

Calendar No. 579

113TH CONGRESS
2D SESSION**S. 1217**

To provide secondary mortgage market reform, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JUNE 25, 2013

Mr. CORKER (for himself, Mr. WARNER, Mr. JOHANNES, Mr. TESTER, Mr. HELLER, Ms. HEITKAMP, Mr. MORAN, Mrs. HAGAN, Mr. KIRK, Mr. MANCHIN, Mr. CHAMBLISS, and Mr. BEGICH) introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

SEPTEMBER 18, 2014

Reported by Mr. JOHNSON of South Dakota, with an amendment

[Strike out all after the enacting clause and insert the part printed in italic]

A BILL

To provide secondary mortgage market reform, 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 “Housing Finance Reform and Taxpayer Protection Act
6 of 2013”.

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

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

TITLE I—FEDERAL MORTGAGE INSURANCE CORPORATION

Sec. 101. Establishment.
 Sec. 102. Director.
 Sec. 103. Board of Directors.
 Sec. 104. Office of the Inspector General.
 Sec. 105. Staff, experts, and consultants.
 Sec. 106. Reports; testimony; audits.
 Sec. 107. Initial funding.

TITLE II—DUTIES, RESPONSIBILITIES, AND STRUCTURE OF THE FMIC

Subtitle A—Duties and Authorities

Sec. 201. Duties and responsibilities of the FMIC.
 Sec. 202. Standard form credit risk-sharing mechanisms; products; structures;
 contracts; or other security agreements.
 Sec. 203. Mortgage Insurance Fund.
 Sec. 204. Insurance.
 Sec. 205. Authority to protect taxpayers in unusual and exigent market condi-
 tions.
 Sec. 206. General powers.
 Sec. 207. Exemptions.

Subtitle B—Oversight of Market Participants

Sec. 211. Approval of private mortgage insurers.
 Sec. 212. Approval of servicers.
 Sec. 213. Approval of issuers.
 Sec. 214. Approval of bond guarantors.
 Sec. 215. Authority to establish FMIC Mutual Securitization Company.
 Sec. 216. Additional authority relating to oversight of market participants.
 Sec. 217. Civil money penalties.
 Sec. 218. Protection of privilege and other matters relating to disclosures by
 market participants.

Subtitle C—Transparency in Market Operations

Sec. 221. Review of loan documents; disclosures.
 Sec. 222. Investor immunity.
 Sec. 223. Uniform securitization agreements.
 Sec. 224. Uniform mortgage database.
 Sec. 225. Electronic registration of eligible mortgages.

Subtitle D—FMIC Structure

Sec. 231. Office of Underwriting.
 Sec. 232. Office of Securitization.
 Sec. 233. Office of Federal Home Loan Bank Supervision.

TITLE III—TRANSFER OF POWERS, PERSONNEL, AND PROPERTY
TO FMIC FROM FHFA

- Sec. 301. Powers and duties transferred.
- Sec. 302. Transfer and rights of employees of the FHFA.
- Sec. 303. Abolishment of FHFA.
- Sec. 304. Transfer of property and facilities.
- Sec. 305. Technical and conforming amendments.

TITLE IV—IMPROVING TRANSPARENCY, ACCOUNTABILITY, AND
EFFICACY WITHIN AFFORDABLE HOUSING

- Sec. 401. Affordable housing allocations.
- Sec. 402. Housing Trust Fund.
- Sec. 403. Capital Magnet Fund.
- Sec. 404. Additional taxpayer protections.

TITLE V—WIND DOWN OF FANNIE MAE AND FREDDIE MAC

- Sec. 501. Repeal of GSE charters.
- Sec. 502. Wind down.
- Sec. 503. Aligning purpose of conservatorship with FMIC.
- Sec. 504. Conforming loan limits.
- Sec. 505. Portfolio reduction.
- Sec. 506. Repeal of mandatory housing goals.

TITLE VI—IMPROVEMENTS TO FUNCTIONING OF HOUSING
MARKET

- Sec. 601. Continuation of multifamily business of the enterprises.
- Sec. 602. Multiple lender issues.
- Sec. 603. GAO report on full privatization of secondary mortgage market.

TITLE VII—GENERAL PROVISIONS

- Sec. 701. Authority to issue regulations.
- Sec. 702. Fair value accounting.
- Sec. 703. Rule of construction.
- Sec. 704. Severability.

1 SEC. 2. DEFINITIONS.

2 As used in this Act, the following definitions shall
3 apply:

4 (1) ~~APPROVED BOND GUARANTOR.~~—The term
5 “approved bond guarantor” means any entity that
6 provides credit enhancement that is approved by the
7 Corporation pursuant to section 214 to guarantee
8 the timely payment of principal and interest on secu-

1 rities collateralized by eligible mortgages and insured
2 by the Corporation.

3 ~~(2) APPROVED ISSUER.—~~The term “approved
4 issuer” means an issuer that is approved by the Cor-
5 poration pursuant to section 213—

6 ~~(A)~~ to issue covered securities; and

7 ~~(B)~~ to purchase insurance offered by the
8 Corporation pursuant to title II on a covered
9 security for which first loss credit enhancement
10 has been secured.

11 ~~(3) APPROVED PRIVATE MORTGAGE INSURER.—~~
12 The term “approved private mortgage insurer”
13 means an insurer that is approved by the Corpora-
14 tion pursuant to section 211 to provide private mort-
15 gage insurance on eligible mortgages.

16 ~~(4) APPROVED SERVICER.—~~The term “ap-
17 proved servicer” means a servicer that is approved
18 by the Corporation pursuant to section 212 to ad-
19 minister eligible mortgages.

20 ~~(5) AREA.—~~The term “area”—

21 ~~(A)~~ means a metropolitan statistical area
22 as established by the Office of Management and
23 Budget; and

24 ~~(B)~~ for purposes of paragraph (11)(A)(ii),
25 the median 1-family house price for an area

1 shall be equal to the median 1-family house
 2 price of the county within the area that has the
 3 highest such median price.

4 ~~(6) BOARD; BOARD OF DIRECTORS.—~~The terms
 5 “Board” and “Board of Directors” mean the Board
 6 of Directors of the Federal Mortgage Insurance Cor-
 7 poration.

8 ~~(7) CHARTER.—~~The term “charter” means—

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

13 ~~(B) with respect to the Federal Home~~
 14 ~~Loan Mortgage Corporation; the Federal Home~~
 15 ~~Loan Mortgage Corporation Act (12 U.S.C.~~
 16 ~~1451 et seq.).~~

17 ~~(8) CORPORATION.—~~The term “Corporation”
 18 means the Federal Mortgage Insurance Corporation
 19 established under title I.

20 ~~(9) COVERED SECURITY.—~~The term “covered
 21 security” means a mortgage-backed security—

22 ~~(A) collateralized by eligible mortgages;~~

23 ~~(B) which is issued subject to a standard~~
 24 ~~form credit-risk sharing mechanism; product;~~
 25 ~~structure; contract; or other securitization~~

1 agreement developed by the Corporation pursu-
 2 ant to title II; and

3 ~~(C) which is eligible for insurance by the~~
 4 ~~Corporation pursuant to title II, which insur-~~
 5 ~~ance is purchased by an approved issuer who~~
 6 ~~issues covered securities.~~

7 ~~(10) DIRECTOR.—The term “Director” means~~
 8 ~~the Director of the Federal Mortgage Insurance Cor-~~
 9 ~~poration, unless the context otherwise requires.~~

10 ~~(11) ELIGIBLE MORTGAGE.—The term “eligible~~
 11 ~~mortgage” means a mortgage—~~

12 ~~(A) that is a residential real estate loan se-~~
 13 ~~cured by a property with 1 to 4 single family~~
 14 ~~units that has been originated in compliance~~
 15 ~~with the provisions of section 1026 of title 12~~
 16 ~~of the Code of Federal Regulations, as promul-~~
 17 ~~gated by the Bureau of Consumer Financial~~
 18 ~~Protection pursuant to section 129C(b) of the~~
 19 ~~Truth in Lending Act (15 U.S.C. 1639c(b))~~
 20 ~~(commonly referred to as the “Ability-to-Repay~~
 21 ~~and Qualified Mortgage Rule”);~~

22 ~~(B) has a maximum original principal obli-~~
 23 ~~gation amount that does not exceed the con-~~
 24 ~~forming loan limitation determined under sec-~~
 25 ~~tion 504;~~

(C) the outstanding principal balance of which at the time of purchase of insurance available under title II—

(i) is less than 80 percent of the value of the property securing the mortgage;

(ii) is not less than 80 percent but not more than 85 percent of the value of the property securing the mortgage, provided that not less than 12 percent of the unpaid principal balance of the mortgage, accounting for any downpayment required under subparagraph (D), is insured by—

(I) an approved private mortgage insurer; or

(II) lender recourse or other credit enhancement that—

(aa) meets standards comparable to the standards required of private mortgage insurers under section 211; and

(bb) is approved by the Corporation;

(iii) is not less than 85 percent but not more than 90 percent of the value of the property securing the mortgage, pro-

vided that not less than 25 percent of the
unpaid principal balance of the mortgage,
accounting for any downpayment required
under subparagraph (D), is insured by—

(I) an approved private mortgage
insurer; or

(II) lender recourse or other
credit enhancement that—

(aa) meets standards com-
parable to the standards required
of private mortgage insurers
under section 211; and

(bb) is approved by the Cor-
poration; or

(iv) is not less than 90 percent but
not more than 95 percent of the value of
the property securing the mortgage, pro-
vided that not less than 30 percent of the
unpaid principal balance of the mortgage,
accounting for any downpayment required
under subparagraph (D), is insured by—

(I) an approved private mortgage
insurer; or

(II) lender recourse or other
credit enhancement that—

1 (aa) meets standards com-
2 parable to the standards required
3 of private mortgage insurers
4 under section 211; and

5 (bb) is approved by the Cor-
6 poration;

7 (D) having a downpayment which shall be
8 equal to not less than 5 percent of purchase
9 price of the property securing the mortgage;

10 (E) that is insured by an approved State
11 licensed title insurance company;

12 (F) that contains such terms and provi-
13 sions with respect to insurance, property main-
14 tenance, repairs, alterations, payment of taxes,
15 default, reserves, delinquency charges, fore-
16 closure proceedings, anticipation of maturity,
17 additional and secondary liens, and other mat-
18 ters, including matters that set forth terms and
19 provisions for establishing escrow accounts, per-
20 forming financial assessments, or limiting the
21 amount of any payment made available under
22 the mortgage as the Corporation may prescribe;
23 and

24 (G) that contains such other terms or
25 characteristics as the Corporation, in consulta-

1 tion with the Bureau of Consumer Financial
2 Protection, may determine necessary or appro-
3 priate.

4 ~~(12)~~ ENTERPRISE.—The term “enterprise”
5 means—

6 (A) the Federal National Mortgage Asso-
7 ciation and any affiliate thereof; and

8 (B) the Federal Home Loan Mortgage
9 Corporation and any affiliate thereof.

10 ~~(13)~~ FEDERAL BANKING AGENCIES.—The
11 term—

12 (A) “Federal banking agency” means, indi-
13 vidually, the Board of Governors of the Federal
14 Reserve System, the Office of the Comptroller
15 of the Currency, the Federal Deposit Insurance
16 Corporation, the Bureau of Consumer Financial
17 Protection, the National Credit Union Adminis-
18 tration, the Securities and Exchange Commis-
19 sion, the Commodities Futures Trading Com-
20 mission, the Federal Housing Finance Agency,
21 and the Secretary of the Treasury; and

22 (B) “Federal banking agencies” means all
23 of the agencies referred to in subparagraph (A),
24 collectively.

1 ~~(14) FEDERAL HOME LOAN BANK.—~~The term
2 ~~“Federal Home Loan Bank”~~ means a bank estab-
3 ~~lished under the authority of the Federal Home~~
4 ~~Loan Bank Act (12 U.S.C. 1421 et seq.).~~

5 ~~(15) FEDERAL HOME LOAN BANK SYSTEM.—~~
6 ~~The term “Federal Home Loan Bank System”~~
7 ~~means the Federal Home Loan Banks and the Of-~~
8 ~~fice of Finance and any authorized subsidiary of one~~
9 ~~or more Federal Home Loan Banks.~~

10 ~~(16) FMIC CERTIFICATION DATE.—~~The term
11 ~~“FMIC certification date”~~ means the date on which
12 ~~the Board of Directors certifies that the Corporation~~
13 ~~is operational and able to perform the insurance~~
14 ~~functions for covered securities as provided in this~~
15 ~~Act, which date shall be not later than 5 years after~~
16 ~~the date of enactment of this Act.~~

17 ~~(17) INSURED DEPOSITORY INSTITUTION.—~~The
18 ~~term “insured depository institution”~~ means—

19 ~~(A) an insured depository institution, as~~
20 ~~defined under section 3 of the Federal Deposit~~
21 ~~Insurance Act (12 U.S.C. 1813); and~~

22 ~~(B) a credit union that meets the defini-~~
23 ~~tion of “depository institution” as that term is~~
24 ~~defined under section 19(b) of the Federal Re-~~
25 ~~serve Act (12 U.S.C. 461).~~

1 ~~(18) SENIOR PREFERRED STOCK PURCHASE~~
2 ~~AGREEMENT DEFINED.—~~The term “Senior Pre-
3 ferred Stock Purchase Agreement” means—

4 ~~(A) the Amended and Restated Senior Pre-~~
5 ferred Stock Purchase Agreement, dated Sep-
6 tember 26, 2008, as such Agreement has been
7 amended on May 6, 2009, December 24, 2009,
8 and August 17, 2012, respectively, and as such
9 Agreement may be further amended and re-
10 stated, entered into between the Department of
11 the Treasury and each enterprise, as applicable;
12 and

13 ~~(B) any provision of any certificate in con-~~
14 nection with such Agreement creating or desig-
15 nating the terms, powers, preferences, privi-
16 leges, limitations, or any other conditions of the
17 Variable Liquidation Preference Senior Pre-
18 ferred Stock of an enterprise issued or sold pur-
19 suant to such Agreement.

20 ~~(19) TRANSFER DATE.—~~The term “transfer
21 date” means the date that is 1 year after the date
22 of enactment of this Act.

1 **TITLE I—FEDERAL MORTGAGE**
 2 **INSURANCE CORPORATION**

3 **SEC. 101. ESTABLISHMENT.**

4 ~~(a) ESTABLISHMENT.—~~There is hereby established
 5 the Federal Mortgage Insurance Corporation which shall
 6 have the powers hereinafter granted.

7 ~~(b) PURPOSE.—~~The purpose of the Corporation shall
 8 be to—

9 ~~(1)~~ provide liquidity, transparency, and access
 10 to mortgage credit by supporting a robust secondary
 11 mortgage market and the production of residential
 12 mortgage-backed securities; and

13 ~~(2)~~ protect the taxpayer from having to absorb
 14 losses incurred in the secondary mortgage market
 15 during periods of economic stress.

16 ~~(c) FEDERAL STATUS.—~~The Corporation shall be an
 17 independent agency of the Federal Government.

18 ~~(d) SUCCESSION.—~~The Corporation shall have suc-
 19 cession until dissolved by Act of Congress.

20 ~~(e) PRINCIPAL OFFICE.—~~The Corporation shall
 21 maintain its principal office in the District of Columbia
 22 and shall be deemed, for purposes of venue in civil actions,
 23 to be a resident thereof.

