
11          1454(a)) is amended by adding at the end the following  
12          new paragraph:

13           “(6) The Corporation may only purchase, make com-  
14          mitments to purchase, service, sell, lend on the security  
15          of, or otherwise deal in a mortgage on a property com-  
16          prising 1- to 4-family dwelling units that—

17                   “(A) bears interest at a rate that is fixed for  
18                   the entire term of the mortgage; and

19                   “(B) is made—

20                           “(i) to finance the purchase of such prop-  
21                           erty that shall be occupied by the mortgagor as  
22                           the mortgagor’s principal residence; or

23                           “(ii) to prepay or pay off the outstanding  
24                           principal obligation under an existing mortgage  
25                           or loan secured by the same property, which is

1 occupied by the mortgagor as the mortgagor's  
2 principal residence, but not including a mort-  
3 gage under which any portion of the mortgage  
4 proceeds are used for any purpose other than to  
5 prepay or pay off such existing mortgage or for  
6 any settlement costs in connection with such  
7 mortgage, as determined in accordance with  
8 guidelines issued by the Director.”.

9 **SEC. 105. REPEAL OF BANKING AGENCIES' AUTHORITY RE-**  
10 **LATING FREDDIE MAC TRANSACTIONS.**

11 Section 305 of the Federal Home Loan Mortgage  
12 Corporation Act (12 U.S.C. 1454) is amended by striking  
13 subsection (b).

14 **PART 2—MAKING SPACE FOR PRIVATE**  
15 **SECONDARY MARKETS**

16 **SEC. 111. REDUCTION OF ENTERPRISE CONFORMING LOAN**  
17 **LIMITS.**

18 (a) FANNIE MAE.—Paragraph (2) of section 302(b)  
19 of the Federal National Mortgage Association Charter Act  
20 (12 U.S.C. 1717(b)(2)) is amended by striking the 7th  
21 through 11th sentences and inserting the following: “Such  
22 limitations shall not exceed \$417,000 for a mortgage se-  
23 cured by a single-family residence, \$533,850 for a mort-  
24 gage secured by a 2-family residence, \$645,300 for a  
25 mortgage secured by a 3-family residence, and \$801,950

1 for a mortgage secured by a 4-family residence, except  
2 that such maximum limitations shall be adjusted effective  
3 January 1 of each year beginning after the effective date  
4 of the New Fair Deal Banking and Housing Stability Act  
5 of 2013, subject to the limitations in this paragraph. Each  
6 adjustment shall be made by subtracting from such  
7 amount (as it may have been previously adjusted) an  
8 amount equal to 20 percent thereof.”.

9 (b) FREDDIE MAC.—Paragraph (2) of section 305(a)  
10 of the Federal Home Loan Mortgage Corporation Act (12  
11 U.S.C. 1454(a)(2)) is amended by striking the 6th  
12 through 10th sentences and inserting the following: “Such  
13 limitations shall not exceed \$417,000 for a mortgage se-  
14 cured by a single-family residence, \$533,850 for a mort-  
15 gage secured by a 2-family residence, \$645,300 for a  
16 mortgage secured by a 3-family residence, and \$801,950  
17 for a mortgage secured by a 4-family residence, except  
18 that such maximum limitations shall be adjusted effective  
19 January 1 of each year beginning after the effective date  
20 of the New Fair Deal Banking and Housing Stability Act  
21 of 2013, subject to the limitations in this paragraph. Each  
22 adjustment shall be made by subtracting from such  
23 amount (as it may have been previously adjusted) an  
24 amount equal to 20 percent thereof.”.

1 **SEC. 112. LOAN-TO-VALUE LIMITATION ON ENTERPRISE**  
2 **MORTGAGE PURCHASES.**

3 (a) FANNIE MAE.—Section 302(b) of the Federal  
4 National Mortgage Association Charter Act (12 U.S.C.  
5 1717(b)) is amended by adding at the end the following  
6 new paragraph:

7 “(7) Notwithstanding any other provision of law, the  
8 corporation may not purchase, or make commitments to  
9 purchase, any mortgage on a 1- to 4-family residence if  
10 the outstanding principal balance of the mortgage at the  
11 time of purchase exceeds 95.0 percent of the value of the  
12 property securing the mortgage, except that such percent-  
13 age shall be adjusted effective January 1 of each year be-  
14 ginning after the effective date of the New Fair Deal  
15 Banking and Housing Stability Act of 2013, by reducing  
16 such percentage by 1.5 percentage points.”.

17 (b) FREDDIE MAC.—Section 3052(a) of the Federal  
18 Home Loan Mortgage Corporation Act (12 U.S.C.  
19 1454(a)) is amended by adding at the end the following  
20 new paragraph:

21 “(6) Notwithstanding any other provision of law, the  
22 Corporation may not purchase, or make commitments to  
23 purchase, any mortgage on a 1- to 4-family residence if  
24 the outstanding principal balance of the mortgage at the  
25 time of purchase exceeds 95.0 percent of the value of the  
26 property securing the mortgage, except that such percent-

1 age shall be adjusted effective January 1 of each year be-  
2 ginning after the effective date of the New Fair Deal  
3 Banking and Housing Stability Act of 2013, by reducing  
4 such percentage by 1.5 percentage points.”.

5 **SEC. 113. INCREASED CAPITAL STANDARDS FOR ENTER-**  
6 **PRISES.**

7 (a) **TERMINATION OF RISK-BASED STANDARD.**—

8 (1) **IN GENERAL.**—Section 1361 of the Federal  
9 Housing Enterprises Financial Safety and Sound-  
10 ness Act of 1992 (12 U.S.C. 4611) is amended—

11 (A) in the section heading, by striking  
12 “**RISK-BASED**”; and

13 (B) in subsection (a)(1), by striking “risk-  
14 based” and inserting “non-risk-based”.

15 (2) **CONFORMING AMENDMENTS.**—Subtitle B of  
16 the Federal Housing Enterprises Financial Safety  
17 and Soundness Act of 1992 is amended by striking  
18 “risk-based” each place such term appears in the  
19 following sections and inserting “required”:

20 (A) Section 1364(a) (12 U.S.C. 4614(a)).

21 (B) Section 1366(a)(2)(B) (12 U.S.C.  
22 4616(a)(2)(B)).

23 (C) Section 1369C(a) (12 U.S.C. 4622(a)).

24 (b) **INCREASE IN MINIMUM CAPITAL LEVELS.**—Sec-  
25 tion 1362(a) of the Federal Housing Enterprises Finan-

1 cial Safety and Soundness Act of 1992 (12 U.S.C.  
2 4612(a)) is amended—

3 (1) in paragraph (1), by inserting before the  
4 semicolon at the end the following: “; except that  
5 such percentage shall be adjusted effective January  
6 1 of each year beginning after the effective date of  
7 the New Fair Deal Banking and Housing Stability  
8 Act of 2013, by increasing such percentage (as it  
9 may have been previously adjusted) by 0.7 percent-  
10 age points”;

11 (2) in paragraph (2), by inserting before “;  
12 and” the following: “; except that such percentage  
13 shall be adjusted effective January 1 of each year  
14 beginning after the effective date of the New Fair  
15 Deal Banking and Housing Stability Act of 2013, by  
16 increasing such percentage (as it may have been pre-  
17 viously adjusted) by 0.15 percentage points”; and

18 (3) in paragraph (3), by inserting before the pe-  
19 riod at the end the following: “; and except that  
20 such percentage shall be adjusted effective January  
21 1 of each year beginning after the effective date of  
22 the New Fair Deal Banking and Housing Stability  
23 Act of 2013, by increasing such percentage (as it  
24 may have been previously adjusted) by 0.15 percent-  
25 age points”.

1 (c) INCREASE IN CRITICAL CAPITAL LEVELS.—Sec-  
2 tion 1363(a) of the Federal Housing Enterprises Finan-  
3 cial Safety and Soundness Act of 1992 (12 U.S.C.  
4 4613(a)) is amended—

5 (1) in paragraph (1), by inserting before the  
6 semicolon at the end the following: “; except that  
7 such percentage shall be adjusted effective January  
8 1 of each year beginning after the effective date of  
9 the New Fair Deal Banking and Housing Stability  
10 Act of 2013, by increasing such percentage (as it  
11 may have been previously adjusted) by 0.7 percent-  
12 age points”;

13 (2) in paragraph (2), by inserting before “;  
14 and” the following: “; except that such percentage  
15 shall be adjusted effective January 1 of each year  
16 beginning after the effective date of the New Fair  
17 Deal Banking and Housing Stability Act of 2013, by  
18 increasing such percentage (as it may have been pre-  
19 viously adjusted) by 0.15 percentage points”; and

20 (3) in paragraph (3), by inserting before the pe-  
21 riod at the end the following: “; and except that  
22 such percentage shall be adjusted effective January  
23 1 of each year beginning after the effective date of  
24 the New Fair Deal Banking and Housing Stability  
25 Act of 2013, by increasing such percentage (as it





1 fore such repeal shall continue to apply with respect  
2 to the rights and obligations of any holders of—

3 (A) outstanding debt obligations of the  
4 Federal National Mortgage Association, includ-  
5 ing any—

6 (i) bonds, debentures, notes, or other  
7 similar instruments;

8 (ii) capital lease obligations; or

9 (iii) obligations in respect of letters of  
10 credit, bankers' acceptances, or other simi-  
11 lar instruments; or

12 (B) mortgage-backed securities guaranteed  
13 by the Federal National Mortgage Association.

