

113TH CONGRESS  
2D SESSION

# H. R. 5055

To reform the housing finance system of the United States, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

JULY 10, 2014

Mr. DELANEY (for himself, Mr. CARNEY, Mr. HIMES, Mr. POLIS, Mr. DAVID SCOTT of Georgia, Mr. MURPHY of Florida, Mr. HECK of Washington, Ms. SINEMA, Mr. MEEKS, Mr. FOSTER, Mr. WELCH, Mr. OWENS, and Mr. QUIGLEY) introduced the following bill; which was referred to the Committee on Financial Services

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## A BILL

To reform the housing finance system of the United States,  
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; TABLE OF CONTENTS.**

4       (a) SHORT TITLE.—This Act may be cited as the  
5       “Partnership to Strengthen Homeownership Act of 2014”.

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

Sec. 1. Short title; table of contents.  
Sec. 2. Definitions.

- Sec. 101. Removal from HUD; establishment as independent entity.
- Sec. 102. Transfer to Ginnie Mae of powers, personnel, and property of FHFA.
- Sec. 103. Regulation of market participants and aggregators.
- Sec. 104. Regulatory consultation and coordination.

## TITLE II—SECURITIZATION AND INSURANCE

- Sec. 201. Issuing Platform.
- Sec. 202. Insurance.
- Sec. 203. Authority to protect taxpayers in unusual and exigent market conditions.
- Sec. 204. Servicing rights; representations and warranties.
- Sec. 205. Federal Home Loan Banks.

## TITLE III—WIND DOWN OF FANNIE MAE AND FREDDIE MAC

- Sec. 301. Limitation on business.
- Sec. 302. Risk-sharing pilot programs.
- Sec. 303. Continued conservatorship.
- Sec. 304. Mandatory receivership.
- Sec. 305. Repeal of enterprise charters.
- Sec. 306. Ginnie Mae authority regarding timing.

## TITLE IV—MULTIFAMILY HOUSING FINANCE

- Sec. 401. Establishment of multifamily subsidiaries.
- Sec. 402. Disposition of multifamily businesses.
- Sec. 403. Approval and supervision of multifamily guarantors.
- Sec. 404. Other forms of multifamily risk-sharing.
- Sec. 405. Ginnie Mae securitization of FHA risk-sharing loans.

## TITLE V—AFFORDABLE HOUSING

- Sec. 501. Affordable housing allocations.
- Sec. 502. Housing Trust Fund.
- Sec. 503. Capital Magnet Fund.
- Sec. 504. Market Access Fund.

## TITLE VI—GENERAL PROVISIONS

- Sec. 601. Rule of construction regarding Senior Preferred Stock Purchase Agreements.
- Sec. 602. Treatment of community development financial institution.

### 1 **SEC. 2. DEFINITIONS.**

2 For purposes of this Act:

- 3 (1) **BANKING DEFINITIONS.**—The term “bank”
- 4 and “savings association” have the meaning given
- 5 those terms, respectively, under section 3 of the
- 6 Federal Deposit Insurance Act (12 U.S.C. 1813).

1           (2) CERTIFICATION DATE.—The term “certifi-  
2       cation date” means the earlier of—

3           (A) the date on which Ginnie Mae makes  
4       the certification described under section 201(h);  
5       and

6           (B) the date that is the end of the 2-year  
7       period beginning on the date of the enactment  
8       of this Act.

9           (3) CHARTER ACT.—The term “charter Act”  
10      means—

11          (A) with respect to the Federal National  
12       Mortgage Association, the Federal National  
13       Mortgage Association Charter Act (12 U.S.C.  
14       1716 et seq.); and

15          (B) with respect to the Federal Home  
16       Loan Mortgage Corporation, the Federal Home  
17       Loan Mortgage Corporation Act (12 U.S.C.  
18       1451 et seq.).

19          (4) CREDIT UNION.—The term “credit union”  
20      means any “Federal credit union” or “State credit  
21      union”, as such terms are defined under section 101  
22      of the Federal Credit Union Act (12 U.S.C. 1752).

23          (5) DIRECTOR.—The term “Director” means  
24      the Director of Ginnie Mae, as such position is es-

1        tablished pursuant to the amendments made by sec-  
2        tion 101(c)(1).

3            (6) ELIGIBLE MORTGAGE.—The term “eligible  
4        mortgage”—

5            (A) has the meaning given the term  
6        “qualified mortgage” under section  
7        129C(b)(2)(A) of the Truth in Lending Act (15  
8        U.S.C. 1639c), as such meaning may be ad-  
9        justed by the Director if the Director deter-  
10       mines such adjustment is appropriate; and

11          (B) includes such other minimum stand-  
12       ards as may be established by the Platform, to  
13       ensure the quality of mortgages used to  
14       collateralize mortgage-backed securities issued  
15       by the Platform.

16          (7) ELIGIBLE MULTIFAMILY MORTGAGE  
17       LOAN.—The term “eligible multifamily mortgage  
18       loan” means a commercial real estate loan—

19            (A) secured by a property with—

20                  (i) 5 or more residential units; or

21                  (ii) 2 or more residential units, if the  
22       requirement under clause (i) is waived by  
23       the Director for purposes of carrying out a  
24       demonstration or pilot program;

1 (B) the primary source of repayment for  
2 which is expected to be derived from rental in-  
3 come generated by the property;

4 (C) the term of which may not be less than  
5 5 years but not more than 40 years;

6 (D) that satisfies any additional under-  
7 writing criteria established by the Director to  
8 balance supporting access to capital with man-  
9 aging credit risk to the Fund, including—

10 (i) a maximum loan-to-value ratio;

11 (ii) a minimum debt service coverage  
12 ratio; and

13 (iii) considerations for restrictive or  
14 special uses of a property, including non-  
15 residential uses, properties for seniors,  
16 manufactured housing, and affordability  
17 restrictions, and the impact of such uses  
18 on clauses (i) and (ii); and

19 (E) that satisfies any additional under-  
20 writing criteria that may be established by the  
21 Director.

22 (8) ENTERPRISE.—The term “enterprise”  
23 means—

24 (A) the Federal National Mortgage Asso-  
25 ciation and any affiliate thereof; and

1 (B) the Federal Home Loan Mortgage  
2 Corporation and any affiliate thereof.

3 (9) FUND.—The term “Fund” means the in-  
4 surance fund established under section 202(g).

5 (10) GINNIE MAE.—The term “Ginnie Mae”  
6 means the Government National Mortgage Associa-  
7 tion.

8 (11) MARKET PARTICIPANT.—The term “mar-  
9 ket participant” means any insurance company,  
10 bank, saving association, credit union, or real estate  
11 investment trust insuring or reinsuring any part of  
12 a security issued by the Platform.

13 (12) PARTICIPATING AGGREGATOR.—The term  
14 “participating aggregator” means an aggregator of  
15 eligible mortgages that collateralize mortgage-backed  
16 securities issued by the Platform pursuant to title  
17 II.

18 (13) PLATFORM.—The term “Platform” means  
19 the Issuing Platform established under section  
20 201(a).

21 (14) REAL ESTATE INVESTMENT TRUST.—The  
22 term “real estate investment trust” has the meaning  
23 given such term under section 856(a) of the Internal  
24 Revenue Code of 1986.

# **TITLE I—GINNIE MAE**

## **SEC. 101. REMOVAL FROM HUD; ESTABLISHMENT AS INDEPENDENT ENTITY.**

(a) IN GENERAL.—Paragraph (2) of section 302(a) of the National Housing Act (12 U.S.C. 1717(a)(2)) is amended by striking “in the Department of Housing and Urban Development” and inserting “independent of any other agency or office in the Federal Government”.

(b) CONFORMING AMENDMENTS.—Title III of the National Housing Act (12 U.S.C. 1716 et seq.) is amended—

(1) in section 306(g)(3)(D) (12 U.S.C. 1721(g)(3)(D)), by striking “Secretary” and inserting “Association”;

(2) in section 307 (12 U.S.C. 1722), by striking “Secretary of Housing and Urban Development” and inserting “Association”; and

(3) in section 317 (12 U.S.C. 1723i)—

(A) in subsection (a)(1), by striking “Secretary of Housing and Urban Development” and inserting “Director of the Association”;

(B) in subsection (c)(4), by striking “Secretary’s” and inserting “Director of the Association’s”;

1 (C) in subsection (d)(1), by striking “Sec-  
2 retary’s” and inserting “Director of the Asso-  
3 ciation’s”;

4 (D) in the heading for subsection (f), by  
5 striking “BY SECRETARY”; and

6 (E) by striking “Secretary” each place  
7 such term appears and inserting “Director of  
8 the Association”.

9 (c) MANAGEMENT; DIRECTOR.—

10 (1) INDEPENDENCE AND TERM.—Subsection  
11 (a) of section 308 of the National Housing Act (12  
12 U.S.C. 1723(a)) is amended—

13 (A) in the first sentence—

14 (i) by striking “Secretary of Housing  
15 and Urban Development” and inserting  
16 “Director of the Association appointed  
17 pursuant to this subsection”; and

18 (ii) by striking “of the Secretary” and  
19 inserting “of the Director”;

20 (B) in the second sentence, by striking  
21 “Secretary” and inserting “Director”;

22 (C) in the third sentence—

23 (i) by striking “in the Department of  
24 Housing and Urban Development”; and



1 (ii) by inserting before the period at  
2 the end the following: “, and shall be ap-  
3 pointed for a term of 5 years, unless re-  
4 moved before the end of such term for  
5 cause by the President”;

6 (D) in the last sentence, by striking “Sec-  
7 retary” and inserting “Director”; and

8 (E) by adding at the end the following un-  
9 designated paragraph:

10 “A vacancy in the position of Director that occurs  
11 before the expiration of the term for which a Director was  
12 appointed shall be filled in the manner established under  
13 paragraph (1), and the Director appointed to fill such va-  
14 cancy shall be appointed only for the remainder of such  
15 term. If the Senate has not confirmed a Director, the  
16 President may designate either the individual nominated  
17 but not yet confirmed for the position of Director or an-  
18 other individual, to serve as the Acting Director, and such  
19 Acting Director shall have all the rights, duties, powers,  
20 and responsibilities of the Director, until such time as a  
21 Director is confirmed by the Senate. An individual may  
22 serve as the Director after the expiration of the term for  
23 which appointed until a successor has been appointed or  
24 confirmed.”.

1           (2) CONFORMING AMENDMENT.—Section 5315  
2       of title 5, United States Code, is amended, in the  
3       item relating to the President of the Government  
4       National Mortgage Association, by striking “. De-  
5       partment of Housing and Urban Development”.

6       (d) MEMBERSHIP ON FSOC.—The Dodd-Frank Wall  
7       Street Reform and Consumer Protection Act is amend-  
8       ed—

9           (1) in section 2, by amending paragraph  
10       (12)(E) to read as follows:

11               “(E) the Government National Mortgage  
12       Association, with respect to—

13                   “(i) the Mortgage Insurance Fund es-  
14               tablished under section 202(g) of the Part-  
15               nership to Strengthen Homeownership Act  
16               of 2014; and

17                   “(ii) the Federal Home Loan Banks  
18               or the Federal Home Loan Bank Sys-  
19               tem.”; and

20       (2) in section 111(b)(1)(H), by striking “Direc-  
21       tor of the Federal Housing Finance Agency” and in-  
22       serting “Director of the Government National Mort-  
23       gage Association”.

24       (e) PERSONNEL.—Subsection (d) of section 309 of  
25       the National Housing Act (12 U.S.C. 1723a(d)) is amend-

1 ed by striking “(d)(1)” and all that follows through the  
2 end of paragraph (1) and inserting the following:

3 “(d) PERSONNEL.—

4 “(1) GINNIE MAE.—

5 “(A) IN GENERAL.—The Director of the  
6 Association may appoint and fix the compensa-  
7 tion of such officers and employees of the Asso-  
8 ciation as the Director considers necessary to  
9 carry out the functions of the Association. Offi-  
10 cers and employees may be paid without regard  
11 to the provisions of chapter 51 and subchapter  
12 III of chapter 53 of title 5, United States Code,  
13 relating to classification and General Schedule  
14 pay rates.

15 “(B) DEVELOPMENT OF HUMAN RE-  
16 SOURCES.—In carrying out this subsection,  
17 Ginnie Mae shall appoint and develop human  
18 capital (which shall have such meaning as de-  
19 termined by Ginnie Mae, in consultation with  
20 the Board of Governors of the Federal Reserve,  
21 taking into consideration differences between  
22 the banking and insurance industries) necessary  
23 to ensure that it possesses sufficient expertise  
24 regarding the insurance industry and insurance  
25 issues.

1           “(C) COMPARABILITY OF COMPENSATION  
2           WITH FEDERAL BANKING AGENCIES.—In fixing  
3           and directing compensation under subpara-  
4           graph (A), the Director of the Association shall  
5           consult with, and maintain comparability with,  
6           compensation of officers and employees of the  
7           Office of the Comptroller of the Currency, the  
8           Board of Governors of the Federal Reserve Sys-  
9           tem, and the Federal Deposit Insurance Cor-  
10          poration.

11          “(D) PERSONNEL OF OTHER FEDERAL  
12          AGENCIES.—In carrying out the duties of the  
13          Association, the Director of the Association  
14          may use information, services, staff, and facili-  
15          ties of any executive agency, independent agen-  
16          cy, or department on a reimbursable basis, with  
17          the consent of such agency or department.

18          “(E) OUTSIDE EXPERTS AND CONSULT-  
19          ANTS.—Notwithstanding any provision of law  
20          limiting pay or compensation, the Director of  
21          the Association may appoint and compensate  
22          such outside experts and consultants as such  
23          Director determines necessary to assist the  
24          work of the Association.”.

1       (f) TRANSITIONAL PROVISION.—Notwithstanding  
 2 this section and the amendments made by this section,  
 3 during the period beginning on the date of the enactment  
 4 of this Act, and ending on the date on which the Director  
 5 of the Government National Mortgage Association is ap-  
 6 pointed and confirmed pursuant to section 308 of the Na-  
 7 tional Housing Act, as amended by this section, the person  
 8 serving as the President of the Government National  
 9 Mortgage Association on that effective date shall act for  
 10 all purposes as, and with the full powers of, the Director  
 11 of the Association.

12       (g) REFERENCES.—On and after the date of the en-  
 13 actment of this Act, any reference in Federal law to the  
 14 President of the Government National Mortgage Associa-  
 15 tion or to such Association shall be deemed to be a ref-  
 16 erence to such Director of such Association or to such As-  
 17 sociation, as appropriate, as organized pursuant to this  
 18 subsection and the amendments made by this section.

19 **SEC. 102. TRANSFER TO GINNIE MAE OF POWERS, PER-**  
 20 **SONNEL, AND PROPERTY OF FHFA.**

21       (a) POWERS AND DUTIES TRANSFERRED.—

22               (1) FEDERAL HOME LOAN BANK FUNCTIONS  
 23 TRANSFERRED.—

24                       (A) TRANSFER OF FUNCTIONS.—There are  
 25 transferred to Ginnie Mae and the Director of

1 Ginnie Mae all functions of the Federal Hous-  
2 ing Finance Agency and the Director of the  
3 Federal Housing Finance Agency, respectively.

4 (B) POWERS, AUTHORITIES, RIGHTS, AND  
5 DUTIES.—Ginnie Mae and the Director of  
6 Ginnie Mae shall succeed to all powers, authori-  
7 ties, rights, and duties that were vested in the  
8 Federal Housing Finance Agency and the Di-  
9 rector of the Federal Housing Finance Agency,  
10 respectively, including all conservatorship or re-  
11 ceivership authorities, on the day before the  
12 transfer date in connection with the functions  
13 and authorities transferred under subparagraph  
14 (A).