24 ~~(f) AUTHORITY TO ESTABLISH OTHER OFFICES.—~~
 25 The Corporation may establish such other offices in such

1 other place or places as the Corporation may deem nec-
 2 essary or appropriate in the conduct of its business.

3 ~~(g) PROHIBITION.—The Corporation shall not engage~~
 4 ~~in mortgage origination.~~

5 **SEC. 102. DIRECTOR.**

6 ~~(a) ESTABLISHMENT OF POSITION.—There is estab-~~
 7 ~~lished the position of the Director of the Corporation, who~~
 8 ~~shall be the head of the Corporation.~~

9 ~~(b) APPOINTMENT; TERM.—~~

10 ~~(1) APPOINTMENT.—The Director shall be ap-~~
 11 ~~pointed by the President, by and with the advice and~~
 12 ~~consent of the Senate, from among individuals~~
 13 ~~who—~~

14 ~~(A) are citizens of the United States; and~~

15 ~~(B) have a demonstrated technical, aca-~~
 16 ~~demic, or professional understanding of, and~~
 17 ~~practical, disciplinary, vocational, or regulatory~~
 18 ~~experience working in, the mortgage securities~~
 19 ~~markets and housing finance.~~

20 ~~(2) TERM.—The Director shall be appointed for~~
 21 ~~a term of 5 years, unless removed before the end of~~
 22 ~~such term for cause by the President.~~

23 ~~(3) VACANCY.—~~

24 ~~(A) IN GENERAL.—A vacancy in the posi-~~
 25 ~~tion of Director that occurs before the expira-~~

tion of the term for which a Director was appointed shall be filled in the manner established under paragraph (1); and the Director appointed to fill such vacancy shall be appointed only for the remainder of such term.

~~(B)~~ ACTING DIRECTOR.—

(i) DESIGNATION BY THE PRESIDENT.—

~~(I)~~ ELIGIBLE INDIVIDUALS.—If

the Senate has not confirmed a Director, the President may designate either the individual nominated, but not yet confirmed, for the position of Director or a member of the Board of Directors to serve as the Acting Director, and such Acting Director shall have all the rights, duties, powers, and responsibilities of the Director, until such time as a Director is confirmed by the Senate.

~~(II)~~ LIMITATION.—No individual

may serve concurrently as the Acting Director of the Corporation and the Director of the Federal Housing Finance Agency.

1 (4) SERVICE AFTER END OF TERM.—An indi-
 2 vidual may serve as the Director after the expiration
 3 of the term for which appointed until a successor
 4 has been appointed.

5 (5) COMPENSATION.—The Director shall be
 6 compensated at the rate prescribed for level II of the
 7 Executive Schedule under section 5313 of title 5,
 8 United States Code.

9 (6) RULES OF CONSTRUCTION.—No indi-
 10 vidual—

11 (A) may serve concurrently as the Director
 12 of the Corporation and the Director of the Fed-
 13 eral Housing Finance Agency; and

14 (B) that has, at any time prior to, on, or
 15 after the date of enactment of this Act, served
 16 as the Director of the Federal Housing Finance
 17 Agency may serve as the Director of the Cor-
 18 poration.

19 (c) MEMBERSHIP ON FSOC.—The Dodd-Frank Wall
 20 Street Reform and Consumer Protection Act is amend-
 21 ed—

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

24 “(E) the Federal Mortgage Insurance Cor-
 25 poration; with respect to—

“(i) the Mortgage Insurance Fund established under title II of the Housing Finance Reform and Taxpayer Protection Act of 2013; and

“(ii) the Federal Home Loan Banks or the Federal Home Loan Bank System.”; and

(2) in section 111(b)(1)(H), by striking “Director of the Federal Housing Finance Agency” and inserting “Chairperson of the Federal Mortgage Insurance Corporation”.

SEC. 103. BOARD OF DIRECTORS.

(a) BOARD OF DIRECTORS.—

(1) VOTING MEMBERS.—The management of the Corporation shall be vested in a Board of Directors consisting of 5 voting members—

(A) 1 of whom shall be the Director, who shall serve as Chairperson of the Board; and

(B) 4 of whom shall be appointed by the President, by and with the advice and consent of the Senate, from among individuals who are citizens of the United States—

(i) 1 of whom shall have demonstrated technical, academic, or professional understanding of, and practical, disciplinary, vo-

1 eational, or regulatory experience working
2 in, the field of asset management;

3 (ii) 1 of whom shall have dem-
4 onstrated technical, academic, or profes-
5 sional understanding of, and practical, dis-
6 ciplinary, vocational, or regulatory experi-
7 ence working in, mortgage insurance mar-
8 kets;

9 (iii) 1 of whom shall have a dem-
10 onstrated technical, academic, or profes-
11 sional understanding of, and practical, dis-
12 ciplinary, vocational, or regulatory experi-
13 ence working with, lenders having less than
14 \$10,000,000,000 in total assets; and

15 (iv) 1 of whom shall have a dem-
16 onstrated technical, academic, or profes-
17 sional understanding of, and practical, dis-
18 ciplinary, vocational, or regulatory experi-
19 ence working with, multifamily housing de-
20 velopment.

21 (2) NON-VOTING MEMBER.—The President
22 shall appoint the Director of the Federal Housing
23 Finance Agency as an additional non-voting member
24 of the Board of Directors. The Director of the Fed-
25 eral Housing Finance Agency shall serve as non-vot-

ing member of the Board of Directors until such
time as that position is abolished pursuant to title
III.

(3) INDEPENDENCE.—

(A) IN GENERAL.—Each voting member of
the Board of Directors shall be independent
and neutral and maintain a fiduciary relation-
ship to the Corporation in performing his or her
duties.

(B) INDEPENDENCE DETERMINATION.—In
order to be considered independent for purposes
of this paragraph, a voting member of the
Board of Directors—

(i) may not, other than in his or her
capacity as a member of the Board of Di-
rectors or any committee thereof—

(I) accept any consulting, advi-
sory, or other compensatory fee from
the Corporation; or

(II) be a person associated with
the Corporation or with any affiliated
company thereof; and

(ii) shall be disqualified from any de-
liberation involving any transaction of the
Corporation in which the member has a fi-

1 nancial interest in the outcome of the
2 transaction.

3 (4) ~~RULE OF CONSTRUCTION.~~—No individual
4 that has, at any time prior to, on, or after the date
5 of enactment of this Act, served as the Director or
6 Acting Director of the Federal Housing Finance
7 Agency may serve as a voting member of the Board
8 of Directors.

9 (b) ~~ADMINISTRATION.~~—Except as otherwise may pro-
10 vided in this Act, the Board of Directors shall administer
11 the affairs of the Corporation fairly and impartially and
12 without discrimination.

13 (c) ~~CONSULTATION.~~—The Board of Directors may, in
14 carrying out any duty, responsibility, requirement, or ac-
15 tion authorized under this Act, consult with the Federal
16 banking agencies or any individual Federal banking agen-
17 cy, as the Board determines necessary and appropriate.

18 (d) ~~TERMS.~~—

19 (1) ~~APPOINTED MEMBERS.~~—Each appointed
20 voting member shall be appointed for a term of 5
21 years and shall serve on a full-time basis.

22 (2) ~~INTERIM APPOINTMENTS.~~—Any voting
23 member appointed to fill a vacancy occurring before
24 the expiration of the term for which such member's

1 predecessor was appointed shall be appointed only
 2 for the remainder of such term.

3 ~~(3) CONTINUATION OF SERVICE.~~—The Chair-
 4 person and each appointed voting member may con-
 5 tinue to serve after the expiration of the term of of-
 6 fice to which such member was appointed until a
 7 successor has been appointed and qualified.

8 ~~(e) VACANCY.~~—A vacancy in the voting membership
 9 of the Board of Directors shall not affect the powers of
 10 the Board, and shall be filled in the manner in which the
 11 original appointment was made.

12 ~~(f) VOTING.~~—A majority vote of all voting members
 13 of the Board of Directors is necessary to resolve all voting
 14 issues of the Corporation.

15 ~~(g) MEETINGS.~~—The Board of Directors shall meet
 16 in accordance with the bylaws of the Corporation—

17 (1) at the call of the Chairperson; and

18 ~~(2) not less frequently than once each month.~~

19 ~~(h) QUORUM.~~—Three voting members of the Board
 20 of Directors then in office shall constitute a quorum.

21 ~~(i) BYLAWS.~~—A majority of the voting members of
 22 the Board of Directors may amend the bylaws of the Cor-
 23 poration.

1 (j) ATTENDANCE.—Members of the Board of Direc-
 2 tors may attend meetings of the Corporation and vote in
 3 person, via telephone conference, or via video conference.

4 (k) INELIGIBILITY FOR OTHER OFFICES DURING
 5 SERVICE.—

6 (1) IN GENERAL.—No voting member of the
 7 Board of Directors may during the time such mem-
 8 ber is in office—

9 (A) be an officer or director of any insured
 10 depository institution, depository institution
 11 holding company, Federal Reserve bank, Fed-
 12 eral home loan bank, approved servicer, ap-
 13 proved private mortgage insurer, institution
 14 that originates eligible mortgages, or institution
 15 that issues a covered security; or

16 (B) hold stock or a controlling interest in
 17 any insured depository institution or depository
 18 institution holding company, approved servicer,
 19 approved private mortgage insurer, institution
 20 that originates eligible mortgages, or institution
 21 that issues a covered security.

22 (2) CERTIFICATION.—Upon taking office, each
 23 voting member of the Board of Directors shall cer-
 24 tify under oath that such member has complied with

1 this subsection and such certification shall be filed
 2 with the secretary of the Board of Directors.

3 ~~(1) STATUS OF EMPLOYEES.—~~

4 ~~(1) IN GENERAL.—~~A director, member, officer,
 5 or employee of the Corporation has no liability under
 6 the Securities Act of 1933 ~~(15 U.S.C. 77a et seq.)~~
 7 with respect to any claim arising out of or resulting
 8 from any act or omission by such person within the
 9 scope of such person's employment in connection
 10 with any transaction involving the Corporation. This
 11 subsection shall not be construed to limit personal li-
 12 ability for criminal acts or omissions, willful or mali-
 13 cious misconduct, acts or omissions for private gain,
 14 or any other acts or omissions outside the scope of
 15 such person's employment.

16 ~~(2) EFFECT ON OTHER LAW.—~~

17 ~~(A) IN GENERAL.—~~This subsection does
 18 not affect—

19 (i) any other immunities and protec-
 20 tions that may be available to such person
 21 under applicable law with respect to such
 22 transactions; or

23 (ii) any other right or remedy against
 24 the Corporation, against the United States
 25 under applicable law, or against any per-

son other than a person described in paragraph (1) participating in such transactions.

(B) **RULE OF CONSTRUCTION.**—This subsection shall not be construed to limit or alter in any way the immunities that are available under applicable law for Federal officials and employees not described in this subsection.

SEC. 104. OFFICE OF THE INSPECTOR GENERAL.

(a) **OFFICE OF INSPECTOR GENERAL.**—

(1) **IN GENERAL.**—There is established the Office of the Inspector General of the Federal Mortgage Insurance Corporation. The head of the Office of the Inspector General of the Federal Mortgage Insurance Corporation is the Inspector General of the Federal Mortgage Insurance Corporation (in this section referred to as the “Inspector General”); who shall be appointed by the President, by and with the advice and consent of the Senate.

(2) **ADDITIONAL RESPONSIBILITIES.**—In addition to carrying out the requirements established under the Inspector General Act of 1978 (5 U.S.C. App.), the Inspector General shall—

1 (A) conduct, supervise, and coordinate au-
2 dits and investigations relating to the programs
3 and operations of the Corporation—

4 (i) to ensure that the first loss posi-
5 tion that the Corporation requires of pri-
6 vate market holders of covered securities
7 insured under this Act is adequate to cover
8 losses that might be incurred as a result of
9 adverse economic conditions, wherein such
10 conditions are generally consistent with the
11 economic conditions, including national
12 home price declines, observed in the United
13 States during moderate to severe reces-
14 sions experienced during the last 100
15 years; and

16 (ii) with respect to the—

17 (I) oversight and supervision of
18 the Federal Home Loan Banks and
19 the Federal Home Loan Bank Sys-
20 tem; and

21 (II) the contracting practices and
22 procedures of the Corporation; and

23 (B) recommend policies for the purpose of
24 addressing any deficiencies, inefficiencies, gaps,

1 or failures in the administration of such pro-
 2 grams and operations.

3 ~~(3) INSPECTOR GENERAL REPORT; REPORT OF~~
 4 ~~INDEPENDENT ACTUARY.~~—Beginning 1 year after
 5 the FMIC certification date, and annually there-
 6 after, the Inspector General and an independent ac-
 7 tuary contracted for by the Director shall each con-
 8 duct an examination and issue a separate report re-
 9 garding—

10 (A) the adequacy of insurance fees charged
 11 by the Board of Directors under title II; and

12 (B) the adequacy of the Mortgage Insur-
 13 ance Fund established under title II.

14 ~~(b) AMENDMENTS TO INSPECTOR GENERAL ACT OF~~
 15 ~~1978.~~—Section 11 of the Inspector General Act of 1978
 16 ~~(5 U.S.C. App.)~~ is amended—

17 (1) in paragraph (1), by inserting “Chairperson
 18 of the Federal Mortgage Insurance Corporation;”
 19 after “the Director of the Federal Housing Finance
 20 Agency;”; and

21 (2) in paragraph (2), by inserting “the Federal
 22 Mortgage Insurance Corporation,” after “the Fed-
 23 eral Housing Finance Agency;”.

24 ~~(c) COMPENSATION.~~—The annual rate of basic pay
 25 of the Inspector General shall be the annual rate of basic

1 pay provided for positions at level III of the Executive
 2 Schedule under section 5314 of title 5, United States
 3 Code.

4 **SEC. 105. STAFF, EXPERTS, AND CONSULTANTS.**

5 (a) COMPENSATION.—

6 (1) IN GENERAL.—The Board of Directors may
 7 appoint and fix the compensation of such officers;
 8 attorneys, economists, examiners, and other employ-
 9 ees as may be necessary for carrying out the func-
 10 tions of the Corporation.

11 (2) RATES OF PAY.—Rates of basic pay and the
 12 total amount of compensation and benefits for all
 13 employees of the Corporation may be—

14 (A) set and adjusted by the Board of Di-
 15 rectors without regard to the provisions of
 16 chapter 51 or subchapter III of chapter 53 of
 17 title 5, United States Code; and

18 (B) reasonably increased, notwithstanding
 19 any limitation set forth in paragraph (2), if the
 20 Board of Directors determines such increases
 21 are necessary to attract and hire qualified em-
 22 ployees.

23 (3) PARITY.—The Board of Directors may pro-
 24 vide additional compensation and benefits to employ-
 25 ees of the Corporation, of the same type of com-

1 pensation or benefits that are then being provided by
 2 any agency referred to under section 1206 of the Fi-
 3 nancial Institutions Reform, Recovery, and Enforce-
 4 ment Act of 1989 (12 U.S.C. 1833b) or, if not then
 5 being provided, could be provided by such an agency
 6 under applicable provisions of law, rule, or regula-
 7 tion. In setting and adjusting the total amount of
 8 compensation and benefits for employees, the Board
 9 of Directors shall consult with and seek to maintain
 10 comparability with the agencies referred to under
 11 section 1206 of the Financial Institutions Reform,
 12 Recovery, and Enforcement Act of 1989 (12 U.S.C.
 13 1833b).