14 (2) FREDDIE MAC.—Effective upon the expira-  
15 tion of the 5-year period beginning on the date of  
16 the enactment of this Act, the Federal Home Loan  
17 Mortgage Corporation Act (12 U.S.C. 1451 et seq.)  
18 is repealed and the Federal Home Loan Mortgage  
19 Corporation shall have no authority to conduct new  
20 business under such charter, except that the provi-  
21 sions of such charter in effect immediately before  
22 such repeal shall continue to apply with respect to  
23 the rights and obligations of any holders of—

1 (A) outstanding debt obligations of the  
2 Federal Home Loan Mortgage Corporation, in-  
3 cluding any—

4 (i) bonds, debentures, notes, or other  
5 similar instruments;

6 (ii) capital lease obligations; or

7 (iii) obligations in respect of letters of  
8 credit, bankers' acceptances, or other simi-  
9 lar instruments; or

10 (B) mortgage-backed securities guaranteed  
11 by the Federal Home Loan Mortgage Corpora-  
12 tion.

13 (3) EXISTING GUARANTEE OBLIGATIONS.—

14 (A) EXPLICIT GUARANTEE.—The full faith  
15 and credit of the United States is pledged to  
16 the payment of all amounts which may be re-  
17 quired to be paid under any obligation de-  
18 scribed under paragraphs (1) and (2).

19 (B) APPLICABILITY.—Except for amounts  
20 determined necessary for use for winding up the  
21 affairs of the enterprises pursuant to subsection  
22 (b), all guarantee fee amounts derived from the  
23 mortgage guarantee business of the enterprises  
24 in existence as of the expiration of the 5-year  
25 period beginning on the date of the enactment

1           of this Act shall be deposited into the Treasury  
2           of the United States, for purposes of deficit re-  
3           duction.

4           (b) WIND-DOWN OF ENTERPRISES.—

5           (1) TERMINATION OF CURRENT CONSERVATOR-  
6           SHIP.—Upon the expiration of the 5-year period be-  
7           ginning on the date of the enactment of this Act, the  
8           Director of the Federal Housing Finance Agency  
9           shall, with respect to each enterprise, appoint the  
10          Federal Housing Finance Agency as receiver under  
11          section 1367 of the Federal Housing Enterprises Fi-  
12          nancial Safety and Soundness Act of 1992 and carry  
13          out such receivership under the authority of such  
14          section and in accordance with this Act and any  
15          amendments made by this Act.

16          (2) WIND DOWN.—During the 5-year period  
17          that begins upon the date of the enactment of this  
18          Act, the Director of the Federal Housing Finance  
19          Agency, in consultation with the Secretary of the  
20          Treasury, shall take such action, and may prescribe  
21          such regulations and procedures, as may be nec-  
22          essary and consistent with the receiverships pursu-  
23          ant to paragraph (1) to wind down the operations of  
24          the enterprises in an orderly manner that complies

1 with the requirements of this Act and any amend-  
2 ments made by this Act.

3 (3) DIVISION OF ASSETS AND LIABILITIES; AU-  
4 THORITY TO ESTABLISH HOLDING CORPORATION  
5 AND DISSOLUTION TRUST FUND.—The action and  
6 procedures required under paragraph (2)—

7 (A) shall include the establishment and  
8 execution of plans to provide for an equitable  
9 division, distribution, and liquidation of the as-  
10 sets and liabilities of each enterprise, including  
11 any infrastructure, property, including intellec-  
12 tual property, platforms, or any other thing or  
13 object of value, provided that such plans shall—

14 (i) provide for the sale, at auction, of  
15 the servicing rights to mortgages guaran-  
16 teed by an enterprise under terms that en-  
17 sure that a purchaser of such servicing  
18 rights shall assume a first loss position in  
19 the event of a default under such a mort-  
20 gage in an amount equal to 20 percent of  
21 the aggregate amount of such loss and the  
22 Federal Government shall be liable to the  
23 purchaser for the remainder of such loss;

1 (ii) provide for the sale, at auction, of  
2 any other assets of an enterprise having  
3 value; and

4 (iii) comply with the requirements of  
5 this Act and any amendments made by  
6 this Act;

7 (B) may provide for establishment of a  
8 holding corporation organized under the laws of  
9 any State of the United States or the District  
10 of Columbia for the purpose of winding down  
11 an enterprise; and

12 (C) shall provide for establishment of one  
13 or more trusts to which to transfer—

14 (i) outstanding debt obligations of an  
15 enterprise; or

16 (ii) outstanding mortgages held for  
17 the purpose of collateralizing mortgage-  
18 backed securities guaranteed by an enter-  
19 prise.

20 (c) CONFORMING AMENDMENTS TO FEDERAL HOME  
21 LOAN BANK ACT.—Effective upon the expiration of the  
22 5-year period that begins on the date of the enactment  
23 of this Act, the Federal Home Loan Bank Act is amend-  
24 ed—

1           (1) in section 10(a)(3)(B) (12 U.S.C.  
2           1430(a)(3)(B)), by striking “(including without limi-  
3           tation, mortgage-backed securities issued or guaran-  
4           teed by the Federal Home Loan Mortgage Corpora-  
5           tion, the Federal National Mortgage Corporation,  
6           and the Government National Mortgage Associa-  
7           tion)”; and

8           (2) in section 16(a) (12 U.S.C. 1436(a)), by  
9           striking “, in obligations, participations, or other in-  
10          struments” and all that follows through “section  
11          306 of the Federal Home Loan Mortgage Corpora-  
12          tion Act,”.

13 **Subtitle B—Termination of Insur-**  
14 **ance for Banks’ Mortgage Lend-**  
15 **ing**

16 **PART 1—IMMEDIATE REFORMS OF FHA CREDIT**  
17 **PROGRAMS**

18 **SEC. 131. FHA LENDER REPURCHASE REQUIREMENT.**

19           Title II of the National Housing Act (12 U.S.C. 1707  
20 et seq.) is amended by adding at the end the following  
21 new section:

22 **“SEC. 259. LENDER REPURCHASE REQUIREMENT.**

23           “The Secretary may not newly insure any mortgage  
24 on a 1- to 4-family residential property unless the mort-  
25 gagee under such mortgage enters into such binding

1 agreements as the Secretary considers necessary to ensure  
2 that, if the mortgagor is in default with respect to the  
3 mortgagor's obligation to make payments under the mort-  
4 gage for 30 or more consecutive days during the 6-month  
5 period beginning upon origination of the mortgage, the  
6 mortgagee will, upon notice by the Secretary, repurchase  
7 such mortgage in an amount equal to the remaining prin-  
8 cipal obligation under the mortgage, as determined in ac-  
9 cordance with guidelines issued by the Secretary.”.

10 **SEC. 132. PROHIBITION OF FHA MORTGAGE INSURANCE**  
11 **FOR CASH-OUT REFINANCINGS.**

12 Title II of the National Housing Act (12 U.S.C. 1707  
13 et seq.), as amended by the preceding provisions of this  
14 Act, is further amended by adding at the end the following  
15 new section:

16 **“SEC. 260. PROHIBITION OF CASH-OUT REFINANCINGS.**

17 “The Secretary may not newly insure any mortgage  
18 on a 1- to 4-family residential property under which—

19 “(1) a portion of the mortgage proceeds are  
20 used to prepay or pay off the outstanding principal  
21 obligation under an existing mortgage or loan se-  
22 cured by the same residential property; and

23 “(2) any portion of the mortgage proceeds are  
24 used for any purpose other than to prepay or pay off  
25 such existing mortgage and for any settlement costs

1 in connection with such mortgage, as determined in  
2 accordance with guidelines issued by the Secretary.”.

3 **SEC. 133. FHA LIMITATION ON SELLER CONCESSIONS.**

4 Title II of the National Housing Act (12 U.S.C. 1707  
5 et seq.), as amended by the preceding provisions of this  
6 Act, is further amended by adding at the end the following  
7 new section:

8 **“SEC. 261. LIMITATION ON SELLER CONCESSIONS.**

9 “The Secretary may not newly insure any mortgage  
10 on a 1- to 4-family residential property with respect to  
11 which the seller of the property subject to such mortgage  
12 (or any third party or entity that is reimbursed directly  
13 or indirectly by the seller) contributes toward the acquisi-  
14 tion of the property by the mortgagor any amount in ex-  
15 cess of 3 percent of the total closing costs (as determined  
16 by the Secretary) in connection with such acquisition.”.