15 (C) TRANSFER DATE.—The transfer of  
16 functions under this paragraph shall take effect  
17 upon the expiration of the 6-month period be-  
18 ginning on the date of the enactment of this  
19 Act.

20 (2) CONTINUATION AND COORDINATION OF  
21 CERTAIN ACTIONS.—

22 (A) IN GENERAL.—All regulations, orders,  
23 determinations, and resolutions described under  
24 subparagraph (B) shall remain in effect accord-  
25 ing to the terms of such regulations, orders, de-

1 terminations, and resolutions, and shall be en-  
2 forceable by or against Ginnie Mae until modi-  
3 fied, terminated, set aside, or superseded in ac-  
4 cordance with applicable law by Ginnie Mae,  
5 any court of competent jurisdiction, or oper-  
6 ation of law.

7 (B) APPLICABILITY.—A regulation, order,  
8 determination, or resolution is described under  
9 this subparagraph if it—

10 (i) was issued, made, prescribed, or  
11 allowed to become effective by—

12 (I) the Federal Housing Finance  
13 Agency; or

14 (II) a court of competent juris-  
15 diction, and relates to functions trans-  
16 ferred by this subsection;

17 (ii) relates to the performance of func-  
18 tions that are transferred by this sub-  
19 section; and

20 (iii) is in effect on the transfer date  
21 under paragraph (1)(C).

22 (3) DISPOSITION OF AFFAIRS.—During the pe-  
23 riod preceding the transfer date under paragraph  
24 (1)(C), the Director of the Federal Housing Finance  
25 Agency, for the purpose of winding up the affairs of

1 the Federal Housing Finance Agency in connection  
2 with the performance of functions that are trans-  
3 ferred by this section—

4 (A) shall manage the employees of such  
5 Agency and provide for the payment of the  
6 compensation and benefits of any such employ-  
7 ees which accrue before such transfer date; and

8 (B) may take any other action necessary  
9 for the purpose of winding up the affairs of the  
10 Office.

11 (4) USE OF PROPERTY AND SERVICES.—

12 (A) PROPERTY.—Ginnie Mae may use the  
13 property and services of the Federal Housing  
14 Finance Agency to perform functions which  
15 have been transferred to Ginnie Mae until such  
16 time as the Agency is abolished under sub-  
17 section (c) to facilitate the orderly transfer of  
18 functions transferred under this subsection, any  
19 other provision of this Act, or any amendment  
20 made by this Act to any other provision of law.

21 (B) AGENCY SERVICES.—Any agency, de-  
22 partment, or other instrumentality of the  
23 United States, and any successor to any such  
24 agency, department, or instrumentality, that  
25 was providing supporting services to the Agency



1 before the transfer date in connection with  
2 functions that are transferred to Ginnie Mae  
3 shall—

4 (i) continue to provide such services,  
5 on a reimbursable basis, until the transfer  
6 of such functions is complete; and

7 (ii) consult with any such agency to  
8 coordinate and facilitate a prompt and rea-  
9 sonable transition.

10 (5) CONTINUATION OF SERVICES.—Ginnie Mae  
11 may use the services of employees and other per-  
12 sonnel of the Federal Housing Finance Agency, on  
13 a reimbursable basis, to perform functions which  
14 have been transferred to Ginnie Mae for such time  
15 as is reasonable to facilitate the orderly transfer of  
16 functions pursuant to this subsection, any other pro-  
17 vision of this Act, or any amendment made by this  
18 Act to any other provision of law.

19 (6) SAVINGS PROVISIONS.—

20 (A) EXISTING RIGHTS, DUTIES, AND OBLI-  
21 GATIONS NOT AFFECTED.—Paragraph (1) and  
22 subsection (c) shall not affect the validity of  
23 any right, duty, or obligation of the United  
24 States, the Director of the Federal Housing Fi-  
25 nance Agency, the Federal Housing Finance

1 Agency, or any other person, that existed on  
2 the day before the transfer date under para-  
3 graph (1)(C).

4 (B) CONTINUATION OF SUITS.—No action  
5 or other proceeding commenced by or against  
6 the Director of the Federal Housing Finance  
7 Agency in connection with the functions that  
8 are transferred to Ginnie Mae under this sub-  
9 section shall abate by reason of the enactment  
10 of this Act, except that Ginnie Mae shall be  
11 substituted for the Director of the Federal  
12 Housing Finance Agency as a party to any such  
13 action or proceeding.

14 (b) TRANSFER AND RIGHTS OF EMPLOYEES OF  
15 FHFA.—

16 (1) TRANSFER.—Each employee of the Federal  
17 Housing Finance Agency that is employed in connec-  
18 tion with functions that are transferred to Ginnie  
19 Mae under subsection (a) shall be transferred to  
20 Ginnie Mae for employment, not later than the  
21 transfer date under subsection (a)(1)(C), and such  
22 transfer shall be deemed a transfer of function for  
23 purposes of section 3503 of title 5, United States  
24 Code.

1           (2) STATUS OF EMPLOYEES.—The transfer of  
2           functions under this section, and the abolishment of  
3           the Federal Housing Finance Agency under sub-  
4           section (c), may not be construed to affect the status  
5           of any transferred employee as an employee of an  
6           agency of the United States for purposes of any  
7           other provision of law.

8           (3) GUARANTEED POSITIONS.—Each employee  
9           transferred under paragraph (1) shall be guaranteed  
10          a position with the same status, tenure, grade, and  
11          pay as that held on the day immediately preceding  
12          the transfer.

13          (4) APPOINTMENT AUTHORITY FOR EXCEPTED  
14          EMPLOYEES.—

15                (A) IN GENERAL.—In the case of an em-  
16                ployee occupying a position in the excepted  
17                service, any appointment authority established  
18                under law or by regulations of the Office of  
19                Personnel Management for filling such position  
20                shall be transferred, subject to subparagraph  
21                (B).

22                (B) DECLINE OF TRANSFER.—Ginnie Mae  
23                may decline a transfer of authority under sub-  
24                paragraph (A), to the extent that such author-  
25                ity relates to a position excepted from the com-

petitive service because of its confidential, policymaking, policy-determining, or policy-advocating character.

(5) REORGANIZATION.—If Ginnie Mae determines, after the end of the 1-year period beginning on the transfer date under subsection (a)(1)(C), that a reorganization of the combined workforce is required, that reorganization shall be deemed a major reorganization for purposes of affording affected employee retirement under section 8336(d)(2) or 8414(b)(1)(B) of title 5, United States Code.

(6) EMPLOYEE BENEFIT PROGRAMS.—

(A) IN GENERAL.—Any employee of the Federal Housing Finance Agency accepting employment with Ginnie Mae as a result of a transfer under paragraph (1) may retain, for 12 months after the date on which such transfer occurs, membership in any employee benefit program of the Agency or Ginnie Mae, as applicable, including insurance, to which such employee belongs on the transfer date under subsection (a)(1)(C) if—

(i) the employee does not elect to give up the benefit or membership in the program; and

1 (ii) the benefit or program is contin-  
2 ued by Ginnie Mae.

3 (B) COST DIFFERENTIAL.—

4 (i) IN GENERAL.—The difference in  
5 the costs between the benefits which would  
6 have been provided by the Federal Housing  
7 Finance Agency and those provided by this  
8 subsection shall be paid by Ginnie Mae.

9 (ii) HEALTH INSURANCE.—If any em-  
10 ployee elects to give up membership in a  
11 health insurance program or the health in-  
12 surance program is not continued by  
13 Ginnie Mae, the employee shall be per-  
14 mitted to select an alternate Federal  
15 health insurance program not later than  
16 30 days after the date of such election or  
17 notice, without regard to any other regu-  
18 larly scheduled open season.

19 (c) ABOLISHMENT OF FHFA.—Effective upon the  
20 transfer date under subsection (a)(1)(C), the Federal  
21 Housing Finance Agency and the position of the Director  
22 of the Federal Housing Finance Agency are abolished.

23 (d) TRANSFER OF PROPERTY AND FACILITIES.—Ef-  
24 fective upon the transfer date under subsection (a)(1)(C),

1 all property of the Federal Housing Finance Agency shall  
2 transfer to Ginnie Mae.

3 (e) REFERENCES IN FEDERAL LAW.—On and after  
4 the transfer date under subsection (a)(1)(C), any ref-  
5 erence in Federal law to the Director of the Federal Hous-  
6 ing Finance Agency or the Federal Housing Finance  
7 Agency, in connection with any function of the Director  
8 of the Federal Housing Finance Agency or the Federal  
9 Housing Finance Agency transferred under subsection (a),  
10 shall be deemed a reference to the Director of the Govern-  
11 ment National Mortgage Association or the Government  
12 National Mortgage Association, as appropriate and con-  
13 sistent with the amendments made by this Act.

14 **SEC. 103. REGULATION OF MARKET PARTICIPANTS AND**  
15 **AGGREGATORS.**

16 (a) APPROVAL AUTHORITY.—The Platform shall be  
17 available for use only by originators and aggregators of  
18 mortgages who meet standards for eligibility for such use,  
19 as shall be established by the Director of Ginnie Mae (in  
20 this section referred to as the “Director”).

21 (b) GENERAL SUPERVISORY AND REGULATORY AU-  
22 THORITY.—Pursuant to the authority under subsection  
23 (a):

24 (1) IN GENERAL.—All market participants and  
25 participating aggregators shall, to the extent pro-

1 vided in this section, be subject to the supervision  
2 and regulation of the Director.

3 (2) AUTHORITY OVER MARKET PARTICIPANTS  
4 AND PARTICIPATING AGGREGATORS.—Ginnie Mae  
5 shall have general regulatory authority over each  
6 market participant and participating aggregator and  
7 shall exercise such general regulatory authority to  
8 ensure that the purposes of this section are carried  
9 out.

10 (c) PRINCIPAL DUTIES.—Among the principal duties  
11 of the Director pursuant to subsection (b) shall be—

12 (1) to oversee the prudential operations of each  
13 market participant and participating aggregator;  
14 and

15 (2) to ensure that—

16 (A) each market participant and partici-  
17 pating aggregator operates in a safe and sound  
18 manner, including maintenance of adequate  
19 capital and internal controls; and

20 (B) each market participant and partici-  
21 pating aggregator complies with this section  
22 and the rules, regulations, guidelines, and or-  
23 ders issued under this section.

24 (d) PRUDENTIAL MANAGEMENT AND OPERATIONS  
25 STANDARDS.—

1           (1) ESTABLISHMENT.—The Director shall es-  
2       tablish prudential standards, by regulation or guide-  
3       line, for market participants and participating  
4       aggregators to—

5                   (A) ensure—

6                           (i) the safety and soundness of mar-  
7                           ket participants and participating  
8                           aggregators; and

9                           (ii) the maintenance of approval  
10                          standards by market participants and par-  
11                          ticipating aggregators; and

12                   (B) minimize the risk presented to the  
13       Fund.

14           (2) RECOGNITION OF DISTINCTIONS.—In car-  
15       rying out the requirement under paragraph (1), the  
16       Director shall distinguish between prudential stand-  
17       ards for market participants and such standards for  
18       participating aggregators.

19       (e) AUTHORITY TO REQUIRE REPORTS.—

20                   (1) REGULAR REPORTS.—The Director may re-  
21       quire, by general or specific orders, a market partici-  
22       pant or participating aggregator to submit regular  
23       reports, including financial statements determined  
24       on a fair value basis, on the condition (including fi-  
25       nancial condition), management, activities, or oper-



1        ations of the market participant or participating  
2        aggregator, as the Director considers appropriate.

3            (2) SPECIAL REPORTS.—The Director may re-  
4        quire, by general or specific orders, a market partici-  
5        pant or participating aggregator to submit special  
6        reports on any of the topics specified in paragraph  
7        (1) or any other relevant topics, if, in the judgment  
8        of the Director, such reports are necessary to carry  
9        out the purposes of this Act.

10        (f) EXAMINATIONS AND AUDITS.—The Director may  
11        conduct such examinations and audits, including on-site  
12        examinations and audits, of market participants and par-  
13        ticipating aggregators as the Director considers appro-  
14        priate to ensure compliance with this Act, to determine  
15        the condition of market participants and participating  
16        aggregators for the purpose of determining and ensuring  
17        their financial safety and soundness, and otherwise in any  
18        case that the Director determines an examination is nec-  
19        essary or appropriate.

20        (g) CONFLICT OF INTEREST STANDARDS.—The Di-  
21        rector shall establish standards, by regulation or guideline,  
22        for market participants and participating aggregators as  
23        the Director considers appropriate to avoid any conflicts  
24        of interest among market participants.

1       (h) STRESS TESTS FOR SUFFICIENT CAPITAL.—The  
2 Director, in consultation with the Board of Governors of  
3 the Federal Reserve, shall—

4           (1) establish and carry out such risk-based cap-  
5 ital tests as appropriate to evaluate whether each  
6 market participant and participating aggregator is  
7 maintaining a level of capital sufficient to absorb  
8 losses and support operations during adverse eco-  
9 nomic conditions so that they do not pose undue  
10 risks to their communities, other institutions, or the  
11 broader economy; and

12          (2) establish capital standards for market par-  
13 ticipants and participating aggregators based on  
14 such tests, which shall include the following classi-  
15 fications: well capitalized, adequately capitalized,  
16 undercapitalized, significantly undercapitalized, and  
17 critically undercapitalized.

18       (i) ENFORCEMENT.—The Corporation shall have the  
19 authority to enforce the provisions of this Act with respect  
20 to market participants and participating aggregators, in  
21 the same manner and to the same extent as the Federal  
22 Deposit Insurance Corporation has with respect to insured  
23 depository institutions under the provisions of subsections  
24 (b) through (n) of section 8 of the Federal Deposit Insur-  
25 ance Act (12 U.S.C. 1818).

1       (j) REQUIREMENT TO MAINTAIN APPROVED STA-  
2 TUS.—

3           (1) AUTHORITY TO ISSUE ORDER.—If the Di-  
4 rector determines that a market participant or a  
5 participating aggregator under this section no longer  
6 meets the standards for such approval or violates the  
7 requirements under this Act, including any stand-  
8 ards, regulations, or orders promulgated in accord-  
9 ance with this Act, the Director may—

10           (A) suspend or revoke the status of the  
11 market participant or participating aggregator  
12 as approved to utilize the Platform; or

13           (B) take any other action with respect to  
14 such market participant or a participating  
15 aggregator as may be authorized under this  
16 Act.

17       (2) RULE OF CONSTRUCTION.—The suspension  
18 or revocation of the approved status of a market  
19 participant or a participating aggregator under this  
20 section shall have no effect on the status as an in-  
21 sured security of any security collateralized by eligi-  
22 ble mortgages and insured prior to the suspension or  
23 revocation.

24       (3) PUBLICATION.—The Director shall—

1 (A) promptly publish a notice in the Fed-  
 2 eral Register upon suspension or revocation of  
 3 the approval of any market participant or a  
 4 participating aggregator; and

5 (B) maintain an updated list of such ap-  
 6 proved market participants and participating  
 7 aggregators on the website of Ginnie Mae.

8 (4) DEFINITION.—In this subsection, the term  
 9 “violate” includes any action, taken alone or with  
 10 others, for or toward causing, bringing about, par-  
 11 ticipating in, counseling, or aiding or abetting, a vio-  
 12 lation of the requirements under this Act.