14 (b) **DETAIL OF GOVERNMENT EMPLOYEES.**—Upon
 15 the request of the Board of Directors, any Federal Gov-
 16 ernment employee may be detailed to the Corporation
 17 without reimbursement, and such detail shall be without
 18 interruption or loss of civil service status or privilege.

19 (c) **EXPERTS AND CONSULTANTS.**—The Board of Di-
 20 rectors may procure the services of experts and consult-
 21 ants as the Board considers necessary or appropriate.

22 (d) **TECHNICAL AND PROFESSIONAL ADVISORY COM-**
 23 **MITTEES.**—The Board of Directors may appoint such spe-
 24 cial advisory, technical, or professional committees as may
 25 be useful in carrying out the functions of the Corporation.

1 **SEC. 106. REPORTS; TESTIMONY; AUDITS.**

2 ~~(a) REPORTS.—~~

3 ~~(1) IN GENERAL.—~~The Corporation shall sub-
4 mit, on an annual basis, to the Committee on Bank-
5 ing, Housing, and Urban Affairs of the Senate and
6 the Committee on Financial Services of the House of
7 Representatives a written report of its operations,
8 activities, budget, receipts, and expenditures for the
9 preceding ~~12-month~~ period.

10 ~~(2) CONTENTS OF REPORT.—~~The report re-
11 quired under subsection ~~(a)~~ shall include an analysis
12 of—

13 ~~(A) with respect to the Mortgage Insur-~~
14 ~~ance Fund established under section 203—~~

15 ~~(i) the current financial condition of~~
16 ~~the Mortgage Insurance Fund;~~

17 ~~(ii) the exposure of the Mortgage In-~~
18 ~~surance Fund to changes in those eco-~~
19 ~~nomie factors most likely to affect the con-~~
20 ~~dition of that fund;~~

21 ~~(iii) a current estimate of the re-~~
22 ~~sources needed for the Mortgage Insurance~~
23 ~~Fund to achieve the purposes of this Act;~~
24 ~~and~~

25 ~~(iv) any findings, conclusions, and rec-~~
26 ~~ommendations for legislative and adminis-~~

1 trative actions considered appropriate to
2 the future activities of the Corporation;

3 ~~(B) the secondary mortgage market, the~~
4 housing market, and the economy, including
5 through use of stress tests, and how such anal-
6 ysis was used to determine and set the reserve
7 ratio for the Mortgage Insurance Fund for the
8 preceding 12-month period;

9 ~~(C) whether or not the actual reserve ratio~~
10 of the Mortgage Insurance Fund met—

11 (i) the reserve ratio set for the pre-
12 ceding 12-month period; or

13 (ii) the reserve ratio goals established
14 in section 203(e);

15 ~~(D) how the Corporation intends to ensure~~
16 that the goals set for the reserve ratio for the
17 Mortgage Insurance Fund are to be met and
18 maintained for the next 12-month period, and
19 such analysis shall include a detailed and de-
20 scriptive plan of the actions that the Corpora-
21 tion intends to take pursuant to its authorities
22 under this Act;

23 ~~(E) how the Corporation has provided li-~~
24 quidity, transparency, and access to mortgage
25 credit in its support of a robust secondary

1 mortgage market and the production of residen-
 2 tial mortgage-backed securities;

3 ~~(F)~~ the state of the private label mortgage-
 4 backed securities market, and such analysis
 5 shall include the submission of a reasonable set
 6 of administrative, regulatory, and legislative
 7 proposals on how to limit the Federal Govern-
 8 ment's footprint in the secondary mortgage
 9 market;

10 ~~(G)~~ the effect that further decreases in
 11 loan limits would have on the secondary mort-
 12 gage market, the housing market, and the econ-
 13 omy; and

14 ~~(H)~~ the state of the global covered bond
 15 market.

16 ~~(b) TESTIMONY.—~~The Chairperson of the Corpora-
 17 tion, on a biannual basis, shall provide testimony to the
 18 Committee on Banking, Housing, and Urban Affairs of
 19 the Senate and the Committee on Financial Services of
 20 the House of Representatives.

21 ~~(c) AUDIT OF CORPORATION.—~~

22 ~~(1) ANNUAL AUDIT.—~~The Comptroller General
 23 of the United States shall annually audit the finan-
 24 cial transactions of the Corporation in accordance
 25 with the United States generally accepted govern-

1 ment auditing standards as may be prescribed by
2 the Comptroller General.

3 ~~(2) PLACE OF AUDIT.~~—The audit required
4 under this subsection shall be conducted at the place
5 or places where accounts of the Corporation are nor-
6 mally kept.

7 ~~(3) ACCESS.~~—The representatives of the Comp-
8 troller General shall have access to the personnel
9 and to all books, accounts, documents, papers,
10 records (including electronic records), reports, files,
11 and all other papers, automated data, or property
12 belonging to or under the control of or used or em-
13 ployed by the Corporation pertaining to its financial
14 transactions and necessary to facilitate the audit re-
15 quired under this subsection, and such representa-
16 tives shall be afforded full facilities for verifying
17 transactions with the balances or securities held by
18 depositories, fiscal agents, and custodians.

19 ~~(4) POSSESSION AND CUSTODY.~~—All such
20 books, accounts, documents, records, reports, files,
21 papers, and property of the Corporation used to
22 carry out the audit required under this subsection
23 shall remain in the possession and custody of the
24 Corporation.

1 (5) PERMISSIBLE DUPLICATION.—The Comp-
 2 troller General may obtain and duplicate any such
 3 books, accounts, documents, records, working pa-
 4 pers, automated data and files, or other information
 5 relevant to such audit without cost to the Comp-
 6 troller General and the Comptroller General's right
 7 of access to such information shall be enforceable
 8 pursuant to section 716(e) of title 31, United States
 9 Code.

10 (6) REPORT.—

11 (A) SUBMISSION TO CONGRESS.—The
 12 Comptroller General shall submit to Congress a
 13 report of each annual audit conducted under
 14 this subsection.

15 (B) REQUIRED CONTENT.—The report to
 16 Congress required under subparagraph (A)
 17 shall—

18 (i) set forth the scope of the audit;

19 and

20 (ii) include—

21 (I) the statement of assets and li-
 22 abilities and surplus or deficit;

23 (II) the statement of income and
 24 expenses;

1 (III) the statement of sources
2 and application of funds; and

3 (IV) such comments and infor-
4 mation as the Comptroller General
5 may deem necessary to inform Con-
6 gress of the financial operations and
7 condition of the Corporation; together
8 with such recommendations with re-
9 spect thereto as the Comptroller Gen-
10 eral may deem advisable.

11 (C) COPIES.—A copy of each report re-
12 quired under subparagraph (A) shall be fur-
13 nished to the President and to the Chairperson
14 of the Corporation at the time such report is
15 submitted to the Congress.

16 (7) ASSISTANCE AND COSTS.—

17 (A) PERMITTED USE OF OUTSIDE ASSIST-
18 ANCE.—For the purpose of conducting an audit
19 under this subsection, the Comptroller General
20 may employ by contract, without regard to sec-
21 tion 3709 of the Revised Statutes of the United
22 States (41 U.S.C. 5), professional services of
23 firms and organizations of certified public ac-
24 countants for temporary periods or for special
25 purposes.

1 (B) COST OF AUDIT COVERED BY COR-
2 PORATION.—

3 (i) IN GENERAL.—Upon the request
4 of the Comptroller General, the Chair-
5 person of the Corporation shall transfer to
6 the Comptroller General from funds avail-
7 able, the amount requested by the Comp-
8 troller General to cover the reasonable
9 costs of any audit and report conducted by
10 the Comptroller General pursuant to this
11 subsection.

12 (ii) CREDIT OF FUNDS.—The Comp-
13 troller General shall credit funds trans-
14 ferred under clause (i) to the account at
15 the Treasury established for salaries and
16 expenses of the Government Accountability
17 Office, and such amounts shall be available
18 upon receipt and without fiscal year limita-
19 tion to cover the full costs of the audit and
20 report.

21 **SEC. 107. INITIAL FUNDING.**

22 (a) IN GENERAL.—Section 1316 of the Federal
23 Housing Enterprises Financial Safety and Soundness Act
24 of 1992 (12 U.S.C. 4516) is amended by adding at the
25 end the following:

1 “(i) ANNUAL ASSESSMENTS RELATING TO INITIAL
2 FUNDING OF THE FMIC.—Notwithstanding title V of the
3 Housing Finance Reform and Taxpayer Protection Act of
4 2013 or any other provision of law, for the period begin-
5 ning on the date of enactment of this subsection and end-
6 ing on the FMIC certification date (as that date is set
7 forth under section 2(16) of the Housing Finance Reform
8 and Taxpayer Protection Act of 2013, the Director, in
9 consultation with the Chairperson of the Federal Mort-
10 gage Insurance Corporation, shall establish and collect
11 from the enterprises annual assessments in addition to
12 those required under subsection (a) in an amount not ex-
13 ceeding the amount sufficient to provide for the reasonable
14 costs (including administrative costs) and expenses of the
15 Corporation. All amounts collected under this subsection
16 shall be transferred to the Federal Mortgage Insurance
17 Corporation. The annual assessment shall be payable
18 semiannually for each fiscal year, on October 1 and April
19 1.”.

20 (b) TREATMENT OF ASSESSMENTS.—

21 (1) DEPOSIT.—Amounts received by the Cor-
22 poration from assessments imposed under section
23 1316(i) of the Federal Housing Enterprises Finan-
24 cial Safety and Soundness Act of 1992 shall be de-
25 posited by the Corporation in the manner provided

1 in section 5234 of the Revised Statutes of the
 2 United States (12 U.S.C. 192) for monies deposited
 3 by the Comptroller of the Currency.

4 (2) NOT GOVERNMENT FUNDS.—The amounts
 5 received by the Corporation from any assessment
 6 imposed under section 1316(i) of the Federal Hous-
 7 ing Enterprises Financial Safety and Soundness Act
 8 of 1992 shall not be construed to be Government or
 9 public funds or appropriated money.

10 (3) NO APPORTIONMENT OF FUNDS.—Notwith-
 11 standing any other provision of law, the amounts re-
 12 ceived by the Corporation from any assessment im-
 13 posed under section 1316(i) of the Federal Housing
 14 Enterprises Financial Safety and Soundness Act of
 15 1992 shall not be subject to apportionment for the
 16 purpose of chapter 15 of title 31, United States
 17 Code, or under any other authority.

18 (4) USE OF FUNDS.—

19 (A) IN GENERAL.—The Corporation may
 20 use any amounts received from assessments im-
 21 posed under section 1316(i) of the Federal
 22 Housing Enterprises Financial Safety and
 23 Soundness Act of 1992—

24 (i) for compensation of the employees
 25 of the Corporation; and

1 (ii) for all other expenses of the Cor-
 2 poration.

3 (B) TREASURY INVESTMENTS.—The Cor-
 4 poration may request the Secretary of the
 5 Treasury to invest such portions of amounts re-
 6 ceived from assessments imposed under section
 7 1316(i) of the Federal Housing Enterprises Fi-
 8 nancial Safety and Soundness Act of 1992 that,
 9 in the discretion of the Corporation, are not re-
 10 quired to meet the current working needs of the
 11 Corporation.

12 (C) GOVERNMENT OBLIGATIONS.—Pursu-
 13 ant to a request under subparagraph (B), the
 14 Secretary of the Treasury shall invest such
 15 amounts in Government obligations—

16 (i) guaranteed as to principal and in-
 17 terest by the United States with maturities
 18 suitable to the needs of the Corporation;
 19 and

20 (ii) bearing interest at a rate deter-
 21 mined by the Secretary of the Treasury
 22 taking into consideration current market
 23 yields on outstanding marketable obliga-
 24 tions of the United States of comparable
 25 maturity.

1 **TITLE II—DUTIES, RESPONSIBIL-**
 2 **ITIES, AND STRUCTURE OF**
 3 **THE FMIC**

4 **Subtitle A—Duties and Authorities**

5 **SEC. 201. DUTIES AND RESPONSIBILITIES OF THE FMIC.**

6 (a) DUTIES.—The principal duties of the Corporation
 7 shall be to—

8 (1) carry out this Act in a manner that—

9 (A) minimizes any potential long-term neg-
 10 ative cost on the taxpayer; and

11 (B) ensures, to the maximum extent pos-
 12 sible—

13 (i) a liquid and resilient housing fi-
 14 nance market; and

15 (ii) the availability of mortgage credit;

16 (2) develop standard form credit risk-sharing
 17 mechanisms; products; structures; contracts; or
 18 other security agreements that require private mar-
 19 ket holders of a covered security insured under this
 20 Act to assume the first loss position with respect to
 21 losses incurred on such securities;

22 (3) provide insurance on any covered security
 23 for which private market holders of such security
 24 have assumed the first loss position with respect to
 25 losses that may be incurred on such security in

1 order to provide a liquid and resilient housing fi-
2 nance market;

3 (4) provide leadership to the housing finance
4 market to help ensure that all geographic locations
5 have access to mortgage credit;

6 (5) charge and collect fees in exchange for pro-
7 viding such insurance, whereby such fees shall be
8 sufficient to protect the taxpayer from the risk of
9 providing such insurance and to fund the activities
10 and operations of the Corporation;

11 (6) establish and maintain a Mortgage Insur-
12 ance Fund;

13 (7) facilitate securitization of eligible mortgages
14 originated by credit unions and community and mid-
15 size banks without securitization capabilities;

16 (8) ensure discipline and integrity in the mar-
17 ket for covered securities by setting standards for
18 the approval of private mortgage insurers, servicers,
19 issuers, and bond guarantors;

20 (9) establish, operate, and maintain a database
21 for the collection, public use, and dissemination of
22 uniform loan level information on eligible mortgages;

23 (10) develop, adopt, and publish standard uni-
24 form securitization agreements for covered securi-
25 ties;

1 (11) establish, operate, and maintain an elec-
 2 tronic registry system for eligible mortgages that
 3 collateralize covered securities insured under this
 4 Act;

5 (12) oversee and supervise the common
 6 securitization platform developed by the business en-
 7 tity announced by the Federal Housing Finance
 8 Agency and established by the enterprises; and

9 (13) ensure that credit unions and community
 10 and mid-size banks—

11 (A) have equal access to any such common
 12 securitization platform and any other
 13 securitization platforms; and

14 (B) are not, in their access or use of such
 15 platforms, discriminated against through dis-
 16 counts for volume pricing or other mechanisms.

17 (b) SCOPE OF AUTHORITY.—The authority of the
 18 Corporation shall include the authority to exercise such
 19 incidental powers as may be necessary or appropriate to
 20 fulfill the duties and responsibilities of the Corporation set
 21 forth under subsection (a).

22 (c) DELEGATION OF AUTHORITY.—The Board of Di-
 23 rectors may delegate to officers and employees of the Cor-
 24 poration any of the functions, powers, or duties of the Cor-

1 poration, as the Board of Directors determines appro-
 2 priate.