17 **PART 2—REDUCING TAXPAYER GUARANTEES OF**  
18 **MORTGAGES**

19 **SEC. 141. REDUCTION OF FHA MORTGAGE INSURANCE COV-**  
20 **ERAGE.**

21 Title II of the National Housing Act (12 U.S.C. 1707  
22 et seq.), as amended by the preceding provisions of this  
23 Act, is further amended by adding at the end the following  
24 new section:

1 **“SEC. 262. REDUCTION OF MORTGAGE INSURANCE COV-**  
2 **ERAGE.**

3 “Notwithstanding any other provision of this title,  
4 the Secretary may not insure, or make any commitment  
5 to insure, any portion of any mortgage on a 1- to 4-family  
6 residential property in excess of the amount equal to the  
7 following percentage of the original principal obligation of  
8 the mortgage:

9 “(1) In the case of any such mortgage insured  
10 after the date of the enactment of the New Fair  
11 Deal Banking and Housing Stability Act of 2013,  
12 80 percent of such original principal obligation, sub-  
13 ject to paragraphs (2) through (5).

14 “(2) In the case of any such mortgage insured  
15 after the expiration of the 1-year period beginning  
16 on the date of the enactment of such Act, 70 percent  
17 of such original principal obligation, subject to para-  
18 graphs (3) through (5).

19 “(3) In the case of any such mortgage insured  
20 after the expiration of the 2-year period beginning  
21 on the date of the enactment of such Act, 60 percent  
22 of such original principal obligation, subject to para-  
23 graphs (4) through (5).

24 “(4) In the case of any such mortgage insured  
25 after the expiration of the 3-year period beginning  
26 on the date of the enactment of such Act, 50 percent

1 of such original principal obligation, subject to para-  
2 graph (5).

3 “(5) In the case of any such mortgage insured  
4 after the expiration of the 4-year period beginning  
5 on the date of the enactment of such Act, 40 percent  
6 of such original principal obligation.”.

7 **SEC. 142. INCREASE IN FHA DOWNPAYMENT REQUIRE-**  
8 **MENT.**

9 Subparagraph (A) of section 203(b)(9) of the Na-  
10 tional Housing Act (12 U.S.C. 1709(b)(9)(A)) is amend-  
11 ed—

12 (1) by striking “(A) IN GENERAL.—A mort-  
13 gage” and inserting the following:

14 “(A) IN GENERAL.—

15 “(i) PAYMENT REQUIREMENT.—A  
16 mortgage”;

17 (2) by striking “3.5 percent of the appraised  
18 value of the property” and inserting “the percentage  
19 of the appraised value of the property specified in  
20 clause (ii)”;

21 (3) by adding at the end the following new  
22 clause:

23 “(ii) PERCENTAGE OF APPRAISED  
24 VALUE OF PROPERTY.—The percentage of

1 the appraised value of a property specified  
2 in this clause is—

3 “(I) for a mortgage insured  
4 under this section after the date of  
5 the enactment of the New Fair Deal  
6 Banking and Housing Stability Act of  
7 2013, 5.0 percent, subject to sub-  
8 clauses (II) through (V);

9 “(II) for a mortgage insured  
10 under this section after the expiration  
11 of the 1-year period beginning on the  
12 date of the enactment of the New  
13 Fair Deal Banking and Housing Sta-  
14 bility Act of 2013, 6.5 percent, sub-  
15 ject to subclauses (III) through (V);

16 “(III) for a mortgage insured  
17 under this section after the expiration  
18 of the 2-year period beginning on the  
19 date of the enactment of the New  
20 Fair Deal Banking and Housing Sta-  
21 bility Act of 2013, 8.0 percent, sub-  
22 ject to subclauses (IV) and (V);

23 “(IV) for a mortgage insured  
24 under this section after the expiration  
25 of the 3-year period beginning on the

1 date of the enactment of the New  
2 Fair Deal Banking and Housing Sta-  
3 bility Act of 2013, 9.5 percent, sub-  
4 ject to subclause (V); and

5 “(V) for a mortgage insured  
6 under this section after the expiration  
7 of the 4-year period beginning on the  
8 date of the enactment of the New  
9 Fair Deal Banking and Housing Sta-  
10 bility Act of 2013, 11.0 percent.”.

11 **PART 3—TERMINATION OF FHA CREDIT**

12 **GUARANTEES**

13 **SEC. 151. TERMINATION OF FHA INSURANCE AUTHORITY.**

14 (a) **TERMINATION.**—Effective upon the expiration of  
15 the 5-year period beginning on the date of the enactment  
16 of this Act, the Secretary of Housing and Urban Develop-  
17 ment may not insure, guarantee, or make any mortgage  
18 or other loan pursuant to any of the following provisions  
19 of law:

20 (1) **NATIONAL HOUSING ACT.**—Titles I, II, V,  
21 VI, VII, VIII, IX, and XI of the National Housing  
22 Act (12 U.S.C. 1702 et seq., 1707 et seq., 1731a et  
23 seq., 1736 et seq., 1747 et seq., 1748 et seq., 1750  
24 et seq., 1749aaa et seq.).

1           (2) ENERGY EFFICIENT MORTGAGES PRO-  
2           GRAM.—Section 106 of the Energy Policy Act of  
3           1992 (12 U.S.C. 1701z–16) or section 513 of the  
4           Housing and Community Development Act of 1992  
5           (Public Law 102–550; 106 Stat. 3786).

6           (3) FLEXIBLE SUBSIDY PROGRAM.—Section  
7           201 of the Housing and Community Development  
8           Amendments of 1978 (12 U.S.C. 1715z–1a).

9           (4) LOAN GUARANTEES FOR INDIAN HOUS-  
10          ING.—Section 184 of the Housing and Community  
11          Development Act of 1992 (12 U.S.C. 1715z–13a).

12          (5) LOAN GUARANTEES FOR NATIVE HAWAIIAN  
13          HOUSING.—Section 184A of the Housing and Com-  
14          munity Development Act of 1992 (12 U.S.C. 1715z–  
15          13b).

16          (6) MULTIFAMILY MORTGAGE CREDIT PRO-  
17          GRAM.—Section 542 of the Housing and Community  
18          Development Act of 1992 (12 U.S.C. 1715z–22).

19          (b) REPEALS.—Effective upon the expiration of the  
20          period referred to in subsection (a), the provisions of law  
21          specified in such subsection are repealed.

22          (c) TRANSFER OF FHA FUNCTIONS TO SECRETARY  
23          OF THE TREASURY.—Effective upon the expiration of the  
24          period referred to in subsection (a), all FHA functions are  
25          transferred to the Secretary of the Treasury, but only to

1 the extent necessary to fulfill outstanding obligations of  
2 the Department of Housing and Urban Development  
3 under such provisions and windup the business of the De-  
4 partment of Housing and Urban Development under such  
5 provisions.

6 (d) RESOLUTION AND TERMINATION OF FHA FUNC-  
7 TIONS.—

8 (1) RESOLUTION OF FUNCTIONS.—The Sec-  
9 retary of the Treasury shall—

10 (A) complete the disposition and resolution  
11 of FHA functions in accordance with this sec-  
12 tion; and

13 (B) resolve all FHA functions that are  
14 transferred to the Secretary under subsection  
15 (c).

16 (2) TERMINATION OF FUNCTIONS.—All FHA  
17 functions that are transferred to the Secretary under  
18 subsection (c) shall terminate on the date all obliga-  
19 tions of the FHA, and all obligations of others to  
20 the FHA, in effect immediately before the expiration  
21 of the period referred to in subsection (a) have been  
22 satisfied, as determined by the Secretary of the  
23 Treasury.

24 (3) REPORT TO CONGRESS.—Upon making the  
25 determination described in paragraph (2), the Sec-

1       retary of the Treasury shall report the determination  
2       to the Committee on Financial Services of the House  
3       of Representatives and the Committee on Banking,  
4       Housing, and Urban Affairs of the Senate.

5       (e) DUTIES OF SECRETARY OF THE TREASURY.—

6             (1) IN GENERAL.—The Secretary of the Treas-  
7       ury shall be responsible for the implementation of  
8       this section, including—

9             (A) the administration and wind-up of all  
10       FHA functions transferred to the Secretary  
11       under subsection (c);

12            (B) the administration and wind-up of any  
13       outstanding obligations of the Federal Govern-  
14       ment under any programs terminated by this  
15       section; and

16            (C) taking such other actions as may be  
17       necessary to wind-up any outstanding affairs of  
18       the FHA.

19       (f) PERSONNEL.—Effective upon the expiration of  
20       the period referred to in subsection (a), there are trans-  
21       ferred to the Department of the Treasury all individuals,  
22       who—

23            (1) immediately before such expiration, were of-  
24       ficers or employees of the Department of Housing  
25       and Urban Development; and

1           (2) in their capacity as such an officer or em-  
2           ployee, performed functions that are transferred to  
3           the Secretary under subsection (c).

4           (g) EXERCISE OF AUTHORITIES.—Except as other-  
5           wise provided by law, a Federal official to whom a function  
6           is transferred by this section, for purposes of performing  
7           the function and subject to subsection (c), exercise all au-  
8           thorities under any other provision of law that were avail-  
9           able with respect to the performance of that function to  
10          the official responsible for the performance of the function  
11          immediately before the effective date of the transfer of the  
12          function under this section.