13 (k) RESOLUTION AUTHORITY.—

14 (1) IN GENERAL.—Notwithstanding any other  
 15 provision of Federal law, the law of any State, or the  
 16 constitution of any State, the Director shall—

17 (A) have the authority to act, in the same  
 18 manner and to the same extent, with respect to  
 19 a market participant or participating  
 20 aggregator that the Director determines pursu-  
 21 ant to is classified as critically undercapitalized  
 22 pursuant to subsection (h)(2), as the Federal  
 23 Deposit Insurance Corporation has with respect  
 24 to insured depository institutions under sub-  
 25 sections (c) through (s) of section 11 of the

1 Federal Deposit Insurance Act (12 U.S.C.  
2 1821), section 12 of the Federal Deposit Insur-  
3 ance Act (12 U.S.C. 1822), and section 13 of  
4 the Federal Deposit Insurance Act (12 U.S.C.  
5 1823), while tailoring such actions to the spe-  
6 cific business model of the market participant  
7 or participating aggregator, as the case may be,  
8 as may be necessary to properly exercise such  
9 authority under this subsection;

10 (B) in carrying out any authority provided  
11 under subparagraph (A), act, in the same man-  
12 ner and to the same extent, with respect to the  
13 Fund as the Federal Deposit Insurance Cor-  
14 poration may act with respect to the Deposit  
15 Insurance Fund under the provisions of the  
16 Federal Deposit Insurance Act set forth in sub-  
17 paragraph (A); and

18 (C) consistent with the authorities pro-  
19 vided in subparagraph (A), immediately place  
20 an insolvent market participant or participating  
21 aggregator into receivership.

22 (2) RULE OF CONSTRUCTION.—Notwith-  
23 standing paragraph (1), if an insolvent participating  
24 aggregator is an insured depository institution or an  
25 affiliate of an insured depository institution, the Di-

1 rector shall recommend, in writing, to such partici-  
2 pating aggregator's appropriate Federal banking  
3 agency or State banking regulator to resolve such  
4 participating aggregator pursuant to section 11(c) of  
5 the Federal Deposit Insurance Act (12 U.S.C.  
6 1821(c)) and other appropriate sections of the Fed-  
7 eral Deposit Insurance Act (12 U.S.C. 1811 et seq.)  
8 or appropriate Federal or State law, as applicable.

9 (3) LEAST-COST RESOLUTION REQUIRED.—The  
10 Director may not exercise any authority under para-  
11 graph (1) with respect to any market participant or  
12 any participating aggregator that is not an insured  
13 depository institution or an affiliate of an insured  
14 depository institution, unless—

15 (A) the Director determines that the exer-  
16 cise of such authority is necessary to ensure  
17 proper and continued functioning of the sec-  
18 ondary mortgage market; and

19 (B) the total amount of the expenditures  
20 by the Director and obligations incurred by the  
21 Director in connection with the exercise of any  
22 such authority with respect to such market par-  
23 ticipant or participating aggregator is the least  
24 costly to the Fund, consistent with the least  
25 cost approach specified in the Federal Deposit

1 Insurance Act (12 U.S.C. 1811 et seq.), of all  
2 possible methods for meeting Ginnie Mae's obli-  
3 gations under this Act and expeditiously con-  
4 cluding its resolution activities.

5 (4) TAXPAYER PROTECTION.—The Director, in  
6 carrying out any authority provided in this sub-  
7 section, shall ensure that any amounts owed to the  
8 United States, unless the United States agrees or  
9 consents otherwise, shall have priority following ad-  
10 ministrative expenses of the receiver when satisfying  
11 unsecured claims against a market participant or  
12 participating aggregator, or the receiver therefor,  
13 that are proven to the satisfaction of the receiver.

14 **SEC. 104. REGULATORY CONSULTATION AND COORDINA-**  
15 **TION.**

16 (a) CONSULTATION PERMITTED.—The Director may,  
17 in carrying out any duty, responsibility, requirement, or  
18 action authorized under this Act, consult with the Federal  
19 regulatory agencies, any individual Federal regulatory  
20 agency, the Secretary of the Treasury, any State banking  
21 regulator, any State insurance regulator, and any other  
22 State agency, as the Director necessary and appropriate.

23 (b) COORDINATION REQUIRED.—The Director shall,  
24 as appropriate, in carrying out any duty, responsibility,  
25 requirement, or action authorized under this Act, coordi-

1   nate with the Federal regulatory agencies, any individual  
2   Federal regulatory agency, the Secretary of the Treasury,  
3   any State banking regulator, any State insurance regu-  
4   lator, any other State agency.

5       (c) AVOIDANCE OF DUPLICATION.—To the fullest ex-  
6   tent possible, the Director shall—

7           (1) avoid duplication of examination activities,  
8       reporting requirements, and requests for informa-  
9       tion;

10          (2) rely on examination reports made by other  
11       Federal or State regulatory agencies relating to an  
12       approved entity and its subsidiaries, if any; and

13          (3) ensure that market participants and partici-  
14       pating aggregators are not subject to conflicting su-  
15       pervisory demands by Ginnie Mae and other Federal  
16       regulatory agencies.

17       (d) PROTECTION OF PRIVILEGES.—

18           (1) IN GENERAL.—Pursuant to the authorities  
19       provided under subsections (a) and (b), to facilitate  
20       the consultative process and coordination, the Direc-  
21       tor may share information with the Federal regu-  
22       latory agencies, any individual Federal regulatory  
23       agency, the Secretary of the Treasury, any State  
24       bank supervisor, any State insurance regulator, any  
25       other State agency, or any foreign banking author-



1       ity, on a one-time, regular, or periodic basis, as de-  
2       termined by the Director, regarding the capital as-  
3       sets and liabilities, financial condition, risk manage-  
4       ment practices, or any other practice of any market  
5       participant or participating aggregator.

6           (2)     PRIVILEGE     PRESERVED.—Information  
7       shared by the Director pursuant to paragraph (1)  
8       shall not be construed as waiving, destroying, or oth-  
9       erwise affecting any privilege or confidential status  
10      that any market participant, participating  
11      aggregator, or any other person may claim with re-  
12      spect to such information under Federal or State  
13      law as to any person or entity other than such agen-  
14      cies, agency, supervisor, or authority.

15          (3)     RULE OF CONSTRUCTION.—No provision of  
16      this subsection may be construed as implying or es-  
17      tablishing that—

18                  (A) any person waives any privilege appli-  
19                  cable to information that is shared or trans-  
20                  ferred under any circumstance to which this  
21                  subsection does not apply; or

22                  (B) any person would waive any privilege  
23                  applicable to any information by submitting the  
24                  information directly to the Federal regulatory  
25                  agencies, any individual Federal regulatory

1           agency, any State bank supervisor, any State  
 2           insurance regulator, any other State agency, or  
 3           any foreign banking authority, but for this sub-  
 4           section.

5           (e) FEDERAL AGENCY AUTHORITY PRESERVED.—  
 6 Unless otherwise expressly provided by this section, no  
 7 provision of this section shall limit or be construed to  
 8 limit, in any way, the existing authority of any Federal  
 9 agency.

10          (f) FEDERAL REGULATORY AGENCY.—For purposes  
 11 of this section, the term “Federal regulatory agency”  
 12 means, individually, the Board of Governors of the Federal  
 13 Reserve System, the Office of the Comptroller of the Cur-  
 14 rency, the Federal Deposit Insurance Corporation, the Bu-  
 15 reau of Consumer Financial Protection, the National  
 16 Credit Union Administration, the Securities and Exchange  
 17 Commission, the Commodity Futures Trading Commis-  
 18 sion, and the Federal Housing Finance Agency.

## 19   **TITLE II—SECURITIZATION AND** 20                           **INSURANCE**

### 21   **SEC. 201. ISSUING PLATFORM.**

22          (a) ESTABLISHMENT.—

23               (1) IN GENERAL.—There is established within  
 24          Ginnie Mae an entity to be known as the Issuing  
 25          Platform (the “Platform”), which shall issue stand-

1       ardized mortgage-backed securities to increase ho-  
2       mogeneity in the eligible securities market.

3               (2) AUTHORITIES.—The Platform may—

4                       (A) make contracts, incur liabilities, and  
5       borrow money;

6                       (B) purchase, sell, receive, hold, and use  
7       real and personal property;

8                       (C) create, execute, and administer trusts;  
9       and

10                      (D) take such actions as the Platform de-  
11       termines are necessary or incidental to carry  
12       out the Platform’s duties under this Act.

13       (b) DELIVERY OF POOL TO THE PLATFORM.—A  
14       mortgage originator or aggregator that wishes to make use  
15       of the Platform and have Ginnie Mae insure the securities  
16       issued by the Platform shall deliver to the Platform a pool  
17       of eligible mortgage loans.

18       (c) SECURITIZATION.—The Platform shall, upon re-  
19       ceiving a pool of eligible mortgages—

20                      (1) create standardized mortgage-backed securi-  
21       ties collateralized by such mortgages; and

22                      (2) transfer the standardized mortgage-backed  
23       securities to the mortgage originator or aggregator  
24       from which the Platform received the pool of eligible

1 mortgages that are collateralizing the securities or  
2 the designee of such originator or aggregator.

3 (d) STANDARDIZED CRITERIA FOR SECURITIES.—In  
4 issuing securities under this section, the Platform shall es-  
5 tablish standardized criteria for such securities, includ-  
6 ing—

7 (1) uniform loan delivery, servicing, and pooling  
8 requirements;

9 (2) remittance requirements;

10 (3) underwriting guidelines and refinance pro-  
11 grams;

12 (4) the credit quality of the guarantee provided  
13 to each security;

14 (5) servicing standards and loan repurchase  
15 policies;

16 (6) disclosure policies;

17 (7) security terms and features; and

18 (8) standards for the appropriate minimum  
19 level of diversification for the mortgage loans that  
20 collateralize such securities, in order to reduce the  
21 credit risk such securities could pose to the Fund.

22 (e) SECURITIZATION FEE.—The Platform shall  
23 charge a fee for securitization services provided under this  
24 section. Such fee shall be set by the Director and shall

1 be in an amount sufficient to offset the costs to the Plat-  
2 form of carrying out this section.

3 (f) LOAN LIMITS; HOUSING PRICE INDEX.—

4 (1) ESTABLISHMENT.—Ginnie Mae shall estab-  
5 lish limitations governing the maximum original  
6 principal obligation of eligible mortgage loans that  
7 may collateralize a security issued under this Act.

8 (2) CALCULATION OF AMOUNT.—The limitation  
9 set forth under paragraph (1) shall be calculated  
10 with respect to the total original principal obligation  
11 of the eligible mortgage loan and not merely with re-  
12 spect to the amount insured by Ginnie Mae.

13 (3) MAXIMUM LIMITS.—

14 (A) IN GENERAL.—Except as provided in  
15 subparagraph (B), the maximum limitation  
16 amount under this paragraph shall not exceed  
17 \$417,000 for a mortgage loan secured by a 1-  
18 family residence, for a mortgage loan secured  
19 by a 2-family residence the limit shall equal 128  
20 percent of the limit for a mortgage loan secured  
21 by a 1-family residence, for a mortgage loan se-  
22 cured by a 3-family residence the limit shall  
23 equal 155 percent of the limit for a mortgage  
24 loan secured by a 1-family residence, and for a  
25 mortgage loan secured by a 4-family residence

1 the limit shall equal 192 percent of the limit for  
2 a mortgage loan secured by a 1-family resi-  
3 dence, except that such maximum limitations  
4 shall be adjusted effective January 1 of each  
5 year beginning after the effective date of this  
6 Act, subject to the limitations in this sub-  
7 section. Each adjustment shall be made by add-  
8 ing to each such amount (as it may have been  
9 previously adjusted) a percentage thereof equal  
10 to the percentage increase, during the most re-  
11 cent 12-month or 4-quarter period ending be-  
12 fore the time of determining such annual ad-  
13 justment, in the housing price index maintained  
14 by Ginnie Mae pursuant to paragraph (4). If  
15 the change in such house price index during the  
16 most recent 12-month or 4-quarter period end-  
17 ing before the time of determining such annual  
18 adjustment is a decrease, then no adjustment  
19 shall be made for the next year, and the next  
20 upward adjustment shall take into account  
21 prior declines in the house price index, so that  
22 any adjustment shall reflect the net change in  
23 the house price index since the last adjustment.  
24 Declines in the house price index shall be accu-

1           mulated and then reduce increases until subse-  
2           quent increases exceed prior declines.

3           (B) HIGH-COST AREA LIMITS.—The limita-  
4           tions set forth in subparagraph (A) may be in-  
5           creased by not more than 50 percent with re-  
6           spect to properties located in Alaska, Guam,  
7           Hawaii, and the Virgin Islands. Such foregoing  
8           limitations shall also be increased, with respect  
9           to properties of a particular size located in any  
10          area for which 115 percent of the median house  
11          price for such size residence exceeds the limita-  
12          tion for such size residence set forth under sub-  
13          paragraph (A), to the lesser of 150 percent of  
14          such limitation for such size residence or the  
15          amount that is equal to 115 percent of the me-  
16          dian house price in such area for such size resi-  
17          dence.

18       (4) HOUSING PRICE INDEX.—

19           (A) NATIONAL INDEX.—Ginnie Mae shall  
20          establish and maintain a method of assessing a  
21          national average single-family house price for  
22          use in calculating the loan limits for single-fam-  
23          ily mortgage loans under paragraph (3), and  
24          other averages as Ginnie Mae considers appro-  
25          priate, including—

1 (i) averages based on different geo-  
2 graphic regions; and

3 (ii) an average for houses whose mort-  
4 gage collateralized single-family covered se-  
5 curities.

6 (B) CONSIDERATIONS.—In establishing the  
7 method described under subparagraph (A),  
8 Ginnie Mae may take into consideration such  
9 data, including existing house price indexes,  
10 and other measures as Ginnie Mae considers  
11 appropriate.

12 (g) AUTHORITY FOR LOAN-LEVEL ENHANCE-  
13 MENT.—With respect to an eligible mortgage loan that is  
14 or will be contained in a pool of mortgages delivered to  
15 the Platform, the mortgage originator of such mortgage  
16 loan may enter into agreements with market participants  
17 to provide loan-level enhancement of such mortgage loan.

18 (h) CERTIFICATION.—Ginnie Mae shall, upon a de-  
19 termination that the Platform is able to efficiently carry  
20 out the issuance of standardized mortgage-backed securi-  
21 ties and that there exists a sufficient number of market  
22 participants to serve as insurers and reinsurers under sec-  
23 tion 202, certify to the Congress that such determination  
24 has been made.

25 (i) DUTY TO SERVE ALL MARKETS.—



1           (1) IN GENERAL.—In carrying out its respon-  
2           sibilities under this title, Ginnie Mae shall facilitate  
3           the broad availability of mortgage credit and sec-  
4           ondary mortgage market financing through fluctua-  
5           tions in the business cycle for single-family and mul-  
6           tifamily lending across all—

7                   (A) regions;

8                   (B) localities;

9                   (C) institutions;

10                  (D) property types, including housing serv-  
11                  ing renters; and

12                  (E) borrowers.

13           (2) REPORT TO CONGRESS.—Ginnie Mae shall  
14           issue a semiannual report to the Congress on—

15                   (A) how Ginnie Mae is carrying out the  
16                   duties required under paragraph (1); and

17                   (B) the extent to which the provisions of  
18                   this title and the programs carried out pursu-  
19                   ant to this title are benefitting underserved  
20                   communities.

21           (j) EXEMPTION FROM SEC LAWS AND REGULA-  
22           TIONS.—Standardized mortgage-backed securities issued  
23           by the Platform shall be exempt from the Federal securi-  
24           ties laws (as defined under section 3(a) of the Securities

1 Exchange Act of 1934) and all regulations issued pursu-  
2 ant to such laws.

3 **SEC. 202. INSURANCE.**

4 (a) IN GENERAL.—Ginnie Mae shall insure 100 per-  
5 cent of each security issued by the Platform, as provided  
6 in this section.