3 **SEC. 202. STANDARD FORM CREDIT RISK-SHARING MECHA-**
 4 **NISMS, PRODUCTS, STRUCTURES, CON-**
 5 **TRACTS, OR OTHER SECURITY AGREEMENTS.**

6 ~~(a) REQUIREMENTS; SHARE OF LOSS; DIVERSITY.—~~

7 Pursuant to section 201(a)(2), the Corporation shall de-
 8 velop standard form credit-risk sharing mechanisms, prod-
 9 ucts, structures, contracts, or other security agreements
 10 which shall require that the first loss position of private
 11 market holders of a covered security insured under this
 12 Act—

13 ~~(1) is adequate to cover losses that might be in-~~
 14 ~~curred as a result of adverse economic conditions;~~
 15 ~~wherein such conditions are generally consistent with~~
 16 ~~the economic conditions, including national home~~
 17 ~~price declines, observed in the United States during~~
 18 ~~moderate to severe recessions experienced during the~~
 19 ~~last 100 years; and~~

20 ~~(2) is not less than 10 percent of the principal~~
 21 ~~or face value of the covered security.~~

22 ~~(b) DEVELOPMENT WINDOW FOR RISK-SHARING~~
 23 ~~MECHANISMS.—~~

24 ~~(1) IN GENERAL.—~~The Corporation shall com-
 25 plete the development and implementation of the

1 mechanisms, products, structures, contracts, or
 2 other security agreements required under subsection
 3 (a) not later than 5 years after the date of enact-
 4 ment of this Act.

5 (2) EXAMINATION OF VARIOUS MECHANISMS.—

6 In developing the mechanisms, products, structures,
 7 contracts, or other security agreements required
 8 under subsection (a), the Corporation shall—

9 (A) examine proposals that include a sen-
 10 ior-subordinated deal structure, credit-linked
 11 structures, and the use of regulated guarantors
 12 with sufficient equity capital to absorb losses
 13 associated with moderate or severe economic
 14 downturns;

15 (B) consider any risk-sharing mechanisms,
 16 products, structures, contracts, or other secu-
 17 rity agreements undertaken by the business en-
 18 tity announced by the Federal Housing Finance
 19 Agency and established by the enterprises to
 20 provide a common securitization platform for
 21 issuers in the secondary mortgage market;

22 (C) consider how each proposed mecha-
 23 nism, product, structure, contract, or other se-
 24 curity agreement—

1 (i) minimizes any potential long-term
2 negative cost to the taxpayer;

3 (ii) impacts the availability of mort-
4 gage credit for—

5 (I) small financial institutions,
6 such as credit unions and community
7 and mid-size banks; and

8 (II) consumers;

9 (iii) influences mortgage affordability;

10 (iv) allows for loan modifications and
11 foreclosure prevention alternatives;

12 (v) interacts with the To-Be-An-
13 nounced market; and

14 (vi) facilitates market liquidity and re-
15 siliency; and

16 (D) ensure that lenders of all sizes and
17 from all geographic locations, including rural lo-
18 cations, have equitable access to secondary
19 mortgage market financing.

20 (3) REPORT.—

21 (A) IN GENERAL.—Not later than 1 year
22 after the date of enactment of this Act, and an-
23 nually thereafter until the end of the 5-year pe-
24 riod provided in paragraph (1), the Corporation
25 shall submit a report to the Committee on

1 Banking, Housing, and Urban Affairs of the
 2 Senate and the Committee on Financial Serv-
 3 ices of the House of Representatives that—

4 (i) details the benefits and drawbacks
 5 of each mechanism, product, structure,
 6 contract, or other security agreement that
 7 the Director considered in carrying out the
 8 requirement of this section;

9 (ii) describes the operation and execu-
 10 tion of any mechanisms, products, struc-
 11 tures, contracts, or other security agree-
 12 ments that the Director determines best
 13 fulfills the requirements of this section;
 14 and

15 (iii) explains how the Corporation ar-
 16 rived at the determination made under
 17 clause (ii).

18 (B) SUBSEQUENT REPORTS.—After the ex-
 19 piration of the 5-year period provided in para-
 20 graph (1) and the submission of the report re-
 21 quired under subparagraph (A), each time the
 22 Corporation develops an additional standard
 23 form credit risk-sharing mechanism, product,
 24 structure, contract, or other security agreement
 25 that fulfills the requirements of this section, the

1 Corporation shall submit a report to the Com-
 2 mittee on Banking, Housing, and Urban Affairs
 3 of the Senate and the Committee on Financial
 4 Services of the House of Representatives ad-
 5 dressing the identical concerns set forth under
 6 clauses (i) through (iii) of subparagraph (A).

7 **SEC. 203. MORTGAGE INSURANCE FUND.**

8 (a) ESTABLISHMENT.—There is established the
 9 Mortgage Insurance Fund, which the Corporation shall—
 10 (1) maintain and administer; and
 11 (2) use to cover losses incurred on covered secu-
 12 rities insured under this Act, when such losses ex-
 13 ceed the first position losses absorbed by private
 14 market holders of such securities.

15 (b) DEPOSITS.—The Mortgage Insurance Fund shall
 16 be credited with any—

17 (1) insurance fee amounts required to be depos-
 18 ited in the Fund under this section;

19 (2) guarantee fee amounts collected under sec-
 20 tion 601; and

21 (3) amounts earned on investments pursuant to
 22 subsection (h).

23 (c) FIDUCIARY RESPONSIBILITY.—The Corporation
 24 has the responsibility to ensure that the Mortgage Insur-
 25 ance Fund remains financially sound.

1 (d) ~~USE.—~~

2 (1) ~~IN GENERAL.—~~The Mortgage Insurance
3 Fund shall be solely available to the Corporation for
4 use by the Corporation to carry out the functions
5 authorized by this Act and may not be used or oth-
6 erwise diverted to cover any other expense of the
7 Federal Government.

8 (2) ~~EXEMPTION FROM APPORTIONMENT.—~~Not-
9 withstanding any other provision of law, amounts re-
10 ceived by the Mortgage Insurance Fund pursuant to
11 any fees collected under this section shall not be
12 subject to apportionment for the purposes of chapter
13 15 of title 31, United States Code, or under any
14 other authority.

15 (c) ~~RESERVE RATIO GOALS FOR MORTGAGE INSUR-~~
16 ~~ANCE FUND.—~~The Corporation shall endeavor to ensure
17 that the Mortgage Insurance Fund attains a reserve bal-
18 ance—

19 (1) of 1.25 percent of the sum of the out-
20 standing principal balance of the covered securities
21 for which insurance is being provided under this title
22 within 5 years of the FMIC certification date; and
23 to strive to maintain such ratio thereafter, subject to
24 subparagraph (B); and

1 ~~(2) of 2.50 percent of the sum of the out-~~
 2 ~~standing principal balance of the covered securities~~
 3 ~~for which insurance is being provided under this title~~
 4 ~~within 10 years of the FMIC certification date, and~~
 5 ~~to strive to maintain such ratio at all times there-~~
 6 ~~after.~~

7 ~~(f) MAINTENANCE OF RESERVE RATIO; ESTABLISH-~~
 8 ~~MENT OF FEES.—~~

9 ~~(1) ESTABLISHMENT OF FEES.—The Corpora-~~
 10 ~~tion shall charge and collect a fee, and may in its~~
 11 ~~discretion increase or decrease such fee, in connec-~~
 12 ~~tion with any insurance provided under this title~~
 13 ~~to—~~

14 ~~(A) achieve and maintain the reserve ratio~~
 15 ~~goals established under subsection (e);~~

16 ~~(B) achieve such reserve ratio goals, if the~~
 17 ~~actual balance of such reserve is below the goal~~
 18 ~~amounts established under subsection (e); and~~

19 ~~(C) fund the operations of the Corporation.~~

20 ~~(2) FEE CONSIDERATIONS.—In exercising the~~
 21 ~~authority granted under paragraph (1), the Corpora-~~
 22 ~~tion shall consider—~~

23 ~~(A) the expected operating expenses of the~~
 24 ~~Mortgage Insurance Fund;~~

1 ~~(B)~~ the risk of loss to the Mortgage Insur-
 2 ance Fund in carrying out the requirements
 3 under this Act;

4 ~~(C)~~ the risk presented by, and the loss ab-
 5 sorption capacity of, the credit enhancement
 6 that is provided on the pool of eligible mort-
 7 gages collateralizing the covered security to be
 8 insured under this title;

9 ~~(D)~~ economic conditions generally affecting
 10 the mortgage markets;

11 ~~(E)~~ the extent to which the reserve ratio of
 12 the Mortgage Insurance Fund met—

13 ~~(i)~~ the reserve ratio set for the pre-
 14 ceding 12-month period; or

15 ~~(ii)~~ the reserve ratio goals established
 16 in subsection (c); and

17 ~~(F)~~ any other factor that the Corporation
 18 determines appropriate.

19 ~~(3) FEE UNIFORMITY.~~—The fee required under
 20 paragraph (1)—

21 ~~(A)~~ shall be set at a uniform amount appli-
 22 cable to all institutions purchasing insurance
 23 under this title;

24 ~~(B)~~ may not vary—

25 ~~(i)~~ by geographic location; or

1 (ii) by the size of the institution to
 2 which the fee is charged; and

3 ~~(C)~~ may not be based on the volume of in-
 4 surance to be purchased by an approved issuer.

5 ~~(4) DEPOSIT INTO MORTGAGE INSURANCE~~
 6 ~~FUND.—Any fee amounts collected under this sub-~~
 7 ~~section shall be deposited in the Mortgage Insurance~~
 8 ~~Fund.~~

9 ~~(g) FULL FAITH AND CREDIT.—The full faith and~~
 10 ~~credit of the United States is pledged to the payment of~~
 11 ~~all amounts from the Mortgage Insurance Fund which~~
 12 ~~may be required to be paid under any insurance provided~~
 13 ~~under this title.~~

14 ~~(h) INVESTMENTS.—Amounts in the Mortgage Insur-~~
 15 ~~ance Fund that are not otherwise employed—~~

16 ~~(1) shall be invested in obligations of the~~
 17 ~~United States; and~~

18 ~~(2) may not be invested in any covered security~~
 19 ~~insured under this Act.~~

20 **SEC. 204. INSURANCE.**

21 ~~(a) AUTHORITY.—The Corporation shall, upon appli-~~
 22 ~~cation and in exchange for a fee in accordance with section~~
 23 ~~203(f), insure the payment of principal and interest on~~
 24 ~~a covered security with respect to losses that may be in-~~
 25 ~~curred on such security.~~

1 (b) ~~PRECONDITION; ENSURING PLACEMENT OF~~
 2 ~~FIRST LOSS CAPITAL.~~—The Corporation shall develop
 3 standards and processes to ensure that prior to making
 4 any commitment to provide insurance under this section
 5 that private market holders have taken first loss position
 6 in a covered security and that such holders have sufficient
 7 capital to cover their risk-sharing obligations.

8 (c) ~~CASH PAYMENTS; CONTINUED OPERATIONS.~~—In
 9 the event of a payment default on an eligible mortgage
 10 that collateralizes a covered security insured under this
 11 section that exceeds the first loss position assumed by a
 12 private market holder or that, in the case of an approved
 13 bond guarantor, if the guarantor has become insolvent, the
 14 Corporation shall—

15 (1) pay, in cash when due, any shortfalls in
 16 payment of principal and interest under the eligible
 17 mortgage; and

18 (2) continue to charge and collect any fees for
 19 the provision of insurance (in accordance with sec-
 20 tion 203(f)) relating to the covered security.

21 (d) ~~FULL FAITH AND CREDIT.~~—The full faith and
 22 credit of the United States is pledged to the payment of
 23 all amounts which may be required to be paid under any
 24 insurance provided under this section.

1 (e) PROHIBITION ON FEDERAL ASSISTANCE.—Not-
 2 withstanding any other provision of law, no Federal funds
 3 may be used to purchase or guarantee obligations of, issue
 4 lines of credit to, provide direct or indirect access to any
 5 financing provided by the United States Government to,
 6 or provide direct or indirect grants and aid to any private
 7 market holder of the first loss position on a covered secu-
 8 rity which, on or after the date of enactment of this Act,
 9 has defaulted on its obligations, is at risk of defaulting,
 10 or is likely to default, absent such assistance from the
 11 United States Government.

12 **SEC. 205. AUTHORITY TO PROTECT TAXPAYERS IN UN-**
 13 **USUAL AND EXIGENT MARKET CONDITIONS.**

14 (a) IN GENERAL.—If the Corporation, upon the writ-
 15 ten agreement of the Chairman of the Board of Governors
 16 of the Federal Reserve System and the Secretary of the
 17 Treasury, and in consultation with the Secretary of Hous-
 18 ing and Urban Development, determines that unusual and
 19 exigent circumstances have created or threatened to create
 20 an anomalous lack of mortgage credit availability within
 21 the housing markets that could materially and severely
 22 disrupt the functioning of the housing finance system of
 23 the United States, the Corporation may, for a period not
 24 to exceed 6 months, provide insurance in accord with sec-
 25 tion 204 to any covered security regardless of whether

1 such security has satisfied the requirements of section
2 202(a).

3 (b) CONSIDERATIONS.—In exercising the authority
4 granted under subsection (a), the Corporation shall con-
5 sider the severity of the conditions present in the housing
6 markets and the risks presented to the Mortgage Insur-
7 ance Fund in exercising such authority.

8 (c) LIMITATION.—The authority granted to the Cor-
9 poration under subsection (a) may not be exercised more
10 than once in any given 3-year period.

11 **SEC. 206. GENERAL POWERS.**

12 (a) CORPORATE POWERS.—The Federal Mortgage
13 Insurance Corporation shall have power—

14 (1) to adopt, alter, and use a corporate seal,
15 which shall be judicially noticed;

16 (2) to enter into and perform contracts, leases,
17 cooperative agreements, or other transactions, on
18 such terms as it may deem appropriate, with any
19 agency or instrumentality of the United States, or
20 with any State, Territory, or possession, or the Com-
21 monwealth of Puerto Rico, or with any political sub-
22 division thereof, or with any person, firm, associa-
23 tion, or corporation;

1 ~~(3)~~ to execute, in accordance with its bylaws, all
2 instruments necessary or appropriate in the exercise
3 of any of its powers;

4 ~~(4)~~ in its corporate name, to sue and to be
5 sued, and to complain and to defend, in any court
6 of competent jurisdiction, State or Federal, but no
7 attachment, injunction, or other similar process,
8 mesne or final, shall be issued against the property
9 of the Corporation;

10 ~~(5)~~ to conduct its business without regard to
11 any qualification or similar statute in any State of
12 the United States, including the District of Colum-
13 bia, the Commonwealth of Puerto Rico, and the Ter-
14 ritories and possessions of the United States;

15 ~~(6)~~ to lease, purchase, or acquire any property,
16 real, personal, or mixed, or any interest therein, to
17 hold, rent, maintain, modernize, renovate, improve,
18 use, and operate such property, and to sell, for cash
19 or credit, lease, or otherwise dispose of the same, at
20 such time and in such manner as and to the extent
21 that it may deem necessary or appropriate;

22 ~~(7)~~ to prescribe, repeal, and amend or modify,
23 rules, regulations, or requirements governing the
24 manner in which its general business may be con-
25 ducted;

1 (8) to accept gifts or donations of services, or
2 of property, real, personal, or mixed, tangible, or in-
3 tangible, in aid of any of its purposes; and

4 (9) to do all things as are necessary or inci-
5 dental to the proper management of its affairs and
6 the proper conduct of its business.

7 (b) EXPENDITURES.—Except as may be otherwise
8 provided in this title, in chapter 91 of title 31, United
9 States Code, or in other laws specifically applicable to
10 Government corporations, the Corporation shall determine
11 the necessity for, and the character and amount of its obli-
12 gations and expenditures, and the manner in which they
13 shall be incurred, allowed, paid, and accounted for.