13          (h) TRANSFER OF ASSETS.—Except as otherwise  
14          provided in this section so much of the personnel, prop-  
15          erty, records, and unexpended balances of appropriations,  
16          allocations, and other funds employed, used, held, avail-  
17          able, or to be made available in connection with a function  
18          transferred to an official or agency by this section shall  
19          be available to the official or the head of that agency, re-  
20          spectively, at such time or times as the Director of the  
21          Office of Management and Budget directs for use in con-  
22          nection with the functions transferred.

23          (i) DELEGATION AND ASSIGNMENT.—Except as oth-  
24          erwise expressly prohibited by law, an official to whom  
25          functions are transferred under this section (including the

1 head of any office to which functions are transferred under  
2 this section) may delegate any of the functions so trans-  
3 ferred to such officers and employees of the office of the  
4 official as the official may designate, and may authorize  
5 successive redelegations of such functions as may be nec-  
6 essary or appropriate. No delegation of functions under  
7 this subsection or under any other provision of this section  
8 shall relieve the official to whom a function is transferred  
9 under this section of responsibility for the administration  
10 of the function.

11 (j) AUTHORITY OF SECRETARY OF THE TREASURY  
12 WITH RESPECT TO FUNCTIONS TRANSFERRED.—

13 (1) DETERMINATIONS.—If necessary, the Sec-  
14 retary of the Treasury shall make any determination  
15 of the functions that are transferred under this sec-  
16 tion.

17 (2) INCIDENTAL TRANSFERS.—The Secretary  
18 of the Treasury, at such time or times as the Sec-  
19 retary shall provide, may make such determinations  
20 as may be necessary with regard to the functions  
21 transferred by this section, and to make such addi-  
22 tional incidental dispositions of personnel, assets, li-  
23 abilities, grants, contracts, property, records, and  
24 unexpended balances of appropriations, authoriza-  
25 tions, allocations, and other funds held, used, arising

1 from, available to, or to be made available in connec-  
2 tion with such functions, as may be necessary to  
3 carry out the provisions of this section.

4 (k) SAVINGS PROVISIONS.—

5 (1) AUTHORITY REGARDING OUTSTANDING  
6 COMMITMENTS.—Notwithstanding the repeals under  
7 subsection (b), the Secretary may insure, guarantee,  
8 or make any mortgage for which a commitment to  
9 insure, guarantee, or make was made before the ef-  
10 fective date of such repeals under the provision of  
11 law repealed. Any such mortgage shall be subject to  
12 the terms of the provisions of law repealed as in ef-  
13 fect immediately before such repeal.

14 (2) EFFECT ON OUTSTANDING MORTGAGE IN-  
15 SURANCE.—Any mortgage insurance, funds, or ac-  
16 tivities subject, before repeal, to a provision of law  
17 repealed by subsection (b) shall continue to be gov-  
18 erned by the provision as in effect immediately be-  
19 fore repeal.

20 (3) EXISTING RIGHTS, DUTIES, AND OBLIGA-  
21 TIONS NOT AFFECTED.—Subsections (a) and (b)  
22 shall not affect the validity of any right, duty, or ob-  
23 ligation of the United States, the Secretary of Hous-  
24 ing and Urban Development, or any other person,  
25 which—

1 (A) arises under any provision of law re-  
2 pealed by subsection (b); and

3 (B) existed immediately before the effective  
4 date of such repeals.

5 (4) LEGAL DOCUMENTS.—All orders, deter-  
6 minations, rules, regulations, permits, grants, loans,  
7 contracts, agreements, certificates, licenses, and  
8 privileges—

9 (A) that have been issued, made, granted,  
10 or allowed to become effective by the Secretary  
11 of Housing and Urban Development, any officer  
12 or employee of any office transferred by this  
13 section, or any other Government official, or by  
14 a court of competent jurisdiction, in the per-  
15 formance of any function that is transferred by  
16 this section, and

17 (B) that are in effect upon the expiration  
18 of the period referred to in subsection (a) (or  
19 become effective after such date pursuant to  
20 their terms as in effect upon such expiration),  
21 shall continue in effect according to their terms  
22 until modified, terminated, superseded, set  
23 aside, or revoked in accordance with law by the  
24 President, any other authorized official, a court  
25 of competent jurisdiction, or operation of law.

1           (5) PROCEEDINGS.—This section shall not af-  
2           fect any proceedings or any application for any bene-  
3           fits, service, license, permit, certificate, or financial  
4           assistance pending upon the expiration of the period  
5           referred to in subsection (a) before an office trans-  
6           ferred by this section, but such proceedings and ap-  
7           plications shall be continued. Orders shall be issued  
8           in such proceedings, appeals shall be taken there-  
9           from, and payments shall be made pursuant to such  
10          orders, as if this section had not been enacted, and  
11          orders issued in any such proceeding shall continue  
12          in effect until modified, terminated, superseded, or  
13          revoked by a duly authorized official, by a court of  
14          competent jurisdiction, or by operation of law. Noth-  
15          ing in this paragraph shall be considered to prohibit  
16          the discontinuance or modification of any such pro-  
17          ceeding under the same terms and conditions and to  
18          the same extent that such proceeding could have  
19          been discontinued or modified if this section had not  
20          been enacted.

21          (6) NONABATEMENT OF ACTIONS.—No action  
22          or other proceeding commenced by or against the  
23          Secretary of Housing and Urban Development in  
24          connection with functions transferred to the Sec-  
25          retary of the Treasury under subsection (c) shall

1 abate by reason of the enactment of this section, ex-  
2 cept that the Secretary of the Treasury shall be sub-  
3 stituted for the Secretary of Housing and Urban De-  
4 velopment as a party to any such action or pro-  
5 ceeding.

6 (7) SUITS.—This section shall not affect suits  
7 commenced before the expiration of the period re-  
8 ferred to in subsection (a), and in all such suits,  
9 proceeding shall be had, appeals taken, and judg-  
10 ments rendered in the same manner and with the  
11 same effect as if this section had not been enacted.  
12 If any Government officer in the official capacity of  
13 such officer is party to a suit with respect to a func-  
14 tion of the officer, and under this section such func-  
15 tion is transferred to any other officer or office, then  
16 such suit shall be continued with the other officer or  
17 the head of such other office, as applicable, sub-  
18 stituted or added as a party.

19 (8) ADMINISTRATIVE PROCEDURE AND JUDI-  
20 CIAL REVIEW.—Except as otherwise provided by this  
21 section, any statutory requirements relating to no-  
22 tice, hearings, action upon the record, or administra-  
23 tive or judicial review that apply to any function  
24 transferred by this section shall apply to the exercise  
25 of such function by the head of the Federal agency,

1 and other officers of the agency, to which such func-  
2 tion is transferred by this section.

3 (l) AVAILABILITY OF EXISTING FUNDS.—Existing  
4 appropriations and funds available for the performance of  
5 functions, programs, and activities terminated pursuant to  
6 this section shall remain available, for the duration of  
7 their period of availability, for necessary expenses in con-  
8 nection with the termination and resolution of such func-  
9 tions, programs, and activities. Upon the expiration of all  
10 contracts and agreements with respect to such functions,  
11 programs, and activities, any unexpended balances of the  
12 funds referred to in this subsection shall be deposited in  
13 the Treasury as miscellaneous receipts.

14 (m) REFERENCES.—Any reference in any other Fed-  
15 eral law, Executive order, rule, regulation, or delegation  
16 of authority, or any document of or pertaining to a depart-  
17 ment or office from which a function is transferred by this  
18 section—

19 (1) to the head of such department or office is  
20 deemed to refer to the head of the department or of-  
21 fice to which the function is transferred; or

22 (2) to such department or office is deemed to  
23 refer to the department or office to which the func-  
24 tion is transferred.

1           (n) DEFINITIONS.—For purposes of this section, the  
2 following definitions shall apply:

3           (1) FHA.—The term “FHA” means the Sec-  
4 retary of Housing and Urban Development, but only  
5 to the extent of the operations, authority, and func-  
6 tions of the Secretary pursuant to the provisions of  
7 law repealed by subsection (b).

8           (2) FHA FUNCTIONS.—The term “FHA func-  
9 tions” means functions under the provisions of law  
10 repealed by subsection (b) that, immediately before  
11 the effective date of such repeals, are authorized to  
12 be performed by the Secretary of Housing and  
13 Urban Development or any officer or employee of  
14 the Department of Housing and Urban Develop-  
15 ment, or any office of the Department of Housing  
16 and Urban Development.

17           (3) FUNCTION.—The term “function” includes  
18 any duty, obligation, power, authority, responsibility,  
19 right, privilege, activity, or program.

20           (4) OFFICE.—The term “office” includes any  
21 office, administration, agency, bureau, institute,  
22 council, unit, organizational entity, or component  
23 thereof.