7 (b) PRIVATE REINSURANCE.—Ginnie Mae shall es-  
8 tablish one of the two programs described under para-  
9 graphs (1) and (2). In selecting which program to estab-  
10 lish, Ginnie Mae shall determine which program is the  
11 most efficient way to operate the insurance requirements  
12 under this Act by incorporating private sector pricing.

13 (1) REINSURANCE BID PROGRAM.—A Reinsur-  
14 ance Bid Program, which shall include the following:

15 (A) FORWARD CONTRACT FOR FIRST 5  
16 PERCENT LOSS.—Prior to any particular quar-  
17 ter (or such other time period determined by  
18 Ginnie Mae), Ginnie Mae shall enter into con-  
19 tracts with market participants to reinsure the  
20 first 5 percent of loss on all securities issued by  
21 the Platform in such quarter (or other time pe-  
22 riod).

23 (B) FORWARD CONTRACT FOR LAST 95  
24 PERCENT LOSS.—Prior to any particular quar-

1           ter (or such other time period determined by  
2           Ginnie Mae), Ginnie Mae shall sign—

3                   (i) contracts with market participants  
4                   to reinsure the last 95 percent of loss on  
5                   all securities issued by the Platform in  
6                   such quarter (or other time period); and

7                   (ii) a retrocession contract with each  
8                   such market participant under which  
9                   Ginnie Mae will agree to offer retrocession-  
10                  al reinsurance to reinsure up to 90 percent  
11                  of the 95 percent described under clause  
12                  (i) on a pari passu basis.

13           (2) GUARANTOR PROGRAM.—A Guarantor Pro-  
14           gram, which shall include the following:

15                   (A) FIRST LOSS REQUIREMENT.—The  
16                   mortgage originator or aggregator that wishes  
17                   to deliver a pool of eligible mortgage loans to  
18                   the Platform for securitization shall, prior to  
19                   delivering such pool, contract directly with a  
20                   market participant to insure the first 5 percent  
21                   of loss on all securities issued by the Platform  
22                   that are securitized by such pool of eligible  
23                   mortgage loans.

1 (B) COVERAGE FOR LAST 95 PERCENT  
2 LOSS.—For each security described under sub-  
3 paragraph (A) Ginnie Mae shall sign—

4 (i) contracts with market participants  
5 to reinsure the last 95 percent of loss on  
6 the security; and

7 (ii) a retrocession contract with each  
8 such market participant under which  
9 Ginnie Mae will agree to offer retrocession-  
10 al reinsurance to reinsure up to 90 percent  
11 of the 95 percent described under clause  
12 (i) on a pari passu basis.

13 (C) ABILITY TO SELECT MARKET PARTICI-  
14 PANTS.—

15 (i) IN GENERAL.—If Ginnie Mae de-  
16 termines that it would be an efficient way  
17 to operate the insurance requirements  
18 under this Act and would encourage the in-  
19 corporation of private sector pricing,  
20 Ginnie Mae may allow mortgage origina-  
21 tors and aggregators described under sub-  
22 paragraph (A) to select the market partici-  
23 pant described under subparagraph (B).

24 (ii) HANDLING OF PRE-SELECTED  
25 MARKET PARTICIPANTS.—If a market par-

1 participant is selected by a mortgage origi-  
2 nator or aggregator, as described under  
3 clause (i)—

4 (I) such market participants shall  
5 be required to meet the same stand-  
6 ards as a market participant selected  
7 by Ginnie Mae; and

8 (II) for purposes of determining  
9 the insurance fee described under sub-  
10 section (d), Ginnie Mae shall contract  
11 with a private sector insurer to esti-  
12 mate the risk that the market partici-  
13 pant may default.

14 (c) ADDITIONAL PROGRAM REQUIREMENTS.—

15 (1) COMPETITIVE BIDDING PROCESS.—Ginnie  
16 Mae shall use a competitive bidding process to deter-  
17 mine which market participants should be granted  
18 contracts under subsection (b)(1) and, except as pro-  
19 vided under subsection (b)(2)(C), under subsection  
20 (b)(2)(B).

21 (2) USE OF INSURANCE BROKER.—With respect  
22 to any market participant that Ginnie Mae selects  
23 under a risk sharing program, Ginnie Mae shall se-  
24 lect an insurance broker, through a competitive bid-  
25 ding process, that will solicit bids, on behalf of

1       Ginnie Mae, for the reinsurance contracts under  
2       such program.

3           (3) CEDING COMMISSION.—As part of a ret-  
4       rocession contract under subsection (b)(1)(B)(ii) or  
5       subsection (b)(2)(B)(ii), the market participants  
6       shall be paid a competitively determined ceding com-  
7       mission for the underwriting and administrative  
8       costs of providing such reinsurance.

9           (4) PHASE-IN.—Ginnie Mae may, if it deter-  
10      mines it appropriate—

11           (A) phase-in the 5 percent requirements  
12           under subsections (b)(1)(A) and (b)(2)(A), by  
13           originally requiring a lower percentage; and

14           (B) phase-in the 90 percent requirement  
15           under subsections (b)(1)(B)(ii) and  
16           (b)(2)(B)(ii), by originally requiring a higher  
17           percentage.

18      (d) INSURANCE FEE AND TERMS.—

19           (1) PRE-PRICING OF INSURANCE FEE.—Ginnie  
20      Mae shall set the insurance fee applicable to securi-  
21      ties issued by the Platform in advance on a quarter-  
22      by-quarter basis, through forward contracts estab-  
23      lished with market participants based on the volume  
24      and type of securities Ginnie Mae anticipates the  
25      Platform issuing during such quarter.

1           (2) COMPONENTS OF INSURANCE FEE.—

2           (A) IN GENERAL.—The insurance fee shall  
3           reflect the anticipated cost to Ginnie Mae of  
4           providing insurance, including the cost of ob-  
5           taining reinsurance under subsection (b).

6           (B) ADJUSTMENT FOR PERFORMANCE.—  
7           Ginnie Mae may adjust the fee computed under  
8           subparagraph (A) to reflect the historic quality  
9           of deliveries and rating of mortgage loans made  
10          by the mortgage originators or aggregators that  
11          originated or aggregated the mortgage loans in-  
12          cluded in the pool of eligible mortgage loans  
13          backing the security being insured, but in mak-  
14          ing such adjustments, Ginnie Mae shall ensure  
15          that the weighted average of the entire book of  
16          business matches the ultimate price determina-  
17          tion.

18          (3) RATE ADJUSTMENT PERIOD.—The rate  
19          charged by a private market participant that con-  
20          tracts with Ginnie Mae pursuant to subsection (b)—

21                 (A) may not change during the first 100-  
22                 day period for which such reinsurance is effec-  
23                 tive; and

1 (B) shall be adjusted based on market con-  
2 ditions, on a period to be determined by the Di-  
3 rector.

4 (e) STANDARDS FOR MARKET PARTICIPANTS.—

5 (1) IN GENERAL.—Ginnie Mae shall issue such  
6 general standards for market participants described  
7 under subsection (b) as Ginnie Mae determines ap-  
8 propriate.

9 (2) CREDIT RATING REQUIREMENTS.—

10 (A) IN GENERAL.—Notwithstanding any  
11 other provision of law, Ginnie Mae shall require  
12 a market participant described under subsection  
13 (b) to maintain at least an A— credit rating  
14 and shall consult with credit rating agencies  
15 and State insurance commissions, where appli-  
16 cable, to verify such rating.

17 (B) FLEXIBILITY FOR NEW COMPANIES.—  
18 Ginnie Mae may waive or modify the require-  
19 ment under subparagraph (A) with respect to a  
20 new market participant.

21 (3) CAPITAL STANDARDS FOR MARKET PARTICI-  
22 PANTS.—

23 (A) IN GENERAL.—For market partici-  
24 pants described under subsection (b), Ginnie  
25 Mae shall establish, by regulation, capital



standards and related solvency standards necessary to implement the provisions of this Act.

(B) DEFINITIONS.—

(i) IN GENERAL.—The regulations required under this paragraph shall define all such terms as are necessary to carry out the purposes of this paragraph.

(ii) CONSIDERATIONS IN DEFINING INSTRUMENTS AND CONTRACTS THAT QUALIFY AS CAPITAL.—In defining instruments and contracts that qualify as capital pursuant to subparagraph (A), Ginnie Mae—

(I) shall include such instruments and contracts that will absorb losses before the Fund; and

(II) may assign significance to those instruments and contracts based on the nature and risks of such instruments and contracts.

(iii) CONSIDERATIONS IN DEFINING CAPITAL RATIOS.—Solely for the purposes of calculating a capital ratio appropriate to the business model of a market participant

1           pursuant to subparagraph (A), Ginnie Mae  
2           shall consider for the denominator—

3                       (I) total assets;

4                       (II) total liabilities;

5                       (III) risk in force; or

6                       (IV) unpaid principal balance.

7           (C) DESIGNED TO ENSURE SAFETY AND  
8           SOUNDNESS.—The capital and related solvency  
9           standards established under this paragraph  
10          shall be designed to—

11                      (i) ensure the safety and soundness of  
12                      a market participant;

13                      (ii) minimize the risk of loss to the  
14                      Fund;

15                      (iii) in consultation and coordination  
16                      with the Board of Governors of the Fed-  
17                      eral Reserve System, the Federal Deposit  
18                      Insurance Corporation, and the Office of  
19                      the Comptroller of the Currency, reduce  
20                      the potential for regulatory arbitrage be-  
21                      tween capital standards for market partici-  
22                      pants and capital standards promulgated  
23                      by Federal regulatory agencies for insured  
24                      depository institutions and their affiliates;  
25                      and

1 (iv) be specifically tailored to accom-  
2 modate a diverse range of business models  
3 that may be employed by market partici-  
4 pants.

5 (D) SUPPLEMENTAL CAPITAL REQUIRE-  
6 MENTS.—

7 (i) IN GENERAL.—In order to prevent  
8 or mitigate risks to the secondary mort-  
9 gage market of the United States that  
10 could arise from the material financial dis-  
11 tress or failure, or ongoing activities, of  
12 large market participants that insure secu-  
13 rities under this Act, Ginnie Mae, by regu-  
14 lation—

15 (I) shall establish supplemental  
16 capital requirements for such large  
17 market participants; and

18 (II) may establish such other  
19 standards that Ginnie Mae determines  
20 necessary or appropriate.

21 (ii) LARGE MARKET PARTICIPANT DE-  
22 FINED.—For purposes of this subpara-  
23 graph, Ginnie Mae shall define the term  
24 “large market participant”.

1       (f) CONFLICT OF INTERESTS.—Ginnie Mae shall  
2 issue regulations to prevent conflicts of interest by market  
3 participants contracting with Ginnie Mae under this sec-  
4 tion.

5       (g) INSURANCE FUND.—

6           (1) ESTABLISHMENT.—There is established an  
7 insurance fund (the “Fund”), which Ginnie Mae  
8 shall—

9                   (A) maintain and administer; and

10                   (B) use to cover losses incurred under this  
11 section with respect to mortgage-backed securi-  
12 ties.

13       (2) FUND GOAL.—

14           (A) IN GENERAL.—Ginnie Mae shall en-  
15 deavor to ensure that the Fund attains a re-  
16 serve balance—

17                   (i) of 1.25 percent of the sum of the  
18 outstanding principal balance of the securi-  
19 ties for which insurance is being provided  
20 under this Act within 5 years of the date  
21 on which the Director determines that the  
22 Platform is fully functioning, and to strive  
23 to maintain such ratio thereafter, subject  
24 to clause (ii); and

1 (ii) of 2.50 percent of the sum of the  
2 outstanding principal balance of the securi-  
3 ties for which insurance is being provided  
4 under this Act within 10 years of the date  
5 on which the Director determines that the  
6 Platform is fully functioning, and to strive  
7 to maintain such ratio at all times there-  
8 after.

9 (B) ADJUSTMENT OF FEES.—Notwith-  
10 standing subsection (d), Ginnie Mae may raise  
11 or lower the fee charged for insurance under  
12 this section in order to maintain the reserve  
13 balance described under subparagraph (A).

14 (3) DEPOSITS.—The Fund shall be credited  
15 with any fees received by Ginnie Mae in exchange  
16 for insurance made available under this section.

17 (4) PROHIBITED INVESTMENTS.—Amounts in  
18 the Fund may not be invested in any—

19 (A) standardized mortgage-backed security  
20 insured under this Act; or

21 (B) mortgage-backed security issued by the  
22 enterprises.

23 (5) FULL FAITH AND CREDIT.—The full faith  
24 and credit of the United States is pledged to the  
25 payment of all amounts which may be required to be

1       paid under any insurance provided under this sec-  
2       tion.

3   **SEC. 203. AUTHORITY TO PROTECT TAXPAYERS IN UN-**  
4                   **USUAL AND EXIGENT MARKET CONDITIONS.**

5       (a) IN GENERAL.—If Ginnie Mae, upon the written  
6       agreement of the Chairman of the Board of Governors of  
7       the Federal Reserve System and the Secretary of the  
8       Treasury, and in consultation with the Secretary of Hous-  
9       ing and Urban Development, determines that unusual and  
10      exigent circumstances have created or threaten to create  
11      an anomalous lack of mortgage credit availability within  
12      the single-family housing market, multifamily housing  
13      market, or entire United States housing market that could  
14      materially and severely disrupt the functioning of the  
15      housing finance system of the United States, Ginnie Mae  
16      may, for a period of 6 months—

17           (1) modify or waive the reinsurance require-  
18      ments under section 202(b); and

19           (2) establish provisional standards for approved  
20      entities.

21      (b) CONSIDERATIONS.—In exercising the authority  
22      granted under subsection (a), Ginnie Mae shall consider  
23      the severity of the conditions present in the housing mar-  
24      kets and the risks presented to the Fund in exercising  
25      such authority.

1 (c) TERMS AND CONDITIONS.—Insurance provided  
2 under subsection (a) shall be subject to such additional  
3 or different limitations, restrictions, and regulations as  
4 Ginnie Mae may prescribe.

5 (d) BAILOUT STRICTLY PROHIBITED.—In exercising  
6 the authority granted under subsection (a), Ginnie Mae  
7 may not—

8 (1) provide aid to an approved entity or an af-  
9 filiate of the approved entity, if such approved entity  
10 is in bankruptcy or any other Federal or State insol-  
11 vency proceeding; or

12 (2) provide aid for the purpose of assisting a  
13 single and specific company avoid bankruptcy or any  
14 other Federal or State insolvency proceeding.

15 (e) NOTICE.—Not later than 7 days after authorizing  
16 insurance or establishing provisional standards under sub-  
17 section (a), Ginnie Mae shall submit to the Committee on  
18 Banking, Housing, and Urban Affairs of the Senate and  
19 the Committee on Financial Services of the House of Rep-  
20 resentatives a report that includes—

21 (1) the justification for the exercise of authority  
22 to provide such insurance or establish such provi-  
23 sional standards;

24 (2) evidence that unusual and exigent cir-  
25 cumstances have created or threatened to create an

1 anomalous lack of mortgage credit availability within  
2 the single-family housing market, multifamily hous-  
3 ing market, or entire United States housing market  
4 that could materially and severely disrupt the func-  
5 tioning of the housing finance system of the United  
6 States; and

7 (3) evidence that failure to exercise such au-  
8 thority would have undermined the safety and  
9 soundness of the housing finance system.