14 (c) EXEMPTION FROM CERTAIN TAXES.—The Cor-
15 poration, including its franchise, capital, reserves, surplus,
16 mortgages or other security holdings, and income shall be
17 exempt from all taxation now or hereafter imposed by the
18 United States, by any territory, dependency, or possession
19 thereof, or by any State, county, municipality, or local tax-
20 ing authority, except that any real property of the Cor-
21 poration shall be subject to State, territorial, county, mu-
22 nicipal, or local taxation to the same extent according to
23 its value as other real property is taxed.

24 (d) EXCLUSIVE USE OF NAME.—No individual, asso-
25 ciation, partnership, or corporation, except the bodies cor-

1 porate named under section 101, shall hereafter use the
 2 words “Federal Mortgage Insurance Corporation” or any
 3 combination of such words, as the name or a part thereof
 4 under which the individual, association, partnership, or
 5 corporation shall do business. Violations of the foregoing
 6 sentence may be enjoined by any court of general jurisdic-
 7 tion at the suit of the proper body corporate. In any such
 8 suit, the plaintiff may recover any actual damages flowing
 9 from such violation, and, in addition, shall be entitled to
 10 punitive damages (regardless of the existence or nonexist-
 11 ence of actual damages) of not exceeding \$100 for each
 12 day during which such violation is committed or repeated.

13 (e) FISCAL AGENTS.—The Federal Reserve banks
 14 are authorized and directed to act as depositories,
 15 custodians, and fiscal agents for each of the bodies cor-
 16 porate named in section 101, for its own account or as
 17 fiduciary, and such banks shall be reimbursed for such
 18 services in such manner as may be agreed upon; and each
 19 of such bodies corporate may itself act in such capacities,
 20 for its own account or as fiduciary, and for the account
 21 of others.

22 **SEC. 207. EXEMPTIONS.**

23 (a) SECURITIES EXEMPT FROM SEC REGULA-
 24 TION.—

1 (1) ~~IN GENERAL.~~—All covered securities in-
 2 sured or guaranteed by the Corporation shall, to the
 3 same extent as securities that are direct obligations
 4 of or obligations guaranteed as to principal or inter-
 5 est by the United States, be deemed to be exempt
 6 securities within the meaning of the laws adminis-
 7 tered by the Securities and Exchange Commission.

8 (2) ~~CONFORMING AMENDMENT.~~—The first sen-
 9 tence of section 3(a)(2) of the Securities Act of 1933
 10 ~~(15 U.S.C. 77c(a)(2))~~ is amended by inserting “or
 11 any covered security, as such term is defined under
 12 section 2(9) of the Housing Finance Reform and
 13 Taxpayer Protection Act of 2013,” after “Federal
 14 Reserve bank;”.

15 ~~(b) QRM EXEMPTION.~~—Section 15G(e) of the Secu-
 16 rities Exchange Act of 1934 ~~(15 U.S.C. 78o–11(e))~~ is
 17 amended—

18 (1) in paragraph (3)(B)—

19 (A) by striking “Association, the” and in-
 20 serting “Association and the”; and

21 (B) by striking “and the Federal home
 22 loan banks”; and

23 (2) by adding at the end the following:

24 “~~(7) COVERED SECURITIES INSURED BY THE~~
 25 FEDERAL MORTGAGE INSURANCE CORPORATION.—

1 Notwithstanding any other provision of this section;
 2 the requirements of this section shall not apply to
 3 any covered security, as such term is defined under
 4 section 2(9) of the Housing Finance Reform and
 5 Taxpayer Protection Act of 2013, insured or guar-
 6 anteed by the Federal Mortgage Insurance Corpora-
 7 tion or any institution that is subject to the super-
 8 vision of the Federal Mortgage Insurance Corpora-
 9 tion.”.

10 **Subtitle B—Oversight of Market** 11 **Participants**

12 **SEC. 211. APPROVAL OF PRIVATE MORTGAGE INSURERS.**

13 (a) STANDARDS FOR APPROVAL OF PRIVATE MORT-
 14 GAGE INSURERS.—

15 (1) IN GENERAL.—The Corporation shall de-
 16 velop, adopt, and publish standards for the approval
 17 by the Corporation of private mortgage insurers to
 18 provide private mortgage insurance on eligible mort-
 19 gages.

20 (2) REQUIRED STANDARDS.—The standards re-
 21 quired under paragraph (1) shall include—

22 (A) the financial history and condition of
 23 the insurer;

24 (B) the adequacy of the insurer’s capital
 25 structure, including whether the insurer has

1 sufficient capital to cover the first loss insur-
 2 ance obligations it assumes under this Act and
 3 that might be incurred in a period of economic
 4 stress, including, but not limited to, any period
 5 of economic stress that would result in a 30
 6 percent (or greater) national home price de-
 7 cline;

8 (C) the general character and fitness of
 9 the management of the insurer, including com-
 10 pliance history with Federal and State laws;

11 (D) the risk presented by such insurer to
 12 the Mortgage Insurance Fund;

13 (E) the adequacy of insurance and fidelity
 14 coverage of the insurer;

15 (F) a requirement that the insurer submit
 16 audited financial statements to the Director;
 17 and

18 (G) any other standard the Corporation
 19 determines necessary or appropriate.

20 (b) APPLICATION AND APPROVAL.—

21 (1) APPLICATION PROCESS.—The Corporation
 22 shall establish an application process, in such form
 23 and manner and requiring such information as the
 24 Corporation may require, for the approval of private
 25 mortgage insurers under this section.

1 ~~(2) APPROVAL.—~~The Corporation may approve
 2 any application made pursuant to paragraph ~~(1)~~
 3 provided the private mortgage insurer meets the
 4 standards adopted under subsection ~~(a)~~.

5 ~~(3) PUBLICATION.—~~The Corporation shall—

6 ~~(A)~~ publish in the Federal Register a list
 7 of newly approved private mortgage insurers;
 8 and

9 ~~(B)~~ maintain an updated list of approved
 10 private mortgage insurers on the website of the
 11 Corporation.

12 ~~(c) REVIEW, SUSPENSION, AND REVOCATION OF AP-~~
 13 ~~PROVED STATUS.—~~

14 ~~(1) IN GENERAL.—~~The Corporation may review
 15 the status of any approved private mortgage insurer
 16 if the Corporation is notified of or becomes aware of
 17 any violation by the insurer of this Act or the rules
 18 promulgated pursuant to this Act.

19 ~~(2) SUSPENSION OR REVOCATION.—~~

20 ~~(A) CORPORATION AUTHORITY.—~~If the
 21 Corporation determines, in a review pursuant to
 22 paragraph ~~(1)~~, that an approved private mort-
 23 gage insurer no longer meets the standards for
 24 approval, the Corporation may suspend or re-
 25 voke the approved status of such insurer.

1 ~~(B) RULE OF CONSTRUCTION.~~—The sus-
 2 pension or revocation of an approved private
 3 mortgage insurer's approved status under this
 4 paragraph shall have no effect on the status of
 5 any covered security.

6 ~~(3) PUBLICATION.~~—The Corporation shall—

7 ~~(A)~~ publish in the Federal Register a list
 8 of any approved private mortgage insurers who
 9 lost their approved status; and

10 ~~(B)~~ maintain an updated list of such insur-
 11 ers on the website of the Corporation.

12 ~~(d) APPEALS.~~—

13 ~~(1) IN GENERAL.~~—

14 ~~(A) APPEALS OF DENIALS OF APPLICA-~~
 15 ~~TION.~~—A private mortgage insurer who submits
 16 an application under subsection (b)(1) to be-
 17 come an approved private mortgage insurer
 18 may appeal a decision of the Corporation deny-
 19 ing such application.

20 ~~(B) APPEALS OF DENIALS OF BENEFITS~~
 21 ~~OR SUSPENSIONS OF PARTICIPATION.~~—An ap-
 22 proved private mortgage insurer may appeal a
 23 decision of the Corporation suspending or re-
 24 voking the approved status of such insurer.

1 (2) ~~FILING OF APPEAL.~~—Any insurer who files
 2 an appeal under paragraph (1) shall file the appeal
 3 with the Corporation not later than 90 days after
 4 the date on which the person receives notice of the
 5 decision of the Corporation being appealed.

6 (3) ~~FINAL DETERMINATION.~~—The Corporation
 7 shall make a final determination with respect to an
 8 appeal under paragraph (1) not later than 180 days
 9 after the date on which the appeal is filed under
 10 paragraph (2).

11 (e) ~~AVOIDANCE OF CONFLICTS OF INTEREST.~~—With
 12 respect to any eligible mortgage collateralizing a covered
 13 security insured under this Act, an approved private mort-
 14 gage insurer may not provide insurance both—

15 (1) in satisfaction of the credit enhancement re-
 16 quired under section 2(11)(C); and

17 (2) to cover the first loss position of private
 18 market holders of such covered security.

19 **SEC. 212. APPROVAL OF SERVICERS.**

20 (a) ~~STANDARDS FOR APPROVAL OF SERVICERS.~~—

21 (1) ~~IN GENERAL.~~—The Corporation shall de-
 22 velop, adopt, and publish standards for the approval
 23 by the Corporation of servicers to administer eligible
 24 mortgages, including standards with respect to—

1 (A) the collection and forwarding of prin-
2 cipal and interest payments;

3 (B) the maintenance of escrow accounts;

4 (C) the collection and payment of taxes
5 and insurance premiums;

6 (D) the maintenance of records on eligible
7 mortgages;

8 (E) the establishment of foreclosure loss
9 mitigation programs that seek to enhance inves-
10 tor value and prevent, to greatest extent pos-
11 sible, the need to trigger any claim on insur-
12 ance offered by the Corporation pursuant to
13 this title;

14 (F) the advancement of principal and in-
15 terest payments to investors in the case of a de-
16 linquency by a borrower until such time as the
17 borrower has made all payments in arrears or
18 the property securing the eligible mortgage has
19 been liquidated; and

20 (G) implementing the terms of any loss
21 mitigation and foreclosure prevention as re-
22 quired by a uniform securitization agreement
23 developed under section 223.

1 ~~(2) ADDITIONAL REQUIRED STANDARDS.—~~The
 2 standards required under paragraph ~~(1)~~ shall also
 3 include—

4 ~~(A)~~ the financial history and condition of
 5 the servicer;

6 ~~(B)~~ the general character and fitness of
 7 the management of the servicer, including com-
 8 pliance history with Federal and State laws;

9 ~~(C)~~ the risk presented by such servicer to
 10 the Mortgage Insurance Fund;

11 ~~(D)~~ a requirement that the servicer submit
 12 audited financial statements to the Corporation;
 13 and

14 ~~(E)~~ any other standard the Corporation
 15 determines necessary or appropriate.

16 ~~(3) COORDINATION WITH OTHER REGU-~~
 17 ~~LATORS.—~~In developing the standards required
 18 under paragraph ~~(1)~~, the Corporation shall—

19 ~~(A)~~ coordinate with the Bureau of Con-
 20 sumer Financial Protection; and

21 ~~(B)~~ to the extent the Corporation deter-
 22 mines practical and appropriate, shall coordi-
 23 nate with the other Federal banking agencies.

24 ~~(b) APPLICATION AND APPROVAL.—~~

1 (1) APPLICATION PROCESS.—The Corporation
2 shall establish an application process—

3 (A) in such form and manner and requir-
4 ing such information as the Corporation may
5 require, for the approval of servicers under this
6 section; and

7 (B) that does not discriminate against or
8 otherwise disadvantage small servicers.

9 (2) APPROVAL.—The Corporation may approve
10 any application made pursuant to paragraph (1)
11 provided the servicer meets the standards adopted
12 under subsection (a).

13 (3) PUBLICATION.—The Corporation shall—

14 (A) publish in the Federal Register a list
15 of newly approved servicers; and

16 (B) maintain an updated list of approved
17 servicers on the website of the Corporation.

18 (c) REVIEW, SUSPENSION, AND REVOCATION OF AP-
19 PROVED STATUS.—

20 (1) IN GENERAL.—The Corporation may review
21 the status of any approved servicer if the Corpora-
22 tion is notified of or becomes aware of any violation
23 by the servicer of this Act or the rules promulgated
24 pursuant to this Act, including any failure by an ap-
25 proved servicer to comply with terms set forth in any

1 uniform securitization agreement developed under
 2 section 223.

3 ~~(2) SUSPENSION OR REVOCATION.—~~

4 ~~(A) CORPORATION AUTHORITY.—~~If the
 5 Corporation determines, in a review pursuant to
 6 paragraph ~~(1)~~, that an approved servicer no
 7 longer meets the standards for approval, the
 8 Corporation may suspend or revoke the ap-
 9 proved status of such servicer.

10 ~~(B) RULE OF CONSTRUCTION.—~~The sus-
 11 pension or revocation of an approved servicer's
 12 approved status under this paragraph shall
 13 have no effect on the status of any covered se-
 14 curity.

15 ~~(3) PUBLICATION.—~~The Corporation shall—

16 ~~(A)~~ publish in the Federal Register a list
 17 of any approved servicers who lost their ap-
 18 proved status; and

19 ~~(B)~~ maintain an updated list of such
 20 servicers on the website of the Corporation.

21 ~~(d) APPEALS.—~~

22 ~~(1) IN GENERAL.—~~

23 ~~(A) APPEALS OF DENIALS OF APPLICA-~~
 24 ~~TION.—~~A servicer who submits an application
 25 under subsection ~~(b)(1)~~ to become an approved

1 servicer may appeal a decision of the Corpora-
 2 tion denying such application.

3 ~~(B) APPEALS OF DENIALS OF BENEFITS~~
 4 ~~OR SUSPENSIONS OF PARTICIPATION.~~—An ap-
 5 proved servicer may appeal a decision of the
 6 Corporation suspending or revoking the ap-
 7 proved status of such servicer.

8 ~~(2) FILING OF APPEAL.~~—Any servicer who files
 9 an appeal under paragraph ~~(1)~~ shall file the appeal
 10 with the Corporation not later than 90 days after
 11 the date on which the person receives notice of the
 12 decision of the Corporation being appealed.

13 ~~(3) FINAL DETERMINATION.~~—The Corporation
 14 shall make a final determination with respect to an
 15 appeal under paragraph ~~(1)~~ not later than 180 days
 16 after the date on which the appeal is filed under
 17 paragraph ~~(2)~~.

18 ~~(c) PETITIONS FOR CHANGE OF SERVICER BY PRI-~~
 19 ~~VATE MARKET HOLDERS.~~—The Corporation shall develop
 20 a process by which private market holders of the first loss
 21 position in a covered security may petition the Corporation
 22 for a change in approved servicers if the private market
 23 holders can demonstrate that their current approved
 24 servicer has failed to appropriately protect their invest-

1 ment, including by failing to meet any standard identified
 2 under subsection (a)(1).