1 **Subtitle C—Ending Guarantees for**  
2 **Government Mortgage-Backed**  
3 **Securities**

4 **SEC. 161. LIMITATION ON GNMA GUARANTEES.**

5 Subsection (g) of section 306 of the Federal National  
6 Mortgage Association Charter Act (12 U.S.C. 1721(g)) is  
7 amended by adding at the end the following new para-  
8 graph:

9 “(4) The Association may not enter into commit-  
10 ments to issue guarantees under this subsection in an ag-  
11 gregate amount—

12 “(A) in any month commencing after the date  
13 of the enactment of the New Fair Deal Banking and  
14 Housing Stability Act of 2013, that exceeds  
15 \$38,000,000,000, subject to subparagraphs (B)  
16 through (F);

17 “(B) in any month commencing after the expi-  
18 ration of the 1-year period beginning on the date of  
19 the enactment of the New Fair Deal Banking and  
20 Housing Stability Act of 2013, that exceeds  
21 \$32,000,000,000, subject to subparagraphs (C)  
22 through (F);

23 “(C) in any month commencing after the expi-  
24 ration of the 2-year period beginning on the date of  
25 the enactment of the New Fair Deal Banking and

1 Housing Stability Act of 2013, that exceeds  
2 \$24,000,000,000, subject to subparagraphs (D)  
3 through (F);

4 “(D) in any month commencing after the expi-  
5 ration of the 3-year period beginning on the date of  
6 the enactment of the New Fair Deal Banking and  
7 Housing Stability Act of 2013, that exceeds  
8 \$16,000,000,000, subject to subparagraphs (E) and  
9 (F);

10 “(E) in any month commencing after the expi-  
11 ration of the 4-year period beginning on the date of  
12 the enactment of the New Fair Deal Banking and  
13 Housing Stability Act of 2013, that exceeds  
14 \$8,000,000,000, subject to subparagraph (F); and

15 “(F) in any month commencing after the expi-  
16 ration of the 5-year period beginning on the date of  
17 the enactment of the New Fair Deal Banking and  
18 Housing Stability Act of 2013, that exceeds \$0.”.

19 **SEC. 162. ABOLISHMENT OF GINNIE MAE.**

20 (a) **ABOLISHMENT AND TRANSFER.**—Effective upon  
21 the expiration of the 5-year period beginning on the date  
22 of the enactment of this Act—

23 (1) the Government National Mortgage Associa-  
24 tion is abolished; and

1           (2) all functions that, immediately before the  
2           expiration of such period are authorized to be per-  
3           formed by the Association, any officer or employee  
4           of the Association acting in that capacity, or any of-  
5           fice of the Association, are transferred to the Sec-  
6           retary of the Treasury.

7           (b) REPEALS.—

8           (1) CHARTER.—For provisions repealing the or-  
9           ganic authority of the Government National Mort-  
10          gage Association, see section 121(a)(1) of this Act.

11          (2) ADMINISTRATIVE EXPENSES PROVISION.—  
12          Effective upon the expiration of the period referred  
13          to in subsection (a), subsection (b) of section 306 of  
14          the Housing Act of 1959 (12 U.S.C. 1721 note) is  
15          hereby repealed.

16          (c) RESOLUTION AND TERMINATION OF FHA FUNC-  
17          TIONS.—

18          (1) RESOLUTION OF FUNCTIONS.—The Sec-  
19          retary of the Treasury shall—

20                  (A) complete the disposition and resolution  
21                  of FHA functions in accordance with this sec-  
22                  tion; and

23                  (B) resolve all FHA functions that are  
24                  transferred to the Secretary under subsection  
25                  (a)(2).

1           (2) TERMINATION OF FUNCTIONS.—All FHA  
2 functions that are transferred to the Secretary under  
3 subsection (a)(2) shall terminate on the date all obli-  
4 gations of the FHA, and all obligations of others to  
5 the FHA, in effect immediately before the expiration  
6 of the period referred to in subsection (a) have been  
7 satisfied, as determined by the Secretary of the  
8 Treasury.

9           (3) REPORT TO CONGRESS.—Upon making the  
10 determination described in paragraph (2), the Sec-  
11 retary of the Treasury shall report the determination  
12 to the Committee on Financial Services of the House  
13 of Representatives and the Committee on Banking,  
14 Housing, and Urban Affairs of the Senate.

15 (d) DUTIES OF SECRETARY OF THE TREASURY.—

16           (1) IN GENERAL.—The Secretary of the Treas-  
17 ury shall be responsible for the implementation of  
18 this section, including—

19                   (A) the administration and wind-up of all  
20 FHA functions transferred to the Secretary  
21 under subsection (c);

22                   (B) the administration and wind-up of any  
23 outstanding obligations of the Federal Govern-  
24 ment under any programs terminated by this  
25 section; and

1           (C) taking such other actions as may be  
2           necessary to wind-up any outstanding affairs of  
3           the FHA.

4           (e) PERSONNEL.—Effective upon the expiration of  
5 the period referred to in subsection (a), there are trans-  
6 ferred to the Department of the Treasury all individuals,  
7 who—

8           (1) immediately before such expiration, were of-  
9           ficers or employees of the Department of Housing  
10          and Urban Development; and

11          (2) in their capacity as such an officer or em-  
12          ployee, performed functions that are transferred to  
13          the Secretary under subsection (c).

14          (f) EXERCISE OF AUTHORITIES.—Except as other-  
15 wise provided by law, a Federal official to whom a function  
16 is transferred by this section, for purposes of performing  
17 the function, exercise all authorities under any other provi-  
18 sion of law that were available with respect to the perform-  
19 ance of that function to the official responsible for the per-  
20 formance of the function immediately before the effective  
21 date of the transfer of the function under this section.

22          (g) TRANSFER OF ASSETS.—Except as otherwise  
23 provided in this section so much of the personnel, prop-  
24 erty, records, and unexpended balances of appropriations,  
25 allocations, and other funds employed, used, held, avail-

1 able, or to be made available in connection with a function  
2 transferred to an official or agency by this section shall  
3 be available to the official or the head of that agency, re-  
4 spectively, at such time or times as the Director of the  
5 Office of Management and Budget directs for use in con-  
6 nection with the functions transferred.

7 (h) DELEGATION AND ASSIGNMENT.—Except as oth-  
8 erwise expressly prohibited by law, an official to whom  
9 functions are transferred under this section (including the  
10 head of any office to which functions are transferred under  
11 this section) may delegate any of the functions so trans-  
12 ferred to such officers and employees of the office of the  
13 official as the official may designate, and may authorize  
14 successive redelegations of such functions as may be nec-  
15 essary or appropriate. No delegation of functions under  
16 this subsection or under any other provision of this section  
17 shall relieve the official to whom a function is transferred  
18 under this section of responsibility for the administration  
19 of the function.

20 (i) AUTHORITY OF SECRETARY OF THE TREASURY  
21 WITH RESPECT TO FUNCTIONS TRANSFERRED.—

22 (1) DETERMINATIONS.—If necessary, the Sec-  
23 retary of the Treasury shall make any determination  
24 of the functions that are transferred under this sec-  
25 tion.

1           (2) INCIDENTAL TRANSFERS.—The Secretary  
2 of the Treasury, at such time or times as the Sec-  
3 retary shall provide, may make such determinations  
4 as may be necessary with regard to the functions  
5 transferred by this section, and to make such addi-  
6 tional incidental dispositions of personnel, assets, li-  
7 abilities, grants, contracts, property, records, and  
8 unexpended balances of appropriations, authoriza-  
9 tions, allocations, and other funds held, used, arising  
10 from, available to, or to be made available in connec-  
11 tion with such functions, as may be necessary to  
12 carry out the provisions of this section.

13 (j) SAVINGS PROVISIONS.—

14           (1) AUTHORITY REGARDING OUTSTANDING  
15 COMMITMENTS.—Notwithstanding the repeals under  
16 subsection (b), the Secretary may insure any mort-  
17 gage for which a commitment to insure was made  
18 before the effective date of such repeals under the  
19 provision of law repealed. Any such mortgage shall  
20 be subject to the terms of the provisions of law re-  
21 pealed as in effect immediately before such repeal.

22           (2) EFFECT ON OUTSTANDING MORTGAGE IN-  
23 SURANCE.—Any mortgage insurance, funds, or ac-  
24 tivities subject, before repeal, to a provision of law  
25 repealed by subsection (b) shall continue to be gov-

1        erned by the provision as in effect immediately be-  
2        fore repeal.

3            (3) EXISTING RIGHTS, DUTIES, AND OBLIGA-  
4        TIONS NOT AFFECTED.—Subsections (a) and (b)  
5        shall not affect the validity of any right, duty, or ob-  
6        ligation of the United States, the Secretary of Hous-  
7        ing and Urban Development, or any other person,  
8        which—

9            (A) arises under any provision of law re-  
10        pealed by subsection (b); and

11           (B) existed immediately before the effective  
12        date of such repeals.