10 (f) ADDITIONAL EXERCISE OF AUTHORITY.—

11 (1) IN GENERAL.—Subject to the limitation  
12 under subsection (g), the authority granted to  
13 Ginnie Mae under subsection (a) may be exercised  
14 for 2 additional 9-month periods within any given 3-  
15 year period, provided that Ginnie Mae, upon the  
16 written agreement of the Chairman of the Board of  
17 Governors of the Federal Reserve System and the  
18 Secretary of the Treasury, and in consultation with  
19 the Secretary of Housing and Urban Development—

20 (A) determines—

21 (i) for a second exercise of authority  
22 under subsection (a), that a second exer-  
23 cise of authority under subsection (a) is  
24 necessary; or



1 (ii) for a third exercise of authority  
2 under subsection (a), by an affirmative  
3 vote of the Director of Ginnie Mae and an  
4 affirmative vote of  $\frac{2}{3}$  or more of the  
5 Board of Governors of the Federal Reserve  
6 System then serving, that a third exercise  
7 of authority under this section is nec-  
8 essary; and

9 (B) provides notice to Congress, as pro-  
10 vided under subsection (e).

11 (2) ORDER OF EXERCISE OF AUTHORITY.—Any  
12 additional exercise of authority under this subsection  
13 may occur consecutively or non-consecutively.

14 (g) LIMITATION.—The authority granted to Ginnie  
15 Mae under this section may not be exercised more than  
16 3 times in any given 3-year period, which 3-year period  
17 shall commence upon the initial exercise of authority  
18 under subsection (a).

19 (h) NORMALIZATION AND REDUCTION OF RISK.—  
20 Following any exercise of authority under this section,  
21 Ginnie Mae shall—

22 (1) establish a timeline for approved entities to  
23 meet the approval standards set forth in this Act;  
24 and

1           (2) in a manner and pursuant to a timeline  
2           that will minimize losses to the Fund, establish a  
3           program to either—

4                   (A) sell, in whole or in part, the first loss  
5                   position on securities described in this section  
6                   to private market holders; or

7                   (B) transfer for value to approved entities,  
8                   or work with approved entities to sell, in whole  
9                   or in part, the first lost position on securities  
10                  described in this section.

11          (i) AUTHORITY TO RESPOND TO SUSTAINED NA-  
12          TIONAL HOME PRICE DECLINE.—

13               (1) AUTHORITY.—In the event of a significant  
14               decline of national home prices, in at least 2 con-  
15               secutive calendar quarters, Ginnie Mae may for a  
16               period of 6 months permit the transfer of guarantees  
17               of eligible mortgage loans that secure securities  
18               issued under this Act if such eligible mortgage loans  
19               are refinanced, regardless of the value of the under-  
20               lying collateral securing such eligible mortgage  
21               loans.

22               (2) ADDITIONAL EXERCISE OF AUTHORITY.—  
23               The authority granted to Ginnie Mae under para-  
24               graph (1) may be exercised for additional 6-month  
25               periods.

1           (3) LIMITATION.—Ginnie Mae shall not provide  
2           insurance under this Act to any security issued  
3           under this Act that includes mortgage loans that do  
4           not meet the definition of an eligible mortgage loan,  
5           except for mortgage loans refinanced from eligible  
6           mortgage loans in securities issued under this Act.

7           (4) RULE OF CONSTRUCTION.—No provision in  
8           this section shall be construed as permitting Ginnie  
9           Mae to lower any other requirement related to the  
10          requirements set forth under the definition of an eli-  
11          gible mortgage loan.

12 **SEC. 204. SERVICING RIGHTS; REPRESENTATIONS AND**  
13 **WARRANTIES.**

14          (a) SERVICING RIGHTS.—The servicing rights for  
15          mortgage-backed securities issued by the Issuing Platform  
16          shall be controlled by—

17               (1) the reinsurance company reinsuring the  
18               first 5 percent loss position on such securities; or

19               (2) in the case of securities that do not have a  
20               reinsurance company reinsuring the first 5 percent  
21               loss position or with respect to which the such rein-  
22               surance company is insolvent, Ginnie Mae.

23          (b) ADVANCING OF PAYMENTS.—The party control-  
24          ling the servicing rights described under subsection (a)  
25          shall also control the advancing of payments.

1 (c) REPRESENTATIONS AND WARRANTIES.—

2 (1) COLLATERAL MANAGER.—With respect to  
3 each pool securitized by the Issuing Platform, there  
4 shall be a collateral manager who shall—

5 (A) oversee representations and warran-  
6 ties;

7 (B) act for the benefit of investors; and

8 (C) in the case of a mortgage loan that is  
9 in breach of the representations and warranties,  
10 facilitate the repurchase or replacement of such  
11 mortgage loan with a mortgage loan that is in  
12 compliance with representations and warranties.

13 (2) FIDUCIARY DUTIES WITH RESPECT TO PRI-  
14 VATE LABEL SECURITIES.—

15 (A) IN GENERAL.—All contracts for pri-  
16 vate label securities issued after the date of the  
17 enactment of this Act shall include the following  
18 provisions:

19 (i) The qualification, responsibilities,  
20 and duties of trustees, including require-  
21 ments set forth in the indenture or pooling  
22 and servicing agreement, or any applicable  
23 provisions of the Trust Indenture Act of  
24 1939 (15 U.S.C. 77aaa et seq.).

1 (ii) Trustees of private label securities  
2 shall have a fiduciary duty to protect the  
3 financial interests of investors of such se-  
4 curities.

5 (B) TRUSTEE'S FIDUCIARY DUTY DE-  
6 FINED.—For purposes of this paragraph, a  
7 trustee's fiduciary duty means that a trustee  
8 shall at all times oversee, monitor, and manage  
9 the trust that owns the mortgage loans securing  
10 the private label securities in the financial inter-  
11 ests of the trust and its investors, with the  
12 same degree of care and skill that a prudent  
13 person would exercise or use under the cir-  
14 cumstances in the conduct of such person's own  
15 affairs. In determining financial interests, the  
16 trustee's fiduciary duty shall consider all inves-  
17 tors in a securitization, rather than the inter-  
18 ests of any particular class of investors. A  
19 trustee that is deemed to be acting in accord-  
20 ance with its fiduciary duty to the trust shall  
21 not be liable to any investor, and shall not be  
22 subject to any injunction, stay, or other equi-  
23 table relief sought by such investor, based solely  
24 upon such actions.

1           (C) INCLUSION OF FIDUCIARY DUTY.—The  
2 governing documents of any private label secu-  
3 rities issued after the date of the enactment of  
4 this Act shall automatically be deemed to in-  
5 clude a trustee’s fiduciary duty. The trustee’s  
6 fiduciary duty may not be abrogated or altered  
7 by the parties to such documents and may not  
8 be amended by parties to contracts for private  
9 label securities.

10          (D) RULE OF CONSTRUCTION.—Nothing in  
11 this paragraph shall be construed to relieve any  
12 party of its duties to participants and bene-  
13 ficiaries of any employee benefit plan under the  
14 Employee Retirement Income Security Act (29  
15 U.S.C. 1101 et seq.).

16          (E) CONFLICTS WITH THE TRUST INDEN-  
17 TURE ACT OF 1939.—To the extent that the pro-  
18 visions of this paragraph conflict with any pro-  
19 vision of the Trust Indenture Act of 1939, the  
20 provisions of the Trust Indenture Act of 1939  
21 shall apply, but only to the extent of the con-  
22 flict.

23          (F) STUDY.—Not later than 3 years after  
24 the date of enactment of this Act, Ginnie Mae  
25 shall—

1 (i) conduct a study to evaluate—

2 (I) the structure of compensation  
3 for trustees of private label securities;

4 (II) any changes to such com-  
5 pensation attributable to the imposi-  
6 tion of the fiduciary duty required  
7 under this paragraph; and

8 (III) any effects of the imposition  
9 of such fiduciary duty on liquidity in  
10 the market for private label securities;

11 (ii) not later than 1 year after the  
12 commencement of the study required under  
13 clause (i), submit a report to Congress de-  
14 scribing any findings and conclusions of  
15 such study;

16 (iii) conduct a study to evaluate any  
17 effects of the imposition of the fiduciary  
18 duty required under this paragraph upon  
19 borrowers, including if the imposition of  
20 such fiduciary duty results in additional  
21 costs and expenses to borrowers; and

22 (iv) not later than 1 year after the  
23 commencement of the study required under  
24 clause (iii), submit a report to Congress

1 describing any findings and conclusions of  
2 such study.

3 (G) PRIVATE LABEL SECURITY DE-  
4 FINED.—For purposes of this paragraph, the  
5 term “private label security” means a mort-  
6 gage-backed security that is not issued by the  
7 Platform.

8 (d) MANDATORY ARBITRATION.—Disputes between  
9 parties to a security issued by the Issuing Platform shall  
10 be subject to mandatory arbitration.

11 **SEC. 205. FEDERAL HOME LOAN BANKS.**

12 (a) MEMBERSHIP OF LENDERS.—Section 4 of the  
13 Federal Home Loan Bank Act (12 U.S.C. 1424) is  
14 amended by adding at the end the following:

15 “(d) LENDERS.—

16 “(1) IN GENERAL.—Any lender that satisfies  
17 the requirements of subparagraphs (A) and (C) of  
18 subsection (a)(1) shall be eligible to become a mem-  
19 ber of a Federal Home Loan Bank.

20 “(2) STOCK REQUIREMENT.—Ginnie Mae shall  
21 issue regulations specifying that a separate class of  
22 stock shall be issued by Federal Home Loan Banks  
23 to lenders who become a member of a Federal Home  
24 Loan Bank pursuant to this subsection, and Ginnie



1 Mae shall determine the applicable restrictions and  
2 requirements for such stock.”.

3 (b) POOLING SERVICES FOR ELIGIBLE MORT-  
4 GAGES.—Section 11 of the Federal Home Loan Bank Act  
5 (12 U.S.C. 1431) is amended by adding at the end the  
6 following:

7 “(m) POOLING SERVICES FOR ELIGIBLE MORT-  
8 GAGES.—

9 “(1) POOLING SERVICES.—Each Federal Home  
10 Loan Bank shall provide pooling services to both  
11 members and non-members who wish to pool eligible  
12 mortgages for purposes of securitizing such mort-  
13 gages through the Issuing Platform established by  
14 title II of the Partnership to Strengthen Homeown-  
15 ership Act of 2014.

16 “(2) ELIGIBLE MORTGAGES DEFINED.—For  
17 purposes of this subsection, the term ‘eligible mort-  
18 gage’ has the meaning given that term under section  
19 2 of the Partnership to Strengthen Homeownership  
20 Act of 2014.”.

1           **TITLE III—WIND DOWN OF**  
2           **FANNIE MAE AND FREDDIE MAC**

3   **SEC. 301. LIMITATION ON BUSINESS.**

4           The Director of the Government National Mortgage  
5 Association shall provide that, after the certification  
6 date—

7                   (1) the enterprises may not issue, guarantee, or  
8           purchase any security backed by mortgages on 1- to  
9           4-family residences except as specifically authorized  
10          by this Act;

11                   (2) an enterprise may act as a participating  
12          aggregator of eligible mortgages for securitization  
13          pursuant to section 201 if such eligible mortgages  
14          are originated by originators whose volume of such  
15          business is insufficient to allow for such originators  
16          to aggregate and securitize such mortgages, until  
17          the earlier of—

18                   (A) such time as the Director determines  
19          that any other qualified entity or entities pro-  
20          vide sufficient market access to such originators  
21          under competitive rates and terms and requires  
22          the enterprises to cease such business; or

23                   (B) the commencement of the receivership  
24          under section 304(a); and

1           (3) an enterprise may act as a reinsurer for a  
2           mortgage-backed security in accordance with the re-  
3           quirements under section 202(b) until the com-  
4           mencement of the receivership under section 304(a).

5 **SEC. 302. RISK-SHARING PILOT PROGRAMS.**

6           Not later than the expiration of the 12-month period  
7           beginning on the date of the enactment of this Act, each  
8           enterprise shall establish a risk-sharing pilot program to  
9           develop private sector first-loss positions on mortgage-  
10          backed securities. Such first-loss positions shall be a per-  
11          centage of the principal or face value of a mortgage-  
12          backed security, as determined from time-to-time by the  
13          Director, taking into consideration market conditions and  
14          the capability of the private sector to assume credit risk.

15 **SEC. 303. CONTINUED CONSERVATORSHIP.**

16          (a) TIMING.—The conservatorships of the enterprises  
17          in effect upon the enactment of this Act shall continue  
18          in effect until the commencement of the receivership of  
19          the enterprises pursuant to subsection (d), subject to the  
20          transfer under section 102(a)(1)(B).

21          (b) ALIGNING PURPOSES OF CONSERVATORSHIP.—  
22          Notwithstanding section 1367(b)(2)(D) of the Federal  
23          Housing Enterprises Financial Safety and Soundness Act  
24          of 1992 (12 U.S.C. 4617(b)(2)(D)), after the date of the  
25          enactment of this Act, the Director shall, as conservator

1 of each enterprise, take such actions as are necessary to  
 2 manage the affairs, assets, and obligations of each enter-  
 3 prise, and to operate each enterprise, in compliance with  
 4 this section.

5 (c) RETURN OF ENTERPRISES TO PRIVATE MAR-  
 6 KET.—During the term of the conservatorships of the en-  
 7 terprises, the Director shall—

8 (1) carry out the conservatorship in a manner  
 9 that furthers achievement of the goals and terms of  
 10 the mandatory receiverships under subsection (d)(2);

11 (2) identify any assets of the enterprises nec-  
 12 essary for Ginnie Mae to carry out its functions and  
 13 responsibilities under sections 201, 202, and 401 of  
 14 this Act; and

15 (3) prepare for the transfer of the multifamily  
 16 housing finance business of the enterprises in ac-  
 17 cordance with section 401 of this Act.

18 **SEC. 304. MANDATORY RECEIVERSHIP.**

19 (a) COMMENCEMENT.—The Director shall, with re-  
 20 spect to each enterprise, immediately appoint the Ginnie  
 21 Mae as receiver under section 1367 of the Federal Hous-  
 22 ing Enterprises Financial Safety and Soundness Act of  
 23 1992 (12 U.S.C. 4617) upon the later of the following:

24 (1) 5-YEAR PERIOD.—The expiration of the 60-  
 25 month period beginning on the date of the enact-

1       ment of this Act, as the duration of such period may  
2       be adjusted pursuant to subsection (c).

3           (2) PLATFORM CERTIFIED AS FUNCTIONAL;  
4       COMPETITIVE ACCESS FOR SMALL LENDERS; FHLB  
5       CAPACITY.—The certification date has occurred and  
6       the Director has determined that—

7           (A) a competitive private housing finance  
8       market has been established;

9           (B) competitive and equitable access to the  
10      Platform for smaller mortgage lenders is avail-  
11      able;

12          (C) the pooling services offered by Federal  
13      Home Loan Banks pursuant to section 11(m)  
14      of the Federal Home Loan Bank Act are com-  
15      petitive with services made available by the en-  
16      terprises before the certification date;

17          (D) the Federal Home Loan Banks are ca-  
18      pable of meeting the cash window needs of cred-  
19      it unions, community and mid-sized depository  
20      institutions, and non-depository mortgage origi-  
21      nators with competitive rates and terms; and

22          (E) the Federal Home Loan Banks have  
23      created a “to be announced” market that is via-  
24      ble in all economic cycles.

1 (b) GOALS AND TERMS.—Ginnie Mae shall carry out  
2 the receivership referred to in subsection (a) for the enter-  
3 prise under the authority of such section 1367, subject  
4 to the following requirements:

5 (1) GOALS.—In carrying out the receivership of  
6 each enterprise, Ginnie Mae shall strive to achieve  
7 both of the following goals:

8 (A) RETURN TO TAXPAYERS.—Obtaining  
9 an adequate return of taxpayer investment in  
10 the enterprise, taking into consideration the  
11 total cost to the taxpayers, the value provided  
12 to the enterprise, and the risk and exposure to  
13 the Federal Government involved, together with  
14 interest on such investment at a rate deter-  
15 mined by the Director, in consultation with the  
16 Board of Governors of the Federal Reserve Sys-  
17 tem and the Secretary of the Treasury.