3 **SEC. 213. APPROVAL OF ISSUERS.**

4 ~~(a) STANDARDS FOR APPROVAL OF ISSUERS.—~~

5 ~~(1) IN GENERAL.—~~The Corporation shall de-
 6 velop, adopt, and publish standards for the approval
 7 by the Corporation of issuers to issue covered securi-
 8 ties, including standards with respect to an issuer's
 9 ability to—

10 ~~(A) aggregate eligible mortgage loans into~~
 11 ~~pools;~~

12 ~~(B) securitize eligible mortgage loans for~~
 13 ~~sale to private investors as a covered security;~~

14 ~~(C) transfer investment risk and credit to~~
 15 ~~private market participants in accordance with~~
 16 ~~the risk-sharing mechanisms developed by the~~
 17 ~~Corporation under section 202;~~

18 ~~(D) ensure equitable access to the sec-~~
 19 ~~ondary mortgage market for covered securities~~
 20 ~~for all institutions regardless of size or geo-~~
 21 ~~graphic location;~~

22 ~~(E) create mechanisms for multi-lender~~
 23 ~~pools; and~~

24 ~~(F) ensure that eligible mortgage loans~~
 25 ~~that collateralize a covered security insured~~

1 under this title are originated in compliance
2 with the requirements of this Act.

3 ~~(2) ADDITIONAL REQUIRED STANDARDS.—~~The
4 standards required under paragraph ~~(1)~~ shall also
5 include—

6 ~~(A) the financial history and condition of~~
7 ~~the issuer;~~

8 ~~(B) the adequacy of the capital structure~~
9 ~~of the issuer;~~

10 ~~(C) the general character and fitness of~~
11 ~~the management of the issuer, including compli-~~
12 ~~ance history with Federal and State laws;~~

13 ~~(D) the risk presented by such issuer to~~
14 ~~the Mortgage Insurance Fund;~~

15 ~~(E) the adequacy of insurance and fidelity~~
16 ~~coverage of the issuer;~~

17 ~~(F) a requirement that the issuer submit~~
18 ~~audited financial statements to the Corporation;~~

19 ~~(G) the capacity of the issuer to secure~~
20 ~~first loss credit enhancement; and~~

21 ~~(H) any other standard the Corporation~~
22 ~~determines necessary or appropriate.~~

23 ~~(b) APPLICATION AND APPROVAL.—~~

24 ~~(1) APPLICATION PROCESS.—~~

1 ~~(A) IN GENERAL.—~~The Corporation shall
 2 establish an application process, in such form
 3 and manner and requiring such information as
 4 the Corporation may require, for the approval
 5 of issuers under this section.

6 ~~(B) APPLICATION PROCESS FOR INSURED~~
 7 ~~DEPOSITORY INSTITUTIONS.—~~If an insured de-
 8 pository institution seeks to become an ap-
 9 proved issuer under this section, such institu-
 10 tion may only submit its application via a sepa-
 11 rately capitalized affiliate or subsidiary.

12 ~~(2) APPROVAL.—~~The Corporation—

13 ~~(A) may approve—~~

14 (i) any application made pursuant to
 15 paragraph (1) provided the issuer meets
 16 the standards adopted under subsection
 17 (a); and

18 (ii) any application to become an ap-
 19 proved issuer made by the Federal Home
 20 Loan Bank System; and

21 ~~(B) shall ensure that at least one issuer~~
 22 approved to issue covered securities under this
 23 section is dedicated to serving the securitization
 24 needs of credit unions and community and mid-
 25 size banks without securitization capabilities.

1 ~~(3) PUBLICATION.—~~The Corporation shall—

2 ~~(A)~~ publish in the Federal Register a list
3 of newly approved issuers; and

4 ~~(B)~~ maintain an updated list of approved
5 issuers on the website of the Corporation.

6 ~~(c) FEDERAL HOME LOAN BANK SYSTEM.—~~

7 ~~(1) IN GENERAL.—~~If the Federal Home Loan
8 Bank System is approved by the Corporation to be-
9 come an approved issuer under this section, the Cor-
10 poration shall—

11 ~~(A)~~ develop a process by which each indi-
12 vidual Federal Home Loan Bank may elect not
13 to engage or otherwise contribute to any activ-
14 ity practiced by the Federal Home Loan Bank
15 System as an approved issuer;

16 ~~(B)~~ ensure that, notwithstanding section
17 11 of the Federal Home Loan Bank Act (12
18 U.S.C. 1431), any covered securities issued by
19 the Federal Home Loan Bank System as an ap-
20 proved issuer are not issued as consolidated
21 Federal Home Loan Bank debentures and are
22 explicitly designated or otherwise treated as not
23 being the joint and several obligations of any
24 individual Federal Home Loan Bank that has
25 made an election under subparagraph (A); and

1 (C) ensure that in establishing the capital
 2 standards set forth under subsection (a)(2)(B)
 3 with respect to the Federal Home Loan Bank
 4 System, that such standards shall—

5 (i) not be applicable to any individual
 6 Federal Home Loan Bank that has made
 7 an election under subparagraph (A);

8 (ii) be based on the volume of eligible
 9 mortgage loan originations made by the
 10 Federal Home Loan Banks that have not
 11 made an election under subparagraph (A);
 12 and

13 (iii) not adversely impact the tradi-
 14 tional liquidity and advance business of the
 15 Federal Home Loan Banks or the Federal
 16 Home Loan Bank System.

17 (2) FEDERAL HOME LOAN BANK ACT.—

18 (A) AMENDMENT.—Section 12 of the Fed-
 19 eral Home Loan Bank Act (12 U.S.C. 1432) is
 20 amended by adding at the end the following:

21 “(e) Subject to such regulations as may be prescribed
 22 by the Corporation, one or more Federal Home Loan
 23 Banks may establish a subsidiary. Any subsidiary estab-
 24 lished under this subsection shall be subject to supervision
 25 by the Office of Federal Home Loan Bank Supervision

1 of the Corporation and shall be restricted to engaging in
 2 activities related to being an approved issuer, as that term
 3 is defined under section 2(2) of the Housing Finance Re-
 4 form and Taxpayer Protection Act of 2013.”.

5 (B) EFFECTIVE DATE.—The amendment
 6 made by subparagraph (A) shall take effect on
 7 the transfer date.

8 (d) REVIEW, SUSPENSION, AND REVOCATION OF AP-
 9 PROVED STATUS.—

10 (1) IN GENERAL.—The Corporation may review
 11 the status of any approved issuer if the Corporation
 12 is notified of or becomes aware of any violation by
 13 the issuer of this Act or the rules promulgated pur-
 14 suant to this Act.

15 (2) SUSPENSION OR REVOCATION.—

16 (A) CORPORATION AUTHORITY.—If the
 17 Corporation determines, in a review pursuant to
 18 paragraph (1), that an approved issuer no
 19 longer meets the standards for approval, the
 20 Corporation may suspend or revoke the ap-
 21 proved status of such issuer.

22 (B) RULE OF CONSTRUCTION.—The sus-
 23 pension or revocation of an approved issuer’s
 24 approved status under this paragraph shall

1 have no effect on the status of any covered se-
2 curity.

3 ~~(3) PUBLICATION.—~~The Corporation shall—

4 (A) publish in the Federal Register a list
5 of any approved issuers who lost their approved
6 status; and

7 (B) maintain an updated list of such
8 issuers on the website of the Corporation.

9 ~~(c) APPEALS.—~~

10 ~~(1) IN GENERAL.—~~

11 (A) APPEALS OF DENIALS OF APPLICA-
12 TION.—An issuer who submits an application
13 under subsection (b)(1) to become an approved
14 issuer may appeal a decision of the Corporation
15 denying such application.

16 (B) APPEALS OF DENIALS OF BENEFITS
17 OR SUSPENSIONS OF PARTICIPATION.—An ap-
18 proved issuer may appeal a decision of the Cor-
19 poration suspending or revoking the approved
20 status of such issuer.

21 ~~(2) FILING OF APPEAL.—~~Any issuer who files
22 an appeal under paragraph (1) shall file the appeal
23 with the Corporation not later than 90 days after
24 the date on which the person receives notice of the
25 decision of the Corporation being appealed.

1 ~~(3)~~ FINAL DETERMINATION.—The Corporation
 2 shall make a final determination with respect to an
 3 appeal under paragraph ~~(1)~~ not later than 180 days
 4 after the date on which the appeal is filed under
 5 paragraph ~~(2)~~.

6 ~~(f)~~ LIMITATION ON MARKET SHARE.—

7 ~~(1)~~ IN GENERAL.—The Corporation may not
 8 enter into any contract, covenant, or other agree-
 9 ment with an approved issuer, if such contract, cov-
 10 enant, or agreement would provide the issuer a
 11 share of the covered security issuer market in excess
 12 of 15 percent of the total market, as such market
 13 is measured by the total outstanding principal bal-
 14 ance at origination of eligible mortgages
 15 collateralizing covered securities issued in the pre-
 16 vious 12-month period.

17 ~~(2)~~ EXCEPTION.—The limitation set forth
 18 under paragraph ~~(1)~~ shall not apply to—

19 ~~(A)~~ an approved issuer described under
 20 subsection ~~(b)(2)(A)(ii)~~;

21 ~~(B)~~ the FMIC Mutual Securitization Com-
 22 pany;

23 ~~(C)~~ any approved issuer which securitizes
 24 only eligible mortgage loans originated by the
 25 issuer or an affiliate of the issuer; or

1 (D) any approved issuer to which the Cor-
 2 poration grants a waiver pursuant to paragraph
 3 (3).

4 (3) WAIVER.—The Corporation may, during the
 5 3-year period beginning on the FMIC certification
 6 date, grant a waiver from the limitation set forth
 7 under paragraph (1) to an approved issuer if the
 8 Corporation determines that the number of approved
 9 issuers is insufficient, such that imposition of the
 10 limitation would adversely affect the availability of
 11 mortgage credit.

12 (g) LIMITED AUTHORITY TO HOLD ELIGIBLE MORT-
 13 GAGE LOANS.—An approved issuer may, for a period not
 14 to exceed 6-months, hold—

15 (1) eligible mortgage loans on the balance sheet
 16 of such issuer; and

17 (2) the first loss position in a covered security
 18 for purposes of obtaining insurance under this title.

19 **SEC. 214. APPROVAL OF BOND GUARANTORS.**

20 (a) STANDARDS FOR APPROVAL OF BOND GUARAN-
 21 TORS.—

22 (1) IN GENERAL.—The Corporation shall de-
 23 velop, adopt, and publish standards for the approval
 24 by the Corporation of bond guarantors to guarantee
 25 the timely payment of principal and interest on secu-

1 rities collateralized by eligible mortgages and insured
2 by the Corporation.

3 ~~(2) REQUIRED STANDARDS.~~—The standards re-
4 quired under paragraph ~~(1)~~ shall include—

5 (A) the financial history and condition of
6 the guarantor;

7 ~~(B)~~ that the guarantor maintain a min-
8 imum capital level equal to not less than 10
9 percent of the unpaid principal balance of out-
10 standing mortgage-backed securities for which
11 the guarantor is providing insurance, net of any
12 transactions, including derivative transactions,
13 repurchase agreements, reverse repurchase
14 agreements, securities lending transactions, or
15 securities borrowing transactions, that in the
16 determination of the Corporation are used by
17 the guarantor to hedge or mitigate against
18 credit risk, provided that any such hedging
19 transaction does not diminish the total amount
20 of loss absorption capital in the secondary
21 mortgage market that stands in front of the in-
22 surance provided by the Corporation under this
23 title;

1 (C) the general character and fitness of
 2 the management of the guarantor, including
 3 compliance history with Federal and State laws;

4 (D) the risk presented by such guarantor
 5 to the Mortgage Insurance Fund;

6 (E) the adequacy of insurance and fidelity
 7 coverage of the guarantor;

8 (F) a requirement that the guarantor sub-
 9 mit audited financial statements to the Direc-
 10 tor;

11 (G) a requirement that the guarantor meet
 12 a minimum tangible common equity level, or
 13 other minimum capital threshold as the Cor-
 14 poration determines necessary; and

15 (H) any other standard the Corporation
 16 determines necessary or appropriate.

17 (b) RULE OF CONSTRUCTION.—Any covered security
 18 issued by an approved issuer and insured by an approved
 19 bond guarantor shall be deemed to have satisfied the cred-
 20 it-risk sharing requirements under section 202(a)(1) with
 21 respect to the eligibility of that security to obtain insur-
 22 ance under this title.

23 (c) APPLICATION AND APPROVAL.—

24 (1) APPLICATION PROCESS.—

1 ~~(A) IN GENERAL.—~~The Corporation shall
 2 establish an application process, in such form
 3 and manner and requiring such information as
 4 the Corporation may require, for the approval
 5 of bond guarantors under this section.

6 ~~(B) APPLICATION PROCESS BY INSURED~~
 7 ~~DEPOSITORY INSTITUTIONS.—~~If an insured de-
 8 pository institution seeks to become an ap-
 9 proved bond guarantor under this section, such
 10 institution may only submit its application via
 11 a separately capitalized affiliate or subsidiary.

12 ~~(2) APPROVAL.—~~The Corporation may approve
 13 any application made pursuant to paragraph ~~(1)~~
 14 provided the bond guarantor meets the standards
 15 adopted under subsection ~~(a)~~.

16 ~~(3) PUBLICATION.—~~The Corporation shall—

17 ~~(A)~~ publish in the Federal Register a list
 18 of newly approved bond guarantors; and

19 ~~(B)~~ maintain an updated list of approved
 20 bond guarantors on the website of the Corpora-
 21 tion.

22 ~~(d) REVIEW, SUSPENSION, AND REVOCATION OF AP-~~
 23 ~~PROVED STATUS.—~~

24 ~~(1) IN GENERAL.—~~The Corporation may review
 25 the status of any approved bond guarantor if the

1 Corporation is notified of or becomes aware of any
 2 violation by the insurer of this Act or the rules pro-
 3 mulgated pursuant to this Act.

4 (2) SUSPENSION OR REVOCATION.—

5 (A) CORPORATION AUTHORITY.—If the
 6 Corporation determines, in a review pursuant to
 7 paragraph (1), that an approved bond guar-
 8 antor no longer meets the standards for ap-
 9 proval, the Corporation shall revoke the ap-
 10 proved status of such guarantor.

11 (B) RULE OF CONSTRUCTION.—The rev-
 12 ocation of an approved bond guarantor's ap-
 13 proved status under this paragraph shall have
 14 no effect on the status of any covered security.

15 (3) PUBLICATION.—The Corporation shall—

16 (A) publish in the Federal Register a list
 17 of any approved bond guarantors who lost their
 18 approved status; and

19 (B) maintain an updated list of such guar-
 20 antors on the website of the Corporation.

21 (c) APPEALS.—

22 (1) IN GENERAL.—

23 (A) APPEALS OF DENIALS OF APPLICA-
 24 TION.—A bond guarantor who submits an ap-
 25 plication under subsection (c)(1) to become an

1 approved bond guarantor may appeal a decision
 2 of the Corporation denying such application.

3 ~~(B) APPEALS OF DENIALS OF BENEFITS~~
 4 ~~OR SUSPENSIONS OF PARTICIPATION.—~~An ap-
 5 proved bond guarantor may appeal a decision of
 6 the Corporation suspending or revoking the ap-
 7 proved status of such guarantor.

8 ~~(2) FILING OF APPEAL.—~~Any bond guarantor
 9 who files an appeal under paragraph ~~(1)~~ shall file
 10 the appeal with the Corporation not later than 90
 11 days after the date on which the person receives no-
 12 tice of the decision of the Corporation being ap-
 13 pealed.

14 ~~(3) FINAL DETERMINATION.—~~The Corporation
 15 shall make a final determination with respect to an
 16 appeal under paragraph ~~(1)~~ not later than 180 days
 17 after the date on which the appeal is filed under
 18 paragraph ~~(2)~~.