13           (4) LEGAL DOCUMENTS.—All orders, deter-  
14        minations, rules, regulations, permits, grants, loans,  
15        contracts, agreements, certificates, licenses, and  
16        privileges—

17           (A) that have been issued, made, granted,  
18        or allowed to become effective by the Secretary  
19        of Housing and Urban Development, any officer  
20        or employee of any office transferred by this  
21        section, or any other Government official, or by  
22        a court of competent jurisdiction, in the per-  
23        formance of any function that is transferred by  
24        this section, and

1 (B) that are in effect upon the expiration  
2 of the period referred to in subsection (a) (or  
3 become effective after such date pursuant to  
4 their terms as in effect upon such expiration),  
5 shall continue in effect according to their terms  
6 until modified, terminated, superseded, set  
7 aside, or revoked in accordance with law by the  
8 President, any other authorized official, a court  
9 of competent jurisdiction, or operation of law.

10 (5) PROCEEDINGS.—This section shall not af-  
11 fect any proceedings or any application for any bene-  
12 fits, service, license, permit, certificate, or financial  
13 assistance pending upon the expiration of the period  
14 referred to in subsection (a) before an office trans-  
15 ferred by this section, but such proceedings and ap-  
16 plications shall be continued. Orders shall be issued  
17 in such proceedings, appeals shall be taken there-  
18 from, and payments shall be made pursuant to such  
19 orders, as if this section had not been enacted, and  
20 orders issued in any such proceeding shall continue  
21 in effect until modified, terminated, superseded, or  
22 revoked by a duly authorized official, by a court of  
23 competent jurisdiction, or by operation of law. Noth-  
24 ing in this paragraph shall be considered to prohibit  
25 the discontinuance or modification of any such pro-

1       ceeding under the same terms and conditions and to  
2       the same extent that such proceeding could have  
3       been discontinued or modified if this section had not  
4       been enacted.

5           (6) NONABATEMENT OF ACTIONS.—No action  
6       or other proceeding commenced by or against the  
7       Secretary of Housing and Urban Development in  
8       connection with functions transferred to the Sec-  
9       retary of the Treasury under subsection (c) shall  
10      abate by reason of the enactment of this section, ex-  
11      cept that the Secretary of the Treasury shall be sub-  
12      stituted for the Secretary of Housing and Urban De-  
13      velopment as a party to any such action or pro-  
14      ceeding.

15          (7) SUITS.—This section shall not affect suits  
16      commenced before the expiration of the period re-  
17      ferred to in subsection (a), and in all such suits,  
18      proceeding shall be had, appeals taken, and judg-  
19      ments rendered in the same manner and with the  
20      same effect as if this section had not been enacted.  
21      If any Government officer in the official capacity of  
22      such officer is party to a suit with respect to a func-  
23      tion of the officer, and under this section such func-  
24      tion is transferred to any other officer or office, then  
25      such suit shall be continued with the other officer or

1 the head of such other office, as applicable, sub-  
2 stituted or added as a party.

3 (8) ADMINISTRATIVE PROCEDURE AND JUDI-  
4 CIAL REVIEW.—Except as otherwise provided by this  
5 section, any statutory requirements relating to no-  
6 tice, hearings, action upon the record, or administra-  
7 tive or judicial review that apply to any function  
8 transferred by this section shall apply to the exercise  
9 of such function by the head of the Federal agency,  
10 and other officers of the agency, to which such func-  
11 tion is transferred by this section.

12 (k) AVAILABILITY OF EXISTING FUNDS.—Existing  
13 appropriations and funds available for the performance of  
14 functions, programs, and activities terminated pursuant to  
15 this section shall remain available, for the duration of  
16 their period of availability, for necessary expenses in con-  
17 nection with the termination and resolution of such func-  
18 tions, programs, and activities. Upon the expiration of all  
19 contracts and agreements with respect to such functions,  
20 programs, and activities, any unexpended balances of the  
21 funds referred to in this subsection shall be deposited in  
22 the Treasury as miscellaneous receipts.

23 (l) REFERENCES.—Any reference in any other Fed-  
24 eral law, Executive order, rule, regulation, or delegation  
25 of authority, or any document of or pertaining to a depart-

1 ment or office from which a function is transferred by this  
2 section—

3 (1) to the head of such department or office is  
4 deemed to refer to the head of the department or of-  
5 fice to which the function is transferred; or

6 (2) to such department or office is deemed to  
7 refer to the department or office to which the func-  
8 tion is transferred.

9 (m) DEFINITIONS.—For purposes of this section, the  
10 following definitions shall apply:

11 (1) ASSOCIATION.—The term “Association”  
12 means the Government National Mortgage Associa-  
13 tion.

14 (2) FUNCTION.—The term “function” includes  
15 any duty, obligation, power, authority, responsibility,  
16 right, privilege, activity, or program.

17 (3) OFFICE.—The term “office” includes any  
18 office, administration, agency, bureau, institute,  
19 council, unit, organizational entity, or component  
20 thereof.

21 (4) SECRETARY.—The term “Secretary” means  
22 the Secretary of the Treasury.

1 **Subtitle D—Repealing Regulations**  
2 **That Promote Risky Lending**

3 **SEC. 171. REPEAL OF THE COMMUNITY REINVESTMENT**  
4 **ACT OF 1977.**

5 The Community Reinvestment Act of 1977 (12  
6 U.S.C. 2901 et seq.) is hereby repealed.

7 **SEC. 172. REPEAL OF DODD-FRANK CREDIT RISK RETEN-**  
8 **TION PROVISIONS.**

9 (a) CREDIT RISK RETENTION.—Section 15G of the  
10 Securities Exchange Act of 1934 (15 U.S.C. 78o–11) is  
11 hereby repealed.

12 (b) STUDY.—Subsection (c) of section 941 of the  
13 Dodd-Frank Wall Street Reform and Consumer Protec-  
14 tion Act is hereby repealed.

15 **SEC. 173. REPEAL OF DODD-FRANK ABILITY TO REPAY AND**  
16 **QUALIFIED MORTGAGE PROVISIONS.**

17 Section 129C of the Truth in Lending Act (15 U.S.C.  
18 1639c) is amended—

- 19 (1) by striking subsections (a) and (b); and  
20 (2) by redesignating subsections (c) through (i)  
21 as subsections (a) through (g), respectively.

22 **SEC. 174. REPEAL OF THE HOME MORTGAGE DISCLOSURE**  
23 **ACT OF 1975.**

24 The Home Mortgage Disclosure Act of 1975 (12  
25 U.S.C. 2801 et seq.) is hereby repealed.

1 **SEC. 175. REPEAL OF FEDERAL HOME LOAN BANKS AF-**  
2 **FORDABLE HOUSING PROGRAM AND HOUS-**  
3 **ING GOALS.**

4 (a) AFFORDABLE HOUSING PROGRAM.—The Federal  
5 Home Loan Bank Act (12 U.S.C. 1421 et seq.) is amend-  
6 ed—

7 (1) in section 10 (12 U.S.C. 1430), by striking  
8 subsections (g), (h), (i), (j), and (k); and

9 (2) by repealing section 10b (12 U.S.C. 1430b).

10 (b) HOUSING GOALS.—Section 10C of the Federal  
11 Home Loan Bank Act (12 U.S.C. 1430C) is hereby re-  
12 pealed.

13 **SEC. 176. REPEAL OF FDIC AFFORDABLE HOUSING PRO-**  
14 **GRAM.**

15 Section 40 of the Federal Deposit Insurance Act (12  
16 U.S.C. 1831q) is hereby repealed.

17 **Subtitle E—Stopping Subsidies for**  
18 **Certain Obstacles to Housing**  
19 **Construction**

20 **SEC. 181. REPEAL OF TRANSPORTATION PLANNING PROVI-**  
21 **SIONS; RESCISSION.**

22 (a) REPEALS.—

23 (1) FEDERAL-AID HIGHWAYS.—Sections 134  
24 and 135 of title 23, United States Code, and the  
25 items relating to such sections in the analysis for  
26 chapter 1 of that title, are repealed.

1           (2) RESEARCH, TECHNOLOGY, AND EDU-  
2           CATION.—Section 505 of title 23, United States  
3           Code, and the item relating to that section in the  
4           analysis for chapter 5 of that title, are repealed.

5           (3) PUBLIC TRANSPORTATION.—Sections 5303,  
6           5304, and 5305 of title 49, United States Code, and  
7           the items relating to such sections in the analysis for  
8           chapter 53 of that title, are repealed.

9           (b) RESCISSIONS.—Effective on the date of the enact-  
10          ment of this Act, the unobligated balances available on  
11          such date of enactment of funds made available to carry  
12          out each of the sections repealed by this section are hereby  
13          rescinded.

14       **SEC. 182. TERMINATION OF HUD SUSTAINABLE COMMU-**  
15                               **NITIES INITIATIVES; RESCISSION.**

16          (a) TERMINATION.—The following programs, activi-  
17          ties, and initiatives of the Department of Housing and  
18          Urban Development are hereby terminated:

19               (1) SUSTAINABLE COMMUNITIES INITIATIVE.—  
20               The Sustainable Communities Initiative originally  
21               established under the heading “Community Planning  
22               and Development—Community Development Fund”  
23               of title II of division A of the Consolidated Appro-  
24               priations Act, 2010 (Public Law 111–117; 123 Stat.  
25               3084).

1           (2) SUSTAINABLE COMMUNITIES REGIONAL  
2 PLANNING GRANTS.—The Regional Integrated Plan-  
3 ning Grants program originally established under  
4 such heading.