18 (B) COMPETITIVE PRIVATE HOUSING FI-  
19 NANCE MARKET.—Removing barriers to private  
20 sector competition in the housing finance mar-  
21 ket by providing for the transfer of the assets  
22 of the enterprise into the private sector to com-  
23 pete in a functioning housing finance market.

24 (2) FULL PRIVATIZATION.—Any entities emerg-  
25 ing from such receivership shall be fully private and

1 any obligations and securities of such entities shall  
2 not constitute a debt or obligation of the United  
3 States nor or any agency or instrumentality thereof.

4 (3) MULTIFAMILY HOUSING BUSINESS.—The  
5 receivership shall provide, notwithstanding any other  
6 provision of this Act, for the transfer of the multi-  
7 family housing mortgage guarantee business of the  
8 enterprises in accordance with section 401 of this  
9 Act.

10 (4) AVAILABILITY OF ASSETS.—The receiver-  
11 ship shall provide for—

12 (A) the identification of any assets of the  
13 enterprise that are not necessary for the oper-  
14 ation of the limited-life entities established pur-  
15 suant to paragraph (6); and

16 (B) making such assets available at auc-  
17 tion for acquisition by any private entities,  
18 which shall include the private entities estab-  
19 lished pursuant to paragraph (6)(C).

20 (5) RESTRUCTURING OF SPSPA.—The receiver-  
21 ship shall provide for the restructuring of the Senior  
22 Preferred Stock Purchase Agreements entered into  
23 between the Department of the Treasury and the en-  
24 terprise on September 26, 2008, as amended and re-  
25 stated thereafter, to—

1 (A) permit the redemption of senior pre-  
2 ferred shares of the Department of the Treas-  
3 ury;

4 (B) provide for the cancellation of the war-  
5 rants for the purchase of common stock of the  
6 enterprises issued to the Department of the  
7 Treasury; and

8 (C) provide for the appropriate level of  
9 compensation to the Federal Government for  
10 the financial support and commitment provided  
11 to the enterprise.

12 (6) WIND-DOWN; LIMITED-LIFE ENTERPRISES;  
13 RESTRUCTURING.—Under the receivership—

14 (A) the receiver shall organize a limited-life  
15 regulated entity for the enterprise in accordance  
16 with section 1367(i) of the Federal Housing  
17 Enterprises Financial Safety and Soundness  
18 Act of 1992 (12 U.S.C. 4617(i)), except that—

19 (i) any assets and liabilities of the en-  
20 terprise that the receiver determines are  
21 necessary to allow the limited-life regulated  
22 entity to operate independent from the res-  
23 olution of the enterprise shall be trans-  
24 ferred to the limited-life regulated entity;  
25 and



1                   (ii) in winding up the affairs of the  
2                   limited-life regulated entity, the remaining  
3                   assets of the limited-life regulated entity  
4                   shall be made available to the successor en-  
5                   tities established pursuant to subparagraph  
6                   (C) of this paragraph and to other private  
7                   guarantors engaged in providing insurance  
8                   for eligible mortgage-backed securities in  
9                   accordance with section 202;

10                  (B) the charter of the enterprise shall be  
11                  repealed pursuant to section 1367(k) of the  
12                  Federal Housing Enterprises Financial Safety  
13                  and Soundness Act of 1992 (12 U.S.C.  
14                  4617(k)), as amended by section 305; and

15                  (C) the receiver shall provide for reorga-  
16                  nization and chartering of the successor entity  
17                  to the limited life regulated entity for the enter-  
18                  prise as an entity established to operate as an  
19                  insurer under section 202(b)(2)(A) of this Act  
20                  or a participating aggregator of eligible mort-  
21                  gages for securitization pursuant to section 201  
22                  if such eligible mortgages are originated by  
23                  originators whose volume of such business is in-  
24                  sufficient to allow for such originators to aggre-  
25                  gate and securitize such mortgages.

1       (c) ADJUSTMENT OF TIMING.—Ginnie Mae may ad-  
 2 just the duration of the period referred to in subsection  
 3 (a)(1) by establishing requirements to be met by market  
 4 participants before such period may be considered to be  
 5 concluded. Such requirements may include requirements  
 6 regarding—

7           (1) ensuring that there is an adequate level of  
 8 private capital available for efficient financing of sin-  
 9 gle-family and multifamily housing mortgages  
 10 through—

11               (A) the market for initial public offerings;  
 12               and

13               (B) retained earnings of market partici-  
 14 pants; and

15           (2) ensuring that any anticompetitive liquidity  
 16 advantages in mortgage-backed securities are ade-  
 17 quately protected against.

18 **SEC. 305. REPEAL OF ENTERPRISE CHARTERS.**

19       Section 1367 of the Federal Housing Enterprises Fi-  
 20 nancial Safety and Soundness Act of 1992 (12 U.S.C.  
 21 4617) is amended by striking subsection (k) and inserting  
 22 the following new subsection:

23       “(k) REPEAL OF ENTERPRISE CHARTERS.—

24               “(1) FANNIE MAE.—Effective upon the certifi-  
 25 cation date (as such term is defined in section 2 of

1 the Partnership to Strengthen Homeownership Act  
2 of 2014), the charter of the Federal National Mort-  
3 gage Association is repealed and the Federal Na-  
4 tional Mortgage Association shall have no authority  
5 to conduct new business under such charter, except  
6 that the provisions of such charter in effect imme-  
7 diately before such repeal shall continue to apply  
8 with respect to the rights and obligations of any  
9 holders of—

10 “(A) outstanding debt obligations of the  
11 Federal National Mortgage Association, includ-  
12 ing any—

13 “(i) bonds, debentures, notes, or other  
14 similar instruments;

15 “(ii) capital lease obligations; or

16 “(iii) obligations in respect of letters  
17 of credit, bankers’ acceptances, or other  
18 similar instruments; or

19 “(B) mortgage-backed securities guaran-  
20 teed by the Federal National Mortgage Associa-  
21 tion that are not eligible mortgage-backed secu-  
22 rities insured by Ginnie Mae pursuant to sec-  
23 tion 202 of the Partnership to Strengthen  
24 Homeownership Act of 2014.

1           “(2) FREDDIE MAC.—Effective upon the certifi-  
2           cation date, the charter of the Federal Home Loan  
3           Mortgage Corporation is repealed and the Federal  
4           Home Loan Mortgage Corporation shall have no au-  
5           thority to conduct new business under such charter,  
6           except that the provisions of such charter in effect  
7           immediately before such repeal shall continue to  
8           apply with respect to the rights and obligations of  
9           any holders of—

10                   “(A) outstanding debt obligations of the  
11                   Federal Home Loan Mortgage Corporation, in-  
12                   cluding any—

13                           “(i) bonds, debentures, notes, or other  
14                           similar instruments;

15                           “(ii) capital lease obligations; or

16                           “(iii) obligations in respect of letters  
17                           of credit, bankers’ acceptances, or other  
18                           similar instruments; or

19                   “(B) mortgage-backed securities guaran-  
20                   teed by the Federal Home Loan Mortgage Cor-  
21                   poration that are not eligible mortgage-backed  
22                   securities insured by Ginnie Mae pursuant to  
23                   section 202 of the Partnership to Strengthen  
24                   Homeownership Act of 2014.

25           “(3) EXISTING GUARANTEE OBLIGATIONS.—

1           “(A) EXPLICIT GUARANTEE.—The full  
2           faith and credit of the United States is pledged  
3           to the payment of all amounts which may be re-  
4           quired to be paid under any obligation de-  
5           scribed in paragraph (1) or (2).

6           “(B) CONTINUED DIVIDEND PAYMENTS.—  
7           Notwithstanding any other provision of law,  
8           provision 2(a) (relating to Dividend Payment  
9           Dates and Dividend Periods) and provision 2(c)  
10          (relating to Dividend Rates and Dividend  
11          Amount) of the Senior Preferred Stock Pur-  
12          chase Agreement, or any provision of any cer-  
13          tificate in connection with such Agreement cre-  
14          ating or designating the terms, powers, pref-  
15          erences, privileges, limitations, or any other  
16          conditions of the Variable Liquidation Pref-  
17          erence Senior Preferred Stock of an enterprise  
18          issued pursuant to such Agreement—

19                 “(i) shall not be amended, restated, or  
20                 otherwise changed to reduce the rate or  
21                 amount of dividends in effect pursuant to  
22                 such Agreement as of the Third Amend-  
23                 ment to such Agreement dated August 17,  
24                 2012, except that any amendment to such

1 Agreement to facilitate the sale of assets of  
2 the enterprises shall be permitted; and

3 “(ii) shall remain in effect until the  
4 guarantee obligations described under  
5 paragraphs (1)(B) and (2)(B) of this sub-  
6 section are fully extinguished.

7 “(C) APPLICABILITY.—All guarantee fee  
8 amounts derived from the single-family mort-  
9 gage guarantee business of the enterprises in  
10 existence as of the certification date shall be  
11 subject to the Senior Preferred Stock Purchase  
12 Agreement.

13 “(D) SENIOR PREFERRED STOCK PUR-  
14 CHASE AGREEMENT.—For purposes of this  
15 paragraph, the term ‘Senior Preferred Stock  
16 Purchase Agreement’ means—

17 “(i) the Amended and Restated Senior  
18 Preferred Stock Purchase Agreement,  
19 dated September 26, 2008, as such Agree-  
20 ment has been amended on May 6, 2009,  
21 December 24, 2009, and August 17, 2012,  
22 respectively, and as such Agreement may  
23 be further amended and restated, entered  
24 into between the Department of the Treas-  
25 ury and each enterprise, as applicable; and

1           “(ii) any provision of any certificate in  
2           connection with such Agreement creating  
3           or designating the terms, powers, pref-  
4           erences, privileges, limitations, or any  
5           other conditions of the Variable Liquida-  
6           tion Preference Senior Preferred Stock of  
7           an enterprise issued or sold pursuant to  
8           such Agreement.

9           “(4) SWAP OPTION FOR NEW SECURITIES.—

10          Notwithstanding any other provision of this sub-  
11          section, Ginnie Mae shall provide that during the  
12          30-year period beginning upon the certification date,  
13          any securities described in paragraph (1)(B) or  
14          (2)(B) may be exchanged, at the request of the hold-  
15          er of such security, for securities insured under sec-  
16          tion 202 of the Partnership to Strengthen Home-  
17          ownership Act of 2014, and Ginnie Mae shall ensure  
18          fungibility between such securities exchanged. Ginnie  
19          Mae may establish such terms and conditions for  
20          such exchanges as Ginnie Mae considers appro-  
21          priate, except that Ginnie Mae shall provide that in  
22          such exchanges such securities described in para-  
23          graph (1)(B) or (2)(B) shall receive a risk weight of  
24          zero.”.

1 **SEC. 306. GINNIE MAE AUTHORITY REGARDING TIMING.**

2 (a) **AUTHORITY.**—The Director may extend any  
3 deadline referred to in section 301, 303(a), 304(a), or the  
4 provisions amended by section 305, as provided in such  
5 subsection (b) of this section, but only if the Director—

6 (1) makes a determination, after consultation  
7 with the Board of Governors of the Federal Reserve  
8 System, that such deadline is posing significant risk  
9 to the housing market; and

10 (2) causes notice of such determination to be  
11 published in the Federal Register.

12 (b) **EXTENSIONS.**—

13 (1) **FIRST EXTENSION.**—The first extension of  
14 any deadline pursuant to subsection (a) shall be for  
15 a period of an additional 2 years.

16 (2) **SECOND EXTENSION.**—If, after the expira-  
17 tion of a first extension of a deadline of 2 years, the  
18 Director makes a determination as provided in sub-  
19 section (a)(1), the Director may extend the deadline  
20 an additional 2 years.

21 (3) **ADDITIONAL EXTENSIONS.**—If, after the ex-  
22 piration of the second extension of a deadline of 2  
23 years, the Director makes a determination as pro-  
24 vided in subsection (a)(1), the Director may, upon  
25 the written agreement of the Chairman of the Board  
26 of Governors of the Federal Reserve System and the



1 Secretary of the Treasury, and in consultation with  
2 the Secretary of the Housing and Urban Develop-  
3 ment, extend the deadline an additional year, and  
4 annually thereafter utilizing the same process de-  
5 scribed in this paragraph until such time as the Di-  
6 rector makes a determination that such deadline  
7 does not pose a significant risk to the housing mar-  
8 ket.

9 (c) REPORTS.—If the Director extends any deadline  
10 period pursuant to the authority under subsection (a), the  
11 Director shall thereafter, until the expiration of the peri-  
12 ods referred to in paragraphs (1) and (2) of section  
13 1367(k) of the Federal Housing Enterprises Financial  
14 Safety and Soundness Act of 1992 (as such period may  
15 be extended pursuant to this section), submit a report to  
16 the Congress on a monthly basis regarding the transition  
17 of the enterprises pursuant to this section, the status of  
18 the business of the enterprises, and the market share of  
19 the enterprises.

## 20 **TITLE IV—MULTIFAMILY** 21 **HOUSING FINANCE**

### 22 **SEC. 401. ESTABLISHMENT OF MULTIFAMILY SUBSIDI-** 23 **ARIES.**

24 (a) FORMATION AND GOVERNANCE OF MULTIFAMILY  
25 SUBSIDIARIES.—

1           (1) FEDERAL NATIONAL MORTGAGE ASSOCIA-  
2       TION.—

3           (A) MULTIFAMILY SUBSIDIARY PLAN.—

4       The Director of Ginnie Mae, in consultation  
5       with the Secretary of the Treasury, shall direct  
6       the Federal National Mortgage Association to  
7       develop a plan, not later than 180 days after  
8       the date of enactment of this Act, to establish  
9       a multifamily subsidiary for purposes of expedi-  
10      tiously—

11           (i) providing sufficient multifamily fi-  
12           nancing in the primary, secondary, and  
13           tertiary geographical markets, including in  
14           rural markets and through a diversity of  
15           experienced multifamily lenders; and

16           (ii) establishing a competitive multi-  
17           family market for multifamily housing  
18           guarantors engaging in multifamily covered  
19           securities.

20           (B) ESTABLISHMENT OF MULTIFAMILY  
21       SUBSIDIARY.—The Director shall direct the  
22       Federal National Mortgage Association to es-  
23       tablish a multifamily subsidiary not later than  
24       1 year after the date of enactment of this Act.

1           (2) FEDERAL HOME LOAN MORTGAGE COR-  
2       PORATION.—

3           (A) MULTIFAMILY SUBSIDIARY PLAN.—

4       The Director, in consultation with the Secretary  
5       of the Treasury, shall direct the Federal Home  
6       Loan Mortgage Corporation to develop a plan,  
7       not later than 180 days after the date of enact-  
8       ment of this Act, to establish a multifamily sub-  
9       sidiary for purposes of expeditiously—

10           (i) providing sufficient multifamily fi-  
11           nancing in the primary, secondary, and  
12           tertiary geographical markets, including in  
13           rural markets and through a diversity of  
14           experienced multifamily lenders; and

15           (ii) establishing a competitive multi-  
16           family market for multifamily housing  
17           guarantors engaging in multifamily covered  
18           securities.

19           (B) ESTABLISHMENT OF MULTIFAMILY  
20       SUBSIDIARY.—The Director shall direct the  
21       Federal Home Loan Mortgage Corporation to  
22       establish a multifamily subsidiary not later than  
23       1 year after the date of enactment of this Act.