19 ~~(f) LIMITATIONS ON APPROVED BOND GUARAN-~~
 20 ~~TORS.—~~With respect to any eligible mortgage
 21 collateralizing a covered security insured under this Act,
 22 an approved bond guarantor may not provide insurance—

23 ~~(1)~~ in satisfaction of the credit enhancement re-
 24 quired under section 2~~(11)~~(C) or as an approved pri-
 25 vate mortgage insurer pursuant to section 211; and

1 (2) as an approved bond guarantor under this
2 section.

3 (g) ~~PERMISSION TO CARRY OUT OTHER ACTIVITIES.~~—Nothing in this Act prohibits an approved bond
4 TIES.—Nothing in this Act prohibits an approved bond
5 guarantor from being or controlling an approved issuer,
6 provided that each issuer and bond guarantor, inde-
7 pendent of each other, meet the approval standards estab-
8 lished by the Corporation under this title.

9 **SEC. 215. AUTHORITY TO ESTABLISH FMIC MUTUAL**
10 **SECURITIZATION COMPANY.**

11 (a) ~~IN GENERAL.~~—The Corporation shall establish a
12 mutual corporation to be known as the “FMIC Mutual
13 Securitization Company”.

14 (b) ~~PURPOSE.~~—The purpose of the FMIC Mutual
15 Securitization Company is to—

16 (1) develop, securitize, sell, and otherwise meet
17 the issuing needs of credit unions, community and
18 mid-size banks, and non-depository mortgage origi-
19 nators with respect to covered securities; and

20 (2) purchase from its member participants for
21 cash, on a single loan basis, eligible mortgage loans
22 to securitize in a covered security.

23 (c) ~~SALE OF NECESSARY TECHNOLOGY.~~—Upon the
24 FMIC certification date, the enterprises shall sell to the
25 FMIC Mutual Securitization Company any function, activ-

1 ity, infrastructure, property, including intellectual prop-
 2 erty, platform, or any other object or service of an enter-
 3 prise that the Corporation determines necessary for the
 4 FMIC Mutual Securitization Company to carry out its ac-
 5 tivities and operations.

6 (d) DESIGNATION AS AN APPROVED ISSUER.—The
 7 FMIC Mutual Securitization Company shall be an ap-
 8 proved issuer for purposes of section 213.

9 (e) ELIGIBILITY.—Eligibility to participate as a
 10 member in the FMIC Mutual Securitization Company
 11 shall be limited to—

12 (1) insured depository institutions having less
 13 than \$15,000,000,000 in total consolidated assets at
 14 the time of the institution's initial participation in
 15 the Company; or

16 (2) any non-depository mortgage originator hav-
 17 ing a minimum net worth of \$2,500,000.

18 (f) GOVERNANCE.—

19 (1) RECOGNITION OF IMPORTANT ROLE OF
 20 SMALLER INSTITUTIONS.—The Corporation shall
 21 take all necessary steps to ensure that the govern-
 22 ance provisions of the FMIC Mutual Securitization
 23 Company reflect the important role in the mortgage
 24 market played by the small and mid-sized member

1 participants of the FMIC Mutual Securitization
 2 Company.

3 ~~(2) ESTABLISHMENT OF POSITION OF DIREC-~~
 4 ~~TOR.—~~There is established the position of the Direc-
 5 tor of the FMIC Mutual Securitization Company
 6 who shall be the head of the Company.

7 ~~(3) BOARD OF DIRECTORS.—~~

8 ~~(A) IN GENERAL.—~~The management of
 9 the FMIC Mutual Securitization Company shall
 10 be vested in a Board of Directors (hereafter re-
 11 ferred to as the “Mutual Board”), which shall
 12 include representatives of member participants
 13 of the Company, including representatives of—

14 (i) mortgage bankers;

15 (ii) community banks; and

16 (iii) credit unions.

17 ~~(B) INITIAL APPOINTMENT.—~~The Corpora-
 18 tion shall make initial appointments of the
 19 members of the Mutual Board. Each such ini-
 20 tial appointment shall be for a term 1 year.

21 ~~(C) APPOINTMENTS.—~~Following the initial
 22 1-year appointment of the members of the Mu-
 23 tual Board, member participants in the FMIC
 24 Mutual Securitization Company shall elect the

1 members of the Mutual Board from within the
2 membership of the Company.

3 ~~(D)~~ ADMINISTRATION.—The Mutual Board
4 shall administer the affairs of the FMIC Mu-
5 tual Securitization Company fairly and impar-
6 tially and without discrimination.

7 ~~(4)~~ NO PREFERENCES FOR SIZE.—Member par-
8 ticipants of the FMIC Mutual Securitization Com-
9 pany shall have equal voting rights on any matters
10 before the Company, regardless of the size of the in-
11 dividual member participant.

12 ~~(g)~~ APPROVAL OF MEMBER PARTICIPANTS.—

13 ~~(1)~~ IN GENERAL.—The Mutual Board shall de-
14 velop standards and procedures to approve the appli-
15 cation of member participants in the FMIC Mutual
16 Securitization Company.

17 ~~(2)~~ CONTENT OF STANDARDS.—The standards
18 required under paragraph ~~(1)~~ shall include stand-
19 ards relating to the safety and soundness of prospec-
20 tive member participants, including standards re-
21 garding the underwriting practices of such prospec-
22 tive members.

23 ~~(3)~~ COORDINATION WITH OTHER REGU-
24 LATORS.—

1 (A) ~~CONSULTATION.~~—In approving any
 2 prospective member to become a member par-
 3 ticipant in the FMIC Mutual Securitization
 4 Company, the Mutual Board may consult and
 5 share information with the primary prudential
 6 regulator of the prospective member.

7 (B) ~~PRIVILEGE PRESERVED.~~—Information
 8 shared pursuant to subparagraph (A) shall not
 9 be construed as waiving, destroying, or other-
 10 wise affecting any privilege or confidential sta-
 11 tus that a prospective member may claim with
 12 respect to such information under Federal or
 13 State law as to any person or entity other than
 14 the Mutual Board or its primary prudential
 15 regulator.

16 (C) ~~RULE OF CONSTRUCTION.~~—No provi-
 17 sion of this subsection may be construed as im-
 18 plying or establishing that—

19 (i) any prospective member waives any
 20 privilege applicable to information that is
 21 shared or transferred under any cir-
 22 cumstance to which this subsection does
 23 not apply; or

24 (ii) any prospective would waive any
 25 privilege applicable to any information by

1 submitting the information directly to its
 2 primary prudential regulator, but for this
 3 subsection.

4 ~~(h) FUNDING AUTHORITY.—~~

5 ~~(1) AUTHORITY TO ESTABLISH MEMBERSHIP~~
 6 ~~FEES.—The Mutual Board shall have the authority~~
 7 ~~to charge and collect fees, and may in its discretion~~
 8 ~~increase or decrease such fee, on its member partici-~~
 9 ~~pants for membership in the FMIC Mutual~~
 10 ~~Securitization Company, including to cover the costs~~
 11 ~~of—~~

12 ~~(A) the initial capitalization of the Com-~~
 13 ~~pany;~~

14 ~~(B) the purchase of any function, activity,~~
 15 ~~infrastructure, property, including intellectual~~
 16 ~~property, platform, or any other object or serv-~~
 17 ~~ice from an enterprise pursuant to subsection~~
 18 ~~(c); and~~

19 ~~(C) the continued operation of the Com-~~
 20 ~~pany.~~

21 ~~(2) LIMITATION.—The fees authorized under~~
 22 ~~paragraph (1)—~~

23 ~~(A) shall be equitably assessed; and~~

1 (B) may be based on the volume of eligible
 2 mortgages that the member participant sells to
 3 the FMIC Mutual Securitization Company.

4 (i) COORDINATION OF SERVICER APPROVAL.—The
 5 Mutual Board may coordinate with the Corporation to fa-
 6 cilitate the application process for its member participants
 7 to become approved servicers of the Corporation pursuant
 8 to section 212.

9 **SEC. 216. ADDITIONAL AUTHORITY RELATING TO OVER-**
 10 **SIGHT OF MARKET PARTICIPANTS.**

11 In carrying out its authorities under this subtitle, the
 12 Corporation may, in its discretion, develop, publish, and
 13 adopt such other additional standards or requirements as
 14 the Corporation determines necessary to ensure—

15 (1) competition among approved private mort-
 16 gage insurers, servicers, issuers, and bond guaran-
 17 tors and other market participants in the secondary
 18 mortgage market;

19 (2) competitive pricing among approved private
 20 mortgage insurers, servicers, issuers, and bond guar-
 21 antors and other market participants in the sec-
 22 ondary mortgage market; and

23 (3) liquidity, transparency, and access to mort-
 24 gage credit in the secondary mortgage market.

1 **SEC. 217. CIVIL MONEY PENALTIES.**

2 (a) **AUTHORITY.**—In addition to any suspension or
3 revocation of the approved status of an approved private
4 mortgage insurer, servicer, issuer, or bond guarantor
5 under this subtitle, the Corporation may, in its discretion,
6 impose a civil money penalty on any such approved private
7 mortgage insurer, servicer, issuer, or bond guarantor that
8 has failed to comply with or otherwise violates—

9 (1) any standard adopted by the Corporation
10 pursuant to this subtitle; or

11 (2) any other requirement or provision of this
12 Act, or any order, condition, rule, or regulation
13 issued pursuant to this Act, applicable to such pri-
14 vate mortgage insurer, servicer, issuer, or bond
15 guarantor, as the case may be.

16 (b) **PROCEDURES.**—

17 (1) **ESTABLISHMENT.**—The Corporation shall
18 establish standards and procedures governing the
19 imposition of civil money penalties under this sec-
20 tion. Such standards and procedures—

21 (A) shall provide for the Corporation to
22 notify the approved private mortgage insurer,
23 servicer, issuer, or bond guarantor, as the case
24 may be, in writing of the determination of the
25 Corporation to impose the penalty, which shall
26 be made on the record;

(B) shall provide for the imposition of a penalty only after the approved private mortgage insurer, servicer, issuer, or bond guarantor, as the case may be, has been given an opportunity for a hearing on the record; and

(C) may provide for review by the Corporation of any determination or order, or interlocutory ruling, arising from a hearing.

(2) FACTORS DETERMINING AMOUNT OF PENALTY.—In determining the amount of a penalty under this section, the Corporation shall give consideration to factors including—

(A) the gravity of the offense;

(B) any history of prior offenses;

(C) ability to pay the penalty;

(D) injury to the public;

(E) benefits received;

(F) deterrence of future violations; and

(G) such other factors as the Corporation may determine, by regulation, to be appropriate.

(c) ACTION TO COLLECT PENALTY.—If the approved private mortgage insurer, servicer, issuer, or bond guarantor, as the case may be, fails to comply with an order by the Corporation imposing a civil money penalty under

1 this section, the Corporation may bring an action in the
 2 United States District Court for the District of Columbia
 3 to obtain a monetary judgment against the approved pri-
 4 vate mortgage insurer, servicer, issuer, or bond guarantor,
 5 as the case may be, and such other relief as may be avail-
 6 able. The monetary judgment may, in the court's discre-
 7 tion, include the attorneys' fees and other expenses in-
 8 curred by the United States in connection with the action.
 9 In an action under this subsection, the validity and appro-
 10 priateness of the order imposing the penalty shall not be
 11 subject to review.

12 (d) SETTLEMENTS.—The Corporation may com-
 13 promise, modify, or remit any civil money penalty which
 14 may be, or has been, imposed under this section.

15 (e) DEPOSIT OF PENALTIES.—The Corporation shall
 16 use any civil money penalties collected under this section
 17 to help fund the Mortgage Insurance Fund established
 18 under section 203.

19 **SEC. 218. PROTECTION OF PRIVILEGE AND OTHER MAT-**
 20 **TERS RELATING TO DISCLOSURES BY MAR-**
 21 **KET PARTICIPANTS.**

22 (a) INFORMATION SHARING AND MAINTENANCE OF
 23 PRIVILEGE.—The Federal Deposit Insurance Act (12
 24 U.S.C. 1811 et seq.) is amended—

~~(1) in section 11(t)(2)(A) (12 U.S.C. 1821(t)(2)(A)), by inserting after clause (v) the following:~~

~~“(vii) The Federal Mortgage Insurance Corporation.”; and~~

~~(2) in section 18(x) (12 U.S.C. 1828(x))—~~

~~(A) by inserting “the Federal Mortgage Insurance Corporation,” before “any Federal banking agency” each place that term appears; and~~

~~(B) by striking “such agency” each place that term appears and inserting “Corporation, agency”.~~

~~(b) PERMISSIBLE CONSULTATION WITH FEDERAL BANKING AGENCIES.—~~

~~(1) IN GENERAL.—Pursuant to its authority under section 103(e), to facilitate the consultative process, the Corporation may share information with the Federal banking agencies, or any individual Federal banking agency, or any State bank supervisor, or foreign banking authority, on a one-time, regular, or periodic basis as determined by the Corporation regarding the capital, asset and liabilities, financial condition, risk management practices or any other~~

1 practice of any approved private mortgage insurer,
 2 servicer, issuer, or bond guarantor.

3 ~~(2)~~ PRIVILEGE PRESERVED.—Information
 4 shared by the Corporation pursuant to paragraph
 5 ~~(1)~~ shall not be construed as waiving, destroying, or
 6 otherwise affecting any privilege or confidential sta-
 7 tus that any approved private mortgage insurer,
 8 servicer, issuer, or bond guarantor or any other per-
 9 son may claim with respect to such information
 10 under Federal or State law as to any person or enti-
 11 ty other than such agencies, agency, supervisor, or
 12 authority.

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

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

20 (B) any person would waive any privilege
 21 applicable to any information by submitting the
 22 information directly to the Federal banking
 23 agencies, or any individual Federal banking
 24 agency, or any State bank supervisor, or foreign
 25 banking authority, but for this subsection.

Subtitle C—Transparency in Market Operations

SEC. 221. REVIEW OF LOAN DOCUMENTS; DISCLOSURES.

(a) IN GENERAL.—The Corporation shall, by rule—

(1) require that approved issuers—

(A) grant access to private market investors seeking to take the first loss position in a covered security to all—

(i) documents relating to eligible mortgage loans collateralizing that covered security; and

(ii) servicing reports of the approved servicer relating to such mortgages; and

(B) disclose any other material information that a reasonable investor would want to know, and make no material omission of such information, relating to eligible mortgage loans collateralizing a covered security; and

(2) establish the timing, frequency, and manner in which such access and disclosures are made.

(b) PRIVACY PROTECTIONS.—In prescribing the rules required under this section, the Corporation shall take into consideration issues of consumer privacy and all statutes, rules, and regulations related to privacy of consumer credit information and personally identifiable information.

1 Such rules shall expressly prohibit the identification of
2 specific borrowers.

3 **SEC. 222. INVESTOR IMMUNITY.**

4 Any private market investor that has taken the first
5 loss position in a covered security or that has otherwise
6 invested in any covered security insured under this Act
7 shall have immunity and protection from civil liability
8 under Federal and State law, and no cause of action may
9 be brought under Federal or State law against such inves-
10 tor, with respect to whether or not eligible mortgages that
11 collateralize a covered security insured under this Act have
12 complied with the requirements of this Act, including, but
13 not limited to, with respect to any underwriting require-
14 ments applicable to such mortgage, any representations or
15 warranties made by an approved issuer or an approved
16 bond guarantor with respect to such mortgages, or wheth-
17 er or not the terms of any uniform securitization agree-
18 ment have been met.