5           (3) COMMUNITY CHALLENGE PLANNING  
6 GRANTS.—The Community Challenge Planning  
7 Grants program originally established under such  
8 heading.

9           (4) CAPACITY BUILDING FOR SUSTAINABLE  
10 COMMUNITIES.—The program for capacity building  
11 for sustainable communities originally established  
12 under such heading.

13       (b) RESCISSIONS.—Effective on the date of the enact-  
14 ment of this Act, the unobligated balances available on  
15 such date of enactment of funds made available to carry  
16 out each of the programs and initiatives terminated by  
17 subsection (a) are hereby rescinded.

1 **TITLE II—ENDING BANK BAIL-**  
2 **OUTS AND RESTORING MAR-**  
3 **KET DISCIPLINE**

4 **Subtitle A—Reducing Risks to**  
5 **Bank Depositors and Other**  
6 **Creditors**

7 **SEC. 201. CAPITAL REQUIREMENTS.**

8 (a) IN GENERAL.—Notwithstanding any other provi-  
9 sion of law, the appropriate Federal regulators shall set  
10 capital standards for financial companies as provided in  
11 this section.

12 (b) MINIMUM CAPITAL REQUIREMENT.—Each finan-  
13 cial company shall be required to maintain sufficient cap-  
14 ital to remain adequately capitalized, as defined under  
15 subsection (c)(2).

16 (c) CAPITAL CATEGORIES.—

17 (1) WELL CAPITALIZED.—A financial company  
18 is “well capitalized” if the company maintains a cap-  
19 ital level of 12 percent or more.

20 (2) ADEQUATELY CAPITALIZED.—A financial  
21 company is “adequately capitalized” if the company  
22 maintains a capital level of 10 percent or more.

23 (3) UNDERCAPITALIZED.—A financial company  
24 is “undercapitalized” if the company maintains a  
25 capital level of less than 10 percent.

1           (4) SIGNIFICANTLY UNDERCAPITALIZED.—A fi-  
2           nancial company is “significantly undercapitalized”  
3           if the company maintains a capital level of less than  
4           6 percent.

5           (5) CRITICALLY UNDERCAPITALIZED.—A finan-  
6           cial company is “critically undercapitalized” if the  
7           company maintains a capital level of 2 percent or  
8           less.

9           (d) CAPITAL CALCULATION.—In computing a finan-  
10          cial company’s capital for purposes of this section—

11           (1) the value of capital shall be calculated based  
12           on the current market value of the capital, and not  
13           by reference to the book value of such capital;

14           (2) the percentage of capital maintained by a  
15           company shall be based on the total consolidated as-  
16           sets of the company; and

17           (3) there shall be no risk-weighting of assets.

18          (e) PHASE-IN PERIOD.—Notwithstanding subsection  
19          (c), during the 6-year period beginning on the date of the  
20          enactment of this Act, the percentages contained in para-  
21          graphs (1) through (5) of subsection (c) shall be treated  
22          as follows:

23           (1) During the 1-year period following the date  
24           of the enactment of this Act, 6 percent, 4 percent,  
25           4 percent, 3 percent, and 2 percent, respectively.

1           (2) During the 1-year period following the pe-  
2           riod described under paragraph (1), 7 percent, 5  
3           percent, 5 percent, 3.5 percent, and 2 percent, re-  
4           spectively.

5           (3) During the 1-year period following the pe-  
6           riod described under paragraph (2), 8 percent, 6  
7           percent, 6 percent, 4 percent, and 2 percent, respec-  
8           tively.

9           (4) During the 1-year period following the pe-  
10          riod described under paragraph (3), 9 percent, 7  
11          percent, 7 percent, 4.5 percent, and 2 percent, re-  
12          spectively.

13          (5) During the 1-year period following the pe-  
14          riod described under paragraph (4), 10 percent, 8  
15          percent, 8 percent, 5 percent, and 2 percent, respec-  
16          tively.

17          (6) During the 1-year period following the pe-  
18          riod described under paragraph (5), 11 percent, 9  
19          percent, 9 percent, 5.5 percent, and 2 percent, re-  
20          spectively.

21          (f) DEFINITIONS.—For purposes of this section:

22                 (1) APPROPRIATE FEDERAL REGULATOR.—The  
23                 term “appropriate Federal regulator”—

24                         (A) has the meaning given the term “ap-  
25                         propriate Federal banking agency” under sec-

1           tion 3 of the Federal Deposit Insurance Act (12  
2           U.S.C. 1813);

3           (B) means the Board of Governors of the  
4           Federal Reserve System, in the case of a  
5           nonbank financial company supervised by the  
6           Board of Governors; and

7           (C) means the National Credit Union Ad-  
8           ministration Board, in the case of a credit  
9           union.

10          (2) CAPITAL.—The term “capital” means com-  
11          mon equity tier 1 capital and additional tier 1 cap-  
12          ital, as such terms are defined in the notice of final  
13          rulemaking published in the Federal Register on Oc-  
14          tober 11, 2013 (78 Fed. Reg. 62173–74).

15          (3) CREDIT UNION.—The term “credit union”  
16          includes a Federal credit union and a State credit  
17          union, as such terms are defined under section 101  
18          of the Federal Credit Union Act (12 U.S.C. 1752).

19          (4) DEPOSITORY INSTITUTION.—The term “de-  
20          pository institution” has the meaning given such  
21          term under section 3 of the Federal Deposit Insur-  
22          ance Act (12 U.S.C. 1813).

23          (5) DEPOSITORY INSTITUTION HOLDING COM-  
24          PANY.—The term “depository institution holding  
25          company” has the meaning given such term under

1 section 3 of the Federal Deposit Insurance Act (12  
2 U.S.C. 1813).

3 (6) FINANCIAL COMPANY.—The term “financial  
4 company” means—

5 (A) a credit union;

6 (B) a depository institution;

7 (C) a depository institution holding com-  
8 pany; and

9 (D) a nonbank financial company super-  
10 vised by the Board of Governors.

11 (7) NONBANK FINANCIAL COMPANY SUPER-  
12 VISIED BY THE BOARD OF GOVERNORS.—The term  
13 “nonbank financial company supervised by the  
14 Board of Governors” has the meaning given such  
15 term under section 102 of the Dodd-Frank Wall  
16 Street Reform and Consumer Protection Act (12  
17 U.S.C. 5311).

18 **SEC. 202. FDIC INSURANCE.**

19 (a) REDUCTION IN MAXIMUM INSURANCE  
20 AMOUNT.—Section 11(a)(1) of the Federal Deposit Insur-  
21 ance Act (12 U.S.C. 1821(a)(1)) is amended—

22 (1) by amending subparagraph (E) to read as  
23 follows:

24 “(E) STANDARD MAXIMUM DEPOSIT IN-  
25 SURANCE AMOUNT DEFINED.—For purposes of

1           this Act, the term ‘standard maximum deposit  
2           insurance amount’ means \$150,000, adjusted  
3           as provided under subparagraph (F).’; and

4           (2) in subparagraph (F), by striking “April 1  
5           of 2010,” and inserting “April 1, 2015,”.

6           (b) EFFECTIVE DATE.—The amendments made by  
7           this section shall take effect on the day that is the end  
8           of the 1-year period beginning on the date of the enact-  
9           ment of this Act.

## 10           **Subtitle B—Repeal of Bailout** 11           **Authorities**

### 12           **SEC. 211. REPEAL OF FDIC POWERS UNDER THE SYSTEMIC** 13           **RISK DETERMINATION.**

14           The Federal Deposit Insurance Act (12 U.S.C. 1811  
15           et seq.) is amended—

16           (1) in section 11(a)(4)(C) (12 U.S.C.  
17           1821(a)(4)(C)), by striking “other than section  
18           13(c)(4)(G)”;

19           (2) in section 13(c)(4) (12 U.S.C.  
20           1823(c)(4))—

21                   (A) by striking subparagraph (G); and

22                   (B) by redesignating subparagraph (H) as  
23                   subparagraph (G).

1 **SEC. 212. REPEAL OF UNUSUAL AND EXIGENT AUTHORITY**  
2 **OF THE FEDERAL RESERVE.**

3 Section 13(3) of the Federal Reserve Act (12 U.S.C.  
4 343(3)) is repealed.

5 **SEC. 213. EXCHANGE STABILIZATION FUND.**

6 (a) IN GENERAL.—Section 5302 of title 31, United  
7 States Code, is amended by striking “stabilization fund”  
8 each place such term appears and inserting “Special  
9 Drawing Rights Fund”.

10 (b) CONFORMING AMENDMENTS.—

11 (1) BALANCED BUDGET AND EMERGENCY DEF-  
12 ICIT CONTROL ACT OF 1985.—Section 255(g)(1)(A)  
13 of the Balanced Budget and Emergency Deficit Con-  
14 trol Act of 1985 (2 U.S.C. 905(g)(1)(A)) is amended  
15 by striking “Exchange Stabilization Fund” and in-  
16 serting “Special Drawing Rights Fund”.