24       (b) TRANSFER OF FUNCTIONS.—

25           (1) FANNIE MAE MULTIFAMILY SUBSIDIARY.—

1 (A) IN GENERAL.—Notwithstanding the  
2 provisions under title III or any other provision  
3 of law, effective on the date on which the multi-  
4 family subsidiary is established under sub-  
5 section (a)(1)(B), all employees, functions, ac-  
6 tivities, infrastructure, property, including the  
7 Delegated Underwriting and Servicing Lender  
8 Program and other intellectual property, plat-  
9 forms, technology, or any other object or service  
10 of the Federal National Mortgage Association  
11 necessary to the support, maintenance, and op-  
12 eration of the multifamily business of the Fed-  
13 eral National Mortgage Association shall be  
14 transferred and contributed, without cost, to  
15 the multifamily subsidiary.

16 (B) CAPITAL CONTRIBUTION.—In connec-  
17 tion with the transfer required under subpara-  
18 graph (A), the Federal National Mortgage As-  
19 sociation shall contribute, in any form or man-  
20 ner the Director may determine, subject to the  
21 approval right of the Secretary of the Treasury  
22 in the Senior Preferred Stock Purchase Agree-  
23 ment, any capital necessary to ensure that the  
24 multifamily subsidiary established under sub-  
25 section (a)(1)(B) has, in the determination of

the Director, sufficient capital to carry out its multifamily business, including the ability to obtain warehouse lines of credit.

(C) ENSURING CONTINUATION OF ONGOING OPERATION OF MULTIFAMILY BUSINESS.—

(i) IN GENERAL.—In carrying out the multifamily business transferred pursuant to subparagraph (A), the multifamily subsidiary established under subsection (a)(1)(B) shall ensure that any such business continues to operate, as applicable, consistent with—

(I) the Delegated Underwriting and Servicing Lender Program established by the Federal National Mortgage Association;

(II) any other programs, activities, and contractual agreements of the enterprises that support the enterprises' provision of liquidity to the multifamily housing market; and

(III) the provisions of this title.

(2) FREDDIE MAC MULTIFAMILY SUBSIDIARY.—

(A) IN GENERAL.—Notwithstanding the provisions under title VI or any other provision

1 of law, effective on the date on which the multi-  
2 family subsidiary is established under sub-  
3 section (a)(2)(B), all employees, functions, ac-  
4 tivities, infrastructure, property, including the  
5 Capital Market Execution Program Series K  
6 Structured 2Pass-Through Certificates origi-  
7 nated and offered under the Program Plus  
8 Lender Program and other intellectual prop-  
9 erty, platforms, technology, or any other object  
10 or service of the Federal Home Loan Mortgage  
11 Corporation necessary to the support, mainte-  
12 nance, and operation of the multifamily busi-  
13 ness of the Federal Home Loan Mortgage Cor-  
14 poration shall be transferred and contributed,  
15 without cost, to the multifamily subsidiary.

16 (B) CAPITAL CONTRIBUTION.—In connec-  
17 tion with the transfer required under subpara-  
18 graph (A), the Federal Home Loan Mortgage  
19 Corporation shall contribute, in any form or  
20 manner the Director may determine, subject to  
21 the approval right of the Secretary of the  
22 Treasury in the Senior Preferred Stock Pur-  
23 chase Agreement, any capital necessary to en-  
24 sure that the multifamily subsidiary established  
25 under subsection (a)(2)(B) has, in the deter-

1 mination of the Director, sufficient capital to  
2 carry out its multifamily business, including the  
3 ability to obtain warehouse lines of credit.

4 (C) ENSURING CONTINUATION OF ONGO-  
5 ING OPERATION OF MULTIFAMILY BUSINESS.—

6 (i) IN GENERAL.—In carrying out the  
7 multifamily business transferred pursuant  
8 to subparagraph (A), the multifamily sub-  
9 sidiary established under subsection  
10 (a)(2)(B) shall ensure that any such busi-  
11 ness continues to operate, as applicable,  
12 consistent with—

13 (I) the Capital Market Execution  
14 Program Series K Structured 2Pass-  
15 Through Certificates originated and  
16 offered under the Program Plus  
17 Lender Program established by the  
18 Federal Home Loan Mortgage Cor-  
19 poration;

20 (II) any other programs, activi-  
21 ties, and contractual agreements of  
22 the enterprises that support the enter-  
23 prises' provision of liquidity to the  
24 multifamily housing market; and

25 (III) the provisions of this title.

1 (c) MULTIFAMILY SUBSIDIARIES.—

2 (1) IN GENERAL.—The multifamily subsidiaries  
3 established by the Federal National Mortgage Asso-  
4 ciation and the Federal Home Loan Mortgage Cor-  
5 poration under subsection (a) may retain a limited  
6 multifamily mortgage loan portfolio to—

7 (A) aggregate mortgage loans for pooled  
8 securities executions;

9 (B) implement pilot mortgage loan pro-  
10 grams and other risk-sharing transactions and  
11 product modification testing;

12 (C) engage in the financing of properties  
13 with rent-regulatory restrictions, off-campus  
14 student housing, and senior and assisted living  
15 developments; and

16 (D) perform additional activities as may be  
17 established by the Director for the purpose of  
18 facilitating the continuation of existing multi-  
19 family activities.

20 (2) PORTFOLIO REDUCTION APPLICABILITY.—

21 For purposes of expeditiously meeting the criteria  
22 under clauses (i) and (ii) of paragraphs (1)(A) and  
23 (2)(A) of subsection (a), the multifamily subsidiaries  
24 established under subsection (a) shall not be subject  
25 to any portfolio reduction required under title III.



1 **SEC. 402. DISPOSITION OF MULTIFAMILY BUSINESSES.**

2 (a) AUTHORITY TO MANAGE DISPOSITION OF MUL-  
3 TIFAMILY BUSINESSES.—Notwithstanding any provision  
4 of title III or any other provision of law, the Director may,  
5 on or before the certification date, manage the sale, trans-  
6 fer, or disposition for value of property, including intellec-  
7 tual property, technology, platforms, and legacy systems,  
8 infrastructure and processes of an enterprise relating to  
9 the operation and maintenance of the multifamily business  
10 of an enterprise.

11 (b) REQUIRED ESTABLISHMENT OF WELL-FUNC-  
12 TIONING MULTIFAMILY COVERED SECURITY MARKET.—  
13 In exercising the authority in subsection (a), the Director  
14 shall manage any disposition of the multifamily business  
15 of an enterprise in a manner consistent with—

16 (1) the establishment of a well-functioning mul-  
17 tifamily covered security market;

18 (2) the provision of broad access to multifamily  
19 financing; and

20 (3) facilitating competition in the multifamily  
21 covered security market by—

22 (A) providing open access to performance  
23 information on the legacy multifamily business  
24 of an enterprise;

1 (B) providing for reasonable licensing of  
2 the multifamily proprietary systems of an enter-  
3 prise; and

4 (C) setting market share limitations, fees,  
5 or additional capital standards on multifamily  
6 business assets that were sold, transferred, or  
7 disposed.

8 **SEC. 403. APPROVAL AND SUPERVISION OF MULTIFAMILY**  
9 **GUARANTORS.**

10 (a) IN GENERAL.—The Director shall develop, adopt,  
11 publish, and enforce standards for the approval by the Di-  
12 rector of multifamily guarantors to—

13 (1) issue securities collateralized by eligible  
14 multifamily mortgage loans; and

15 (2) guarantee the timely payment of principal  
16 and interest on such securities collateralized by eligi-  
17 ble multifamily mortgage loans and insured by  
18 Ginnie Mae.

19 (b) REQUIRED STANDARDS.—The standards required  
20 under paragraph (1) shall include standards sufficient to  
21 ensure that—

22 (1) each multifamily guarantor is well-capital-  
23 ized; and

24 (2) credit risk-sharing levels under any such  
25 guarantees are commensurate with such levels under

1 the Delegated Underwriting and Servicing Lender  
2 Program of the Federal National Mortgage Associa-  
3 tion and the Capital Market Execution Program Se-  
4 ries K Structured 2Pass-Through Certificates origi-  
5 nated and offered under the Program Plus Lender  
6 Program of the Federal Home Loan Mortgage Cor-  
7 poration.

8 (c) PRICING.—Ginnie Mae shall charge a guarantee  
9 fee for guarantees provided pursuant to this section and  
10 such fee shall be determined by Ginnie Mae—

11 (1) in the same manner and using the same  
12 procedures used pursuant to title II to determine  
13 guarantee fees for securities backed by single-family  
14 housing mortgages, with such changes as Ginnie  
15 Mae determines to be necessary to account for the  
16 differences between the single-family guarantee busi-  
17 ness and the multifamily guarantee business; and

18 (2) taking into account the differences between  
19 the guarantee fees structures of the Federal Na-  
20 tional Mortgage Association and the Federal Home  
21 Loan Mortgage Corporation.

22 (d) DISTINCTIONS.—The Director shall take into ac-  
23 count, in carrying out this section, in providing any  
24 issuing platform, and in establishing any requirements re-  
25 lating to the guarantee of securities collateralized by eligi-

1 ble multifamily mortgage loans, the particular nature and  
 2 characteristics of such securities and loans, as distin-  
 3 guished from eligible mortgages and securities guaranteed  
 4 pursuant to title II, and as may be necessary to accommo-  
 5 date the multifamily housing financing market.

6 **SEC. 404. OTHER FORMS OF MULTIFAMILY RISK-SHARING.**

7       The Director may establish such other methods and  
 8 manner of risk-sharing and risk transfer relating eligible  
 9 multifamily mortgage loans, in addition to the methods  
 10 and manners authorized under this title, as may be appro-  
 11 priate taking into consideration the particular nature and  
 12 characteristics of the multifamily housing finance market,  
 13 which may include any risk-sharing activities of the Fed-  
 14 eral National Mortgage Association and the Federal Home  
 15 Loan Mortgage Corporation relating to the multifamily  
 16 housing business.

17 **SEC. 405. GINNIE MAE SECURITIZATION OF FHA RISK-SHAR-**  
 18 **ING LOANS.**

19       (a) **QUALIFIED PARTICIPATING ENTITIES RISK-**  
 20 **SHARING PROGRAM.**—Paragraph (8) of section 542(b) of  
 21 the Housing and Community Development Act of 1992  
 22 (12 U.S.C. 1715z–22(b)(8)) is amended to read as follows:

23               “(8) **GINNIE MAE SECURITIZATION.**—

24               “(A) **PROHIBITION.**—The Government Na-  
 25               tional Mortgage Association shall not securitize

1           any multifamily loans insured or reinsured  
2           under this subsection, except as provided in  
3           subparagraph (B).

4           “(B) AUTHORITY.—The Government Na-  
5           tional Mortgage Association may, at the discre-  
6           tion of the Director of Ginnie Mae, securitize  
7           any multifamily loan, provided that—

8                   “(i) the Federal Housing Administra-  
9                   tion provides mortgage insurance based on  
10                  the unpaid principal balance of the loan, as  
11                  shall be described in the risk-sharing  
12                  agreement;

13                  “(ii) the Federal Housing Administra-  
14                  tion shall not require an assignment fee for  
15                  mortgage insurance claims related to the  
16                  securitized mortgages; and

17                  “(iii) any successors and assigns of  
18                  the risk-sharing partner (including the  
19                  holders of credit instruments issued under  
20                  a trust mortgage or deed of trust pursuant  
21                  to which such holders act by and through  
22                  a trustee therein named) shall not assume  
23                  any obligation under the risk-sharing  
24                  agreement and may assign any defaulted  
25                  loan to the Federal Housing Administra-

1                   tion in exchange for payment of the mort-  
2                   gage insurance claim.

3                   The risk-sharing agreement shall provide for re-  
4                   imbursement to Ginnie Mae by the risk-sharing  
5                   partner or partners for either all or a portion  
6                   of the losses incurred on the loans insured.”.

7           (b) AUTHORITY.—Paragraph (6) of section 542(c) of  
8 the Housing and Community Development Act of 1992  
9 (12 U.S.C. 1715z–22(c)) is amended to read as follows:

10           “(6) GINNIE MAE SECURITIZATION.—The Gov-  
11 ernment National Mortgage Association may, at the  
12 discretion of the Director of Ginnie Mae, securitize  
13 any multifamily loan insured under this subsection,  
14 provided that—

15           “(A) the Federal Housing Administration  
16 provides mortgage insurance based on the un-  
17 paid principal balance of the loan, as shall be  
18 described by regulation;

19           “(B) the Federal Housing Administration  
20 shall not require an assignment fee for mort-  
21 gage insurance claims related to the securitized  
22 mortgages; and

23           “(C) any successors and assigns of the  
24 risk-sharing partner (including the holders of  
25 credit instruments issued under a trust mort-

1           gage or deed of trust pursuant to which such  
2           holders act by and through a trustee therein  
3           named) shall not assume any obligation under  
4           the risk-sharing agreement and may assign any  
5           defaulted loan to the Federal Housing Adminis-  
6           tration in exchange for payment of the mort-  
7           gage insurance claim.

8           The risk-sharing agreement shall provide for reim-  
9           bursement to Ginnie Mae by the risk-sharing part-  
10          ner or partners for either all or a portion of the  
11          losses incurred on the loans insured.”.

12          (c) AMENDMENT TO GINNIE MAE CHARTER ACT.—  
13          Clause (ii) of the first sentence of section 306(g)(1) of  
14          the National Housing Act (12 U.S.C. 1721(g)(1)) is  
15          amended—

16               (1) by striking the semicolon and inserting a  
17               comma; and

18               (2) by inserting before the period at the end the  
19               following: “, or which are insured under subsection  
20               (b) or (c) of section 542 of the Housing and Com-  
21               munity Development Act of 1992 (12 U.S.C. 1715z–  
22               22), subject to the terms of paragraph (8) or (6), re-  
23               spectively, of such subsection”.

## **TITLE V—AFFORDABLE HOUSING**

### **3 SEC. 501. AFFORDABLE HOUSING ALLOCATIONS.**

4 (a) FEE AND ALLOCATION OF AMOUNTS.—In addi-  
5 tion to any fees for the provision of insurance established  
6 in accordance with title II, in each fiscal year the Platform  
7 shall—

8 (1) charge and collect a fee in an amount equal  
9 to 10 basis points for each dollar of the outstanding  
10 principal balance of—

11 (A) all eligible mortgage loans that  
12 collateralize securities insured under this Act;  
13 and

14 (B) all other mortgage loans that  
15 collateralize securities on which Ginnie Mae  
16 guarantees the timely payment of principal and  
17 interest pursuant to title III of the National  
18 Housing Act (12 U.S.C. 1716 et seq.); and

19 (2) allocate or otherwise transfer, on an annual  
20 basis—

21 (A) 75 percent of such fee amounts to the  
22 Secretary of Housing and Urban Development  
23 to fund the Housing Trust Fund established  
24 under section 1338 of the Safety and Sound-  
25 ness Act (12 U.S.C. 4568);



1                   (B) 15 percent of such fee amounts to the  
2                   Secretary of the Treasury to fund the Capital  
3                   Magnet Fund established under section 1339 of  
4                   the Safety and Soundness Act (12 U.S.C.  
5                   4569); and

6                   (C) 10 percent of such fee amounts to the  
7                   Ginnie Mae to fund the Market Access Fund  
8                   established under section 504 of this Act.

9           (b) CONTINUING OBLIGATION.—The fee required to  
10   be charged under subsection (a) shall be collected for the  
11   life of the security.