17 (2) EMERGENCY ECONOMIC STABILIZATION ACT  
18 OF 2008.—The Emergency Economic Stabilization  
19 Act of 2008 (12 U.S.C. 5211 et seq.) is amended—

20 (A) in section 131 (12 U.S.C. 5236), by  
21 striking “Exchange Stabilization Fund” each  
22 place such term appears in headings and text  
23 and inserting “Special Drawing Rights Fund”;  
24 and

25 (B) in the item relating to section 131 in  
26 the table of contents of such Act, by striking

1           “Exchange Stabilization Fund” and inserting  
2           “Special Drawing Rights Fund”.

3           (3) INTERNATIONAL FINANCIAL INSTITUTIONS  
4           ACT.—Section 1704 of the International Financial  
5           Institutions Act (22 U.S.C. 262r-3) is amended by  
6           striking “stabilization fund” each place such term  
7           appears and inserting “Special Drawing Rights  
8           Fund”.

9           (4) SPECIAL DRAWING RIGHTS ACT.—The Spe-  
10          cial Drawing Rights Act (22 U.S.C. 286n et seq.) is  
11          amended by striking “Exchange Stabilization Fund”  
12          each place such term appears and inserting “Special  
13          Drawing Rights Fund”.

14          (c) REFERENCES.—Any reference in a law, regula-  
15          tion, document, paper, or other record of the United  
16          States to the “Exchange Stabilization Fund” shall be  
17          deemed a reference to the “Special Drawing Rights  
18          Fund”.

19          (d) FUNDS USED TO REDUCE THE DEBT.—The Sec-  
20          retary of the Treasury shall liquidate all property in the  
21          Special Drawing Rights Fund (as so renamed under sub-  
22          section (a)), other than Special Drawing Rights, and use  
23          all such amounts to reduce the public debt.

24          (e) LIMITATION ON FUND.—Section 5302 of title 31,  
25          United States Code, is amended—

1 (1) in subsection (a)(1)—

2 (A) by striking “is available to carry out”  
3 and inserting “is only available to carry out”;  
4 and

5 (B) by striking “, and for investing in obli-  
6 gations of the United States Government those  
7 amounts in the fund the Secretary of the Treas-  
8 ury, with the approval of the President, decides  
9 are not required at the time to carry out this  
10 section. Proceeds of sales and investments,  
11 earnings, and interest shall be paid into the  
12 fund and are available to carry out this section.  
13 However, the fund is not available to pay ad-  
14 ministrative expenses”; and

15 (2) by striking subsection (b) and inserting the  
16 following:

17 “(b) FUND ONLY TO HOLD SPECIAL DRAWING  
18 RIGHTS.—Notwithstanding any other provision of law,  
19 only Special Drawing Rights may be deposited into the  
20 Special Drawing Rights Fund.”.

21 (f) CONFORMING AMENDMENTS.—

22 (1) BRETTON WOODS AGREEMENTS ACT.—Sec-  
23 tion 18 of the Bretton Woods Agreements Act (22  
24 U.S.C. 286e–3) is hereby repealed.

1           (2) SUPPORT FOR EAST EUROPEAN DEMOCRACY  
2           (SEED) ACT OF 1989.—The Support for East Euro-  
3           pean Democracy (SEED) Act of 1989 (22 U.S.C.  
4           5401 et seq.) is amended—

5                   (A) in section 101(b)(1) (22 U.S.C.  
6                   5411(b)(1)), by striking “such as—” and all  
7                   that follows through the end of the paragraph  
8                   and inserting “such as the authority provided in  
9                   section 102(c) of this Act.”; and

10                   (B) in section 102(a) (22 U.S.C. 5412(a)),  
11                   by striking “section 101(b)—” and all that fol-  
12                   lows through the end of the subsection and in-  
13                   serting “section 101(b), should work closely  
14                   with the European Community and inter-  
15                   national financial institutions to determine the  
16                   extent of emergency assistance required by Po-  
17                   land for the fourth quarter of 1989.”.

18           (g) TREATMENT OF CERTAIN FUNDS.—Funds that  
19           would otherwise have been deposited into the Special  
20           Drawing Rights Fund (as so renamed under subsection  
21           (a)), but for the amendments made by this section, shall  
22           instead be paid to the Secretary of the Treasury, and the  
23           Secretary of the Treasury shall use such funds to reduce  
24           the public debt.

1 (h) WIND-DOWN PERIOD FOR CERTAIN TRANS-  
2 ACTIONS.—Notwithstanding any other provision of this  
3 section, during the 3-year period beginning on the date  
4 of the enactment of this Act, property other than Special  
5 Drawing Rights may be deposited, and maintained, in the  
6 Special Drawing Rights Fund as needed to fulfill any out-  
7 standing obligations on the Fund.

8 **Subtitle C—Bankruptcy, Not Bail-**  
9 **outs, for Complex Financial In-**  
10 **stitutions**

11 **SEC. 221. REFORMING THE BANKRUPTCY CODE TO ACCOM-**  
12 **MODATE FAILING FINANCIAL INSTITUTIONS.**

13 (a) FINDINGS.—The Congress finds the following:

14 (1) Bailouts undermine market discipline and  
15 the rule of law, resulting in doubt about property  
16 rights and insulating recipients from the con-  
17 sequences of their mistakes.

18 (2) A number of complex financial institutions  
19 are widely considered to be “too big to fail”.

20 (3) An aggravating factor in the 2008 financial  
21 crisis was uncertainty about the security and priority  
22 of claims stemming from cross-border resolution of  
23 complex financial institutions.

24 (4) The Federal Deposit Insurance Corporation  
25 (FDIC) has historically resolved most failing U.S.

1 depository institutions and has the necessary exper-  
2 tise and discretionary authority to conduct such res-  
3 olutions quickly.

4 (5) The FDIC’s authority did not extend to all  
5 components of very large, complex financial institu-  
6 tions, such as insurance, stockbroker, and com-  
7 modity broker operations.

8 (6) The U.S. Constitution authorizes Congress  
9 to establish “uniform laws on the subject of Bank-  
10 ruptcies through the United States”.

11 (7) Bankruptcy provides predictable priority for  
12 claims under the rule of law through the jurisdiction  
13 of an Article III court.

14 (8) The lengthy adjudication of claims to en-  
15 sure equality under the law of similarly situated  
16 creditors under bankruptcy can be problematic in  
17 the case of financial institutions but can be amended  
18 to preserve and protect value.

19 (9) The Dodd-Frank Wall Street Reform and  
20 Consumer Protection Act did not establish a non-  
21 discretionary, rule-of-law-based resolution process to  
22 provide certainty for creditors of failing institutions.

23 (10) A credible resolution process could elimi-  
24 nate the use of bailouts and other political interven-  
25 tions.

1           (11) Additional reforms are necessary to bring  
2           certainty and predictability to the failure of large,  
3           complex, multinational financial institutions.

4           (b) SENSE OF CONGRESS.—It is the sense of Con-  
5           gress that the Committees on the Judiciary and Financial  
6           Services of the House of Representatives and the Commit-  
7           tees on the Judiciary and Banking, Housing, and Urban  
8           Affairs of the Senate should each report legislation pro-  
9           posing changes to existing law within each committee’s ju-  
10          risdiction with provisions to accommodate bankruptcy pro-  
11          ceedings for failing multinational financial institutions.  
12          Such committees should consider reforms that—

13           (1) establish a new chapter of the bankruptcy  
14           code specifically for financial institutions, to be used  
15           in conjunction with the existing chapter 7 liquidation  
16           or chapter 11 reorganization process;

17           (2) replace or supplement existing resolution  
18           authorities for certain kinds of institutions;

19           (3) clarify that such resolution proceedings  
20           occur at the holding company level;

21           (4) designate particular judges in the Second  
22           and D.C. Circuits who will hear these cases and who  
23           may appoint special masters with technical expertise  
24           to aid in the resolution;

1           (5) continue to use FDIC expertise to resolve  
2 such institutions under the oversight of the court;

3           (6) remove exemptions from bankruptcy pro-  
4 ceedings for certain subsidiaries of complex financial  
5 institutions, such as insurance and brokerage oper-  
6 ations;

7           (7) allow primary regulators to petition for in-  
8 voluntary bankruptcy cases against a financial insti-  
9 tution, to have standing and raise motions, and to  
10 file plans of reorganization;

11           (8) establish procedures for debtor-in-possession  
12 financing to provide partial or complete payouts to  
13 some or all creditors in certain circumstances;

14           (9) develop rules for the applicability of short-  
15 term automatic stays for certain qualified financial  
16 contracts;

17           (10) recapitalize reorganized institutions at the  
18 holding company level, possibly by converting long-  
19 term debt into equity;

20           (11) collaborate with foreign governments to  
21 avoid domestic “ring-fencing” of failing multi-  
22 national financial institutions whose holding compa-  
23 nies are located elsewhere;

24           (12) ensure that institutions in conservatorship  
25 do not receive advantageous tax or regulatory treat-

1       ment over comparable financial institutions outside  
2       of the bankruptcy process; and

3               (13) such other additional and conforming re-  
4       forms as the Committees consider necessary.

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