12          (c) SUSPENSION OF CONTRIBUTIONS.—The Director  
13   may temporarily suspend, for an initial period of one year,  
14   allocations under subsection (a)(2) upon the submission  
15   by the Director to the Committee on Banking, Housing,  
16   and Urban Affairs of the Senate and the Committee on  
17   Financial Services of the House of Representatives of a  
18   written determination by the Director that such alloca-  
19   tions are contributing, or would contribute, to the finan-  
20   cial instability of the insurance Fund established under  
21   section 202(g). The Director may continue such suspen-  
22   sion for additional periods, each up to one year in length,  
23   pursuant to the same submission and determination re-  
24   quirements.

1 (d) RULE OF CONSTRUCTION.—The cost of the fee  
2 required to be charged under subsection (a) shall not be  
3 borne by eligible borrowers.

4 **SEC. 502. HOUSING TRUST FUND.**

5 Section 1338 of the Safety and Soundness Act (12  
6 U.S.C. 4568) is amended—

7 (1) in subsection (a)(1)—

8 (A) in the first sentence, by inserting “or  
9 pursuant to section 501 of the Partnership to  
10 Strengthen Homeownership Act of 2014” after  
11 “section 1337”; and

12 (B) in the second sentence, by inserting  
13 “federally-recognized tribes and” after “grants  
14 to”;

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

17 “(b) [Reserved.]”;

18 (3) in subsection (c)—

19 (A) in paragraph (1), by striking “Except  
20 as provided in subsection (b), the” and insert-  
21 ing “The”;

22 (B) in paragraph (2)—

23 (i) by striking “(as such term is de-  
24 fined in section 4 of the Native American

1 Housing Assistance and Self-Determina-  
2 tion Act of 1997 (25 U.S.C. 4103))”; and

3 (ii) by adding at the end the fol-  
4 lowing: “An Indian tribe receiving grant  
5 amounts under this subsection may des-  
6 ignate a federally recognized tribe or a  
7 tribally designated housing entity to re-  
8 ceive such grant amounts. Nothing in this  
9 subsection shall limit or be construed to  
10 limit the ability of an Indian tribe or a  
11 tribally designated housing entity from  
12 being a permissible designated recipient of  
13 grant amounts provided by a State under  
14 this section.”;

15 (C) in paragraph (3)—

16 (i) in the heading, by inserting “IN-  
17 DIAN TRIBES AND” before “STATES”;

18 (ii) in subparagraph (A), by striking  
19 “The Secretary shall” and insert the fol-  
20 lowing:

21 “(i) MINIMUM TRIBAL DISTRIBUTIONS.—  
22

23 “(I) IN GENERAL.—The Sec-  
24 retary, acting through the Office of  
25 Native American Programs, shall dis-

1           tribute via competitive grants the  
2           amounts determined under subclause  
3           (II) and made available under this  
4           subsection to federally recognized  
5           tribes and tribally designated housing  
6           entities.

7                   “(II) AMOUNTS.—The total  
8           amount required to be distributed  
9           under this subclause for a fiscal year  
10          shall be the greater of \$20,000,000,  
11          or 2 percent of the total amount of  
12          amounts allocated for the Housing  
13          Trust Fund under this section.

14                   “(III) USE OF AMOUNTS.—Com-  
15          petitive grant amounts received by a  
16          federally recognized tribe or a tribally  
17          designated housing entity under this  
18          clause may be used, or committed to  
19          use, only for those activities that are  
20          identified as eligible affordable hous-  
21          ing activities under section 202 of the  
22          Native American Housing Assistance  
23          and Self-Determination Act of 1996  
24          (25 U.S.C. 4132).

1 “(IV) EVALUATION OF APPLICA-  
2 TIONS.—

3 “(aa) IN GENERAL.—In  
4 evaluating any application for the  
5 receipt of competitive grant  
6 amounts authorized under this  
7 clause, the Secretary, acting  
8 through the Office of Native  
9 American Programs, shall con-  
10 sider with respect to the federally  
11 recognized tribe applicant or trib-  
12 ally designated housing entity ap-  
13 plicant and to Indian reserva-  
14 tions and other Indian areas as-  
15 sociated with the federally recog-  
16 nized tribe applicant or served by  
17 the tribally designated housing  
18 entity applicant evaluation cri-  
19 teria, including the following:

20 “(AA) Level of poverty  
21 on the Indian reservation or  
22 in the Indian area.

23 “(BB) Level of unem-  
24 ployment on the Indian res-

1                   ervation or in the Indian  
2                   area.

3                   “(CC) Condition of  
4                   housing stock on the Indian  
5                   reservation or in the Indian  
6                   area.

7                   “(DD) Level of over-  
8                   crowded housing on the In-  
9                   dian reservation or in the  
10                  Indian area, as measured by  
11                  the number of households in  
12                  which the number of persons  
13                  per room is greater than  
14                  one.

15                  “(EE) Presence and  
16                  prevalence of black mold on  
17                  the Indian reservation or in  
18                  the Indian area.

19                  “(FF) Demonstrated  
20                  experience, capacity, and  
21                  ability of the applicant to  
22                  manage affordable housing  
23                  programs, including multi-  
24                  family rental housing pro-  
25                  grams, homeownership pro-

1           grams, and programs to as-  
2           sist purchasers with down  
3           payments, closing costs, or  
4           interest rate buy-downs.

5           “(GG) Demonstrated  
6           ability of the applicant to  
7           meet the requirements under  
8           the Native American Hous-  
9           ing Assistance and Self-De-  
10          termination Act of 1996 (25  
11          U.S.C. 4101 et seq.), includ-  
12          ing the timely and efficient  
13          expenditure of funds.

14          “(HH) Such other cri-  
15          teria as may be specified by  
16          the Secretary in order to  
17          evaluate the overall quality  
18          of the proposed project, the  
19          feasibility of the proposed  
20          project, and whether the  
21          proposed project will address  
22          the housing needs on the In-  
23          dian reservation or in the  
24          Indian area.

1                   “(bb) REVIEW OF DATA.—In  
2                   evaluating any application for the  
3                   receipt of competitive grant  
4                   amounts authorized under this  
5                   clause, the Secretary, acting  
6                   through the Office of Native  
7                   American Programs, shall permit  
8                   a federally recognized tribe appli-  
9                   cant or a tribally designated  
10                  housing entity applicant to sup-  
11                  plement or replace, in whole or in  
12                  part, any data compiled and pro-  
13                  duced by the Bureau of the Cen-  
14                  sus and upon which the Sec-  
15                  retary, acting through the Office  
16                  of Native American Program, re-  
17                  lies, provided such tribally-col-  
18                  lected data meets the Depart-  
19                  ment of Housing and Urban De-  
20                  velopment’s standards for accu-  
21                  racy.

22                  “(V) TREATMENT OF FUNDS.—  
23                  Notwithstanding any other provision  
24                  of law, competitive grant amounts re-  
25                  ceived under this clause shall not be



1 considered Federal funds for purposes  
2 of matching other Federal sources of  
3 funds.

4 “(VI) RULE OF CONSTRU-  
5 TION.—The requirements under  
6 clause (ii), subparagraphs (B) and (C)  
7 of this paragraph, and paragraphs (4)  
8 through (8) and paragraph (10)(A) of  
9 this subsection shall not apply to any  
10 amounts distributed under this clause  
11 to a federally recognized tribe or a  
12 tribally designated housing entity.

13 “(ii) STATE DISTRIBUTIONS.—From  
14 any amounts remaining in the Housing  
15 Trust Fund after the distribution of the  
16 amounts required under clause (i), the Sec-  
17 retary shall”;

18 (iii) in subparagraph (B), by striking  
19 “subparagraph (A)” and inserting “sub-  
20 paragraph (A)(ii)”;

21 (iv) in subparagraph (C), by striking  
22 “subparagraph (A)” and inserting “sub-  
23 paragraph (A)(ii)”;

24 (D) in paragraph (4)—

1 (i) in subparagraph (B), by striking  
2 “other than fiscal year 2009”; and

3 (ii) by striking subparagraph (C), and  
4 inserting the following:

5 “(C) MINIMUM STATE ALLOCATIONS.—

6 “(i) IN GENERAL.—Except as pro-  
7 vided in clause (ii), if the formula amount  
8 determined under paragraph (3) for a fis-  
9 cal year would allocate less than  
10 \$10,000,000 to any of the 50 States of the  
11 United States or the District of Columbia,  
12 the allocation for such State of the United  
13 States or the District of Columbia shall be  
14 the greater of \$10,000,000, or 1 percent of  
15 the total amount of amounts allocated for  
16 the Housing Trust Fund under this section  
17 and the increase in any such allocation  
18 shall be deducted pro rata from the alloca-  
19 tions made to all other of the States (as  
20 such term is defined in section 1303).

21 “(ii) EXCEPTION.—If the allocation to  
22 the Housing Trust Fund under section  
23 501(a)(2)(A) of the Partnership to  
24 Strengthen Homeownership Act of 2014  
25 for a fiscal year is less than

1           \$1,000,000,000, the minimum allocation to  
 2           any of the 50 States of the United States  
 3           or the District of Columbia shall be the  
 4           greater of \$5,000,000 or 1 percent of the  
 5           total amount of amounts allocated for the  
 6           Housing Trust Fund under this section  
 7           and the increase in any such allocation  
 8           shall be deducted pro rata from the alloca-  
 9           tions made to all other of the States (as  
 10          such term is defined in section 1303).”;

11          (E) in paragraph (7)(B)(iv), by striking  
 12          “section 132” and inserting “section 1132”;  
 13          and

14          (F) by adding at the end the following:

15          “(11) RULE OF CONSTRUCTION.—Nothing in  
 16          this subsection shall be construed to limit the ability  
 17          of a federally recognized tribe or a tribally des-  
 18          ignated housing entity from receiving grant amounts  
 19          provided by a State under this section.”; and

20          (4) in subsection (f), by adding at the end the  
 21          following:

22          “(7) TRIBAL TERMS.—

23                 “(A) IN GENERAL.—The terms ‘federally  
 24                 recognized tribe’, ‘Indian area’, ‘Indian tribe’,  
 25                 and ‘tribally designated housing entity’ have the

1 same meaning as in section 4 of the Native  
2 American Housing Assistance and Self-Deter-  
3 mination Act of 1996 (25 U.S.C. 4103).

4 “(B) INDIAN RESERVATION.—The term  
5 ‘Indian reservation’ means land subject to the  
6 jurisdiction of an Indian tribe.”.

7 **SEC. 503. CAPITAL MAGNET FUND.**

8 Section 1339 of the Safety and Soundness Act (12  
9 U.S.C. 4569) is amended—

10 (1) in subsection (b)(1), by inserting “or sec-  
11 tion 501 of the Partnership to Strengthen Home-  
12 ownership Act of 2014” after “section 1337”;

13 (2) in subsection (c)(2), by inserting “and trib-  
14 al” after “rural”; and

15 (3) in subsection (h)(2)(A), by inserting “and  
16 tribal” after “rural”.

17 “(7) TRIBAL TERMS.—

18 “(A) IN GENERAL.—The terms ‘federally  
19 recognized tribe’, ‘Indian area’, ‘Indian tribe’,  
20 and ‘tribally designated housing entity’ have the  
21 same meaning as in section 4 of the Native  
22 American Housing Assistance and Self-Deter-  
23 mination Act of 1996 (25 U.S.C. 4103).

1                   “(B) INDIAN RESERVATION.—The term  
2                   ‘Indian reservation’ means land subject to the  
3                   jurisdiction of an Indian tribe.”.

4   **SEC. 504. MARKET ACCESS FUND.**

5           (a) ESTABLISHMENT.—Ginnie Mae shall establish a  
6 fund, to be known as the “Market Access Fund”.

7           (b) DEPOSITS.—The Market Access Fund shall be  
8 credited with—

9                   (1) the share of the fee charged and collected  
10                  by the Platform under section 501(a)(1)(B)(iii); and

11                   (2) such other amounts as may be appropriated  
12                  or transferred to the Market Access Fund.

13           (c) PURPOSE.—Amounts in the Market Access Fund  
14 shall be eligible for use by grantees to address the home-  
15 ownership and rental housing needs of extremely low-,  
16 very low-, low-, and moderate-income and underserved or  
17 hard-to-serve populations by—

18                   (1) providing grants and loans for research, de-  
19                  velopment, and pilot testing of innovations in con-  
20                  sumer education, product design, underwriting, and  
21                  servicing;

22                   (2) offering additional credit support for certain  
23                  eligible mortgage loans or pools of eligible mortgage  
24                  loans, such as by covering a portion of any capital  
25                  required to obtain insurance from the Ginnie Mae

1 under this Act, provided that amounts for such addi-  
2 tional credit support do not replace borrower funds  
3 required of an eligible mortgage loan;

4 (3) providing grants and loans, including  
5 through the use of pilot programs of sufficient scale,  
6 to support the research and development of sustain-  
7 able homeownership and affordable rental programs,  
8 which programs shall include manufactured homes  
9 purchased through real estate and personal property  
10 loans and manufactured homes used as rental hous-  
11 ing, provided that such grant or loan amounts are  
12 used only for the benefit of families whose income  
13 does not exceed 120 percent of the median income  
14 for the area as determined by Ginnie Mae, with ad-  
15 justments for family size;

16 (4) providing limited credit enhancement, and  
17 other forms of credit support, for product and serv-  
18 ices that—

19 (A) will increase the rate of sustainable  
20 homeownership and affordable rental housing,  
21 including manufactured homes purchased  
22 through real estate and personal property loans  
23 and manufactured homes used as rental hous-  
24 ing, by individuals or families whose income  
25 does not exceed 120 percent of the area median

1 income as determined by Ginnie Mae, with ad-  
2 justments for family size; and

3 (B) might not otherwise be offered or sup-  
4 ported by a pilot program of sufficient scale to  
5 determine the viability of such products and  
6 services in the private market;

7 (5) providing housing counseling by a HUD-ap-  
8 proved housing counseling agency; and

9 (6) providing incentives to achieve broader ac-  
10 cess to credit.

11 (d) ANNUAL REPORT.—The Director of Ginnie Mae  
12 shall, on an annual basis, report to Congress on the per-  
13 formance and outcome of grants, loans, or credit support  
14 programs funded by the Market Access Fund in accord-  
15 ance with subsection (c), including an evaluation of how  
16 each grant, loan, or credit support program—

17 (1) succeeded in meeting or failed to meet the  
18 needs of certain populations, especially extremely  
19 low-, very low-, low-, and moderate-income and un-  
20 derserved or hard-to-serve populations; and

21 (2) succeeded in maximizing or failed to maxi-  
22 mize the leverage of public investment made for each  
23 such grant, loan, or credit support program.

## **TITLE VI—GENERAL PROVISIONS**

### **SEC. 601. RULE OF CONSTRUCTION REGARDING SENIOR PREFERRED STOCK PURCHASE AGREEMENTS.**

Nothing in this Act shall be construed to alter, supersede, or interfere with the final ruling of a court of competent jurisdiction with respect to any provision of the Senior Preferred Stock Purchase Agreement or amendments thereof of an enterprise.

### **SEC. 602. TREATMENT OF COMMUNITY DEVELOPMENT FINANCIAL INSTITUTION.**

(a) AMENDMENT.—Section 10(a) of the Federal Home Loan Bank Act (12 U.S.C. 1430(a)) is amended—

(1) in paragraph (2)(B), by inserting “or community development financial institution (as defined in section 103 of the Riegle Community Development and Regulatory Improvement Act of 1994 (12 U.S.C. 4702))” after “community financial institution”; and

(2) in paragraph (3)(E), by inserting “or community development financial institution (as defined in section 103 of the Riegle Community Development and Regulatory Improvement Act of 1994 (12



1 U.S.C. 4702))” after “community financial institu-  
2 tion”.

3 (b) EFFECTIVE DATE.—The amendment made by  
4 subsection (a) shall take effect on the certification date.

○