19 **SEC. 223. UNIFORM SECURITIZATION AGREEMENTS.**

20 (a) IN GENERAL.—The Corporation shall develop,
21 adopt, and publish standard uniform securitization agree-
22 ments for covered securities which are insured under this
23 Act.

1 (b) ~~REQUIRED CONTENT.~~—The standard uniform
 2 securitization agreements required to be developed under
 3 subsection (a) shall include terms relating to—

4 (1) pooling and servicing, including the develop-
 5 ment of uniform standards and practices—

6 (A) regarding remittance schedules and
 7 payment delays; and

8 (B) permitting the transfer of servicing
 9 rights, if such transfer is determined to be in
 10 the best financial interest of the investor, as
 11 such interest is calculated on a net present
 12 value basis;

13 (2) representations and warranties, including
 14 representations and warranties as to compliance or
 15 conformity with the requirements of this Act;

16 (3) indemnification and remedies, including for
 17 the restitution or indemnification of the Corporation
 18 with respect to early term delinquencies of eligible
 19 mortgages collateralizing a covered security;

20 (4) the qualification, responsibilities, and duties
 21 of trustees; and

22 (5) any other terms or standards the Corpora-
 23 tion determines necessary or appropriate.

24 (c) ~~DEFINING REPRESENTATION AND WARRANTY~~
 25 ~~VIOLATIONS.~~—In developing the uniform securitization

1 agreements required under subsection (a), the Corporation
 2 shall also develop, adopt, and publish clear and uniform
 3 standards that define and illustrate what actions, or omis-
 4 sions to act, comprise a violation of the representations
 5 and warranties clauses that are made a part of such agree-
 6 ments.

7 (d) CONSULTATION.—The Corporation shall work
 8 with industry groups, including servicers, originators,
 9 issuers, and mortgage investors to develop the uniform
 10 securitization agreements required under subsection (a).

11 **SEC. 224. UNIFORM MORTGAGE DATABASE.**

12 (a) UNIFORM MORTGAGE DATABASE.—The Corpora-
 13 tion shall establish, operate, and maintain a database for
 14 the collection, public use, and dissemination of uniform
 15 loan level information on eligible mortgages relating to—

- 16 (1) loan characteristics;
- 17 (2) borrower information;
- 18 (3) the property securing the eligible mort-
 19 gages;
- 20 (4) loan data required at the time of application
 21 for insurance from the Corporation under this title;
- 22 (5) the quality and consistency of appraisal and
 23 collateral data on eligible mortgages;
- 24 (6) industry-wide servicing data standards; and

1 (7) such other data, datasets, information,
 2 facts, or measurements as the Corporation deter-
 3 mines appropriate to improve and enhance loan
 4 quality and operational efficiencies within the sec-
 5 ondary mortgage market.

6 (b) CONSIDERATIONS.—In establishing the database
 7 required under subsection (a), the Corporation shall take
 8 into consideration, build upon, and adopt to the extent the
 9 Corporation determines appropriate, the existing data
 10 standards set forth under the Uniform Mortgage Data
 11 Program initiative established by the Federal Housing Fi-
 12 nance Agency.

13 (c) REGULATIONS.—The Corporation shall, by regu-
 14 lation—

15 (1) establish the manner and form by which
 16 any loan level information collected under subsection
 17 (a) may be accessed by the public, including whether
 18 or not to establish a fee for such access;

19 (2) require that such loan level information be
 20 made available to the public in a uniform manner,
 21 in a form designed for ease and speed of access, ease
 22 and speed of downloading, and ease and speed of
 23 use; and

24 (3) ensure the protection of any personally
 25 identifiable information contained in any informa-

1 tion, or mix of information, collected and made
2 available for public access.

3 (d) MONTHLY UPDATE.—The database required
4 under subsection (a) shall be updated not less frequently
5 than once a month.

6 **SEC. 225. ELECTRONIC REGISTRATION OF ELIGIBLE MORT-**
7 **GAGES.**

8 (a) ESTABLISHMENT OF ELECTRONIC REGISTRATION
9 SYSTEM.—The Corporation shall establish, operate, and
10 maintain an electronic registry system for eligible mort-
11 gages that collateralize a covered security insured under
12 this Act in order to automate, centralize, standardize, and
13 improve the process of tracking changes in servicing rights
14 and beneficial ownership interests in such eligible mort-
15 gages.

16 (b) CONSIDERATIONS.—In establishing the electronic
17 registry system required under subsection (a), the Cor-
18 poration shall take into consideration, build upon, and
19 adopt to the extent the Corporation determines appro-
20 priate, any existing efforts of the Federal Housing Fi-
21 nance Agency or expertise among the private sector to de-
22 velop a sound, efficient system for document custody and
23 electronic registration of mortgages, notes, titles, and
24 liens.

1 **Subtitle D—FMIC Structure**

2 **SEC. 231. OFFICE OF UNDERWRITING.**

3 (a) **ESTABLISHMENT.**—There is established within
 4 the Federal Mortgage Insurance Corporation an Office of
 5 Underwriting which shall be headed by the Deputy Direc-
 6 tor of Underwriting, who shall be appointed by the Board
 7 of Directors.

8 (b) **RESPONSIBILITIES.**—The Office of Underwriting
 9 shall ensure, through oversight, analysis, and examination,
 10 that eligible mortgages that collateralize a covered security
 11 insured under this Act comply with the requirements of
 12 this Act, including with respect to—

13 (1) the submission of complete and accurate
 14 loan data on eligible mortgages;

15 (2) the identification of ineligible mortgage
 16 loans;

17 (3) assisting lenders with originating high-qual-
 18 ity, lower-risk eligible mortgages; and

19 (4) any other activity that the Director deter-
 20 mines appropriate.

21 **SEC. 232. OFFICE OF SECURITIZATION.**

22 (a) **ESTABLISHMENT.**—There is established within
 23 the Federal Mortgage Insurance Corporation an Office of
 24 Securitization which shall be headed by the Deputy Direc-

1 tor of Securitization, who shall be appointed by the Board
 2 of Directors.

3 ~~(b) RESPONSIBILITIES.—~~

4 ~~(1) IN GENERAL.—~~The Office of Securitization
 5 shall—

6 ~~(A) oversee and supervise the common~~
 7 securitization platform developed by the busi-
 8 ness entity announced by the Federal Housing
 9 Finance Agency and established by the enter-
 10 prises, including by requiring that the platform
 11 have system capabilities to permit the issuance
 12 of multi-lender covered securities;

13 ~~(B) ensure that credit unions, community~~
 14 and mid-size banks, and small non-depository
 15 lenders have equitable access to any such plat-
 16 form, including through the development and
 17 facilitation of options for multi-lender pools of
 18 eligible mortgages to be securitized and issued
 19 as covered securities through such platform;
 20 and

21 ~~(C) coordinate and consult with the Fed-~~
 22 eral Home Loan Bank System to establish a
 23 securitization platform that addresses the needs
 24 of its members.

1 (2) RULES FOR USE OF COMMON
2 SECURITIZATION PLATFORM.—

3 (A) IN GENERAL.—The Corporation, act-
4 ing through the Office of Securitization, may
5 promulgate rules—

6 (i) regarding the use of the common
7 securitization platform described under
8 paragraph (1)(A); and

9 (ii) to permit securities other than
10 covered securities to be issued through
11 such platform for reasonable compensation.

12 (B) CONTENT OF RULES.—Any rule that
13 may be promulgated under subparagraph (A)
14 may include a requirement that any security to
15 be issued through the common securitization
16 platform be subject to a uniform securitization
17 agreement developed under section 223.

18 (c) ESTABLISHMENT OF DATABASE TO PROVIDE NO-
19 TICE TO DIFFERENT CLASSES OF LIEN HOLDERS.—The
20 Office of Securitization shall establish, operate, and main-
21 tain a database that—

22 (1) can be accessed by any holder of a lien on
23 an eligible mortgage;

1 (2) identifies and tracks if a junior lien or any
 2 other subordinate lien has been issued on the prop-
 3 erty securing an eligible mortgage;

4 (3) notifies, to the extent feasible, any senior or
 5 first lien holder of the existence of such junior or
 6 subordinate lien; and

7 (4) informs—

8 (A) the senior or first lien holder of the
 9 monthly performance of the junior or subordi-
 10 nate lien; and

11 (B) the junior or subordinate lien holder of
 12 the monthly performance of the senior or first
 13 lien.

14 **SEC. 233. OFFICE OF FEDERAL HOME LOAN BANK SUPER-**
 15 **VISION.**

16 (a) **ESTABLISHMENT.**—There is established within
 17 the Federal Mortgage Insurance Corporation an Office of
 18 Federal Home Loan Bank Supervision which shall be
 19 headed by the Deputy Director of Federal Home Loan
 20 Bank Supervision, who shall be appointed by the Board
 21 of Directors.

22 (b) **RESPONSIBILITIES.**—The Office of Federal Home
 23 Loan Bank Supervision shall—

24 (1) oversee, coordinate, and supervise the Fed-
 25 eral Home Loan Banks and the Federal Home Loan

1 Bank System, including the transition of all activi-
 2 ties transferred to the Corporation pursuant to sec-
 3 tion 301; and

4 (2) supervise any authorized subsidiary of one
 5 or more Federal Home Loan Banks that is approved
 6 as an approved issuer pursuant to section
 7 213(b)(2)(A)(ii), including with respect to the initial
 8 capitalization of any such subsidiary.

9 **TITLE III—TRANSFER OF POW-**
 10 **ERS, PERSONNEL, AND PROP-**
 11 **ERTY TO FMIC FROM FHFA**

12 **SEC. 301. POWERS AND DUTIES TRANSFERRED.**

13 (a) FEDERAL HOME LOAN BANK FUNCTIONS
 14 TRANSFERRED.—

15 (1) TRANSFER OF FUNCTIONS.—There are
 16 transferred to the Corporation all functions of the
 17 Federal Housing Finance Agency and the Director
 18 of the Federal Housing Finance Agency relating
 19 to—

20 (A) the supervision of the Federal Home
 21 Loan Banks and the Federal Home Loan Bank
 22 System; and

23 (B) all rulemaking authority of the Federal
 24 Housing Finance Agency and the Director of
 25 the Federal Housing Finance Agency relating

1 to the Federal Home Loan Banks and the Fed-
 2 eral Home Loan Bank System.

3 ~~(2) POWERS, AUTHORITIES, RIGHTS, AND DU-~~
 4 ~~TIES.—~~The Corporation shall succeed to all powers,
 5 authorities, rights, and duties that were vested in
 6 the Federal Housing Finance Agency and the Direc-
 7 tor of the Federal Housing Finance Agency, includ-
 8 ing all conservatorship or receivership authorities, on
 9 the day before the transfer date in connection with
 10 the functions and authorities transferred under
 11 paragraph (1).

12 ~~(3) EFFECTIVE DATE.—~~The transfer of func-
 13 tions under this paragraph shall take effect on the
 14 transfer date.

15 ~~(b) CONTINUATION AND COORDINATION OF CERTAIN~~
 16 ~~ACTIONS.—~~

17 ~~(1) IN GENERAL.—~~All regulations, orders, de-
 18 terminations, and resolutions described under para-
 19 graph (2) shall remain in effect according to the
 20 terms of such regulations, orders, determinations,
 21 and resolutions, and shall be enforceable by or
 22 against the Corporation until modified, terminated,
 23 set aside, or superseded in accordance with applica-
 24 ble law by the Corporation, any court of competent
 25 jurisdiction, or operation of law.

1 ~~(2) APPLICABILITY.—~~A regulation, order, de-
 2 termination, or resolution is described under this
 3 subsection if it—

4 ~~(A)~~ was issued, made, prescribed, or al-
 5 lowed to become effective by—

6 ~~(i)~~ the Federal Housing Finance
 7 Agency; or

8 ~~(ii)~~ a court of competent jurisdiction,
 9 and relates to functions transferred by this
 10 Act;

11 ~~(B)~~ relates to the performance of functions
 12 that are transferred by this section; and

13 ~~(C)~~ is in effect on the transfer date.

14 ~~(e) DISPOSITION OF AFFAIRS.—~~During the period
 15 preceeding the transfer date, the Director of the Federal
 16 Housing Finance Agency, for the purpose of winding up
 17 the affairs of the Federal Housing Finance Agency in con-
 18 nection with the performance of functions that are trans-
 19 ferred by this section—

20 ~~(1)~~ shall manage the employees of such Agency
 21 and provide for the payment of the compensation
 22 and benefits of any such employees which accrue be-
 23 fore the transfer date; and

24 ~~(2)~~ may take any other action necessary for the
 25 purpose of winding up the affairs of the Office.

1 (d) ~~USE OF PROPERTY AND SERVICES.—~~

2 (1) ~~PROPERTY.—~~The Corporation may use the
3 property and services of the Federal Housing Fi-
4 nance Agency to perform functions which have been
5 transferred to the Corporation until such time as the
6 Agency is abolished under section 303 to facilitate
7 the orderly transfer of functions transferred under
8 this section, any other provision of this Act, or any
9 amendment made by this Act to any other provision
10 of law.

11 (2) ~~AGENCY SERVICES.—~~Any agency, depart-
12 ment, or other instrumentality of the United States,
13 and any successor to any such agency, department,
14 or instrumentality, that was providing supporting
15 services to the Agency before the transfer date in
16 connection with functions that are transferred to the
17 Corporation shall—

18 (A) continue to provide such services, on a
19 reimbursable basis, until the transfer of such
20 functions is complete; and

21 (B) consult with any such agency to co-
22 ordinate and facilitate a prompt and reasonable
23 transition.

24 (e) ~~CONTINUATION OF SERVICES.—~~The Corporation
25 may use the services of employees and other personnel of

1 the Federal Housing Finance Agency, on a reimbursable
 2 basis, to perform functions which have been transferred
 3 to the Corporation for such time as is reasonable to facili-
 4 tate the orderly transfer of functions pursuant to this sec-
 5 tion, any other provision of this Act, or any amendment
 6 made by this Act to any other provision of law.

7 (f) SAVINGS PROVISIONS.—

8 (1) EXISTING RIGHTS, DUTIES, AND OBLIGA-
 9 TIONS NOT AFFECTED.—Subsection (a) and section
 10 303 shall not affect the validity of any right, duty,
 11 or obligation of the United States, the Director of
 12 the Federal Housing Finance Agency, the Federal
 13 Housing Finance Agency, or any other person, that
 14 existed on the day before transfer date.

15 (2) CONTINUATION OF SUITS.—No action or
 16 other proceeding commenced by or against the Di-
 17 rector of the Federal Housing Finance Agency in
 18 connection with the functions that are transferred to
 19 the Corporation under this section shall abate by
 20 reason of the enactment of this Act, except that the
 21 Corporation shall be substituted for the Director of
 22 the Federal Housing Finance Agency as a party to
 23 any such action or proceeding.

24 (g) CONFORMING AMENDMENTS.—

1 ~~(1)~~ FEDERAL HOME LOAN BANK ACT.—The
 2 Federal Home Loan Bank Act (~~12~~ U.S.C. 1421 et
 3 seq.) is amended—

4 (A) by striking “the Director” and insert-
 5 ing “the Corporation” each place that term ap-
 6 pears;

7 (B) by striking “The Director” and insert-
 8 ing “The Corporation” each place that term ap-
 9 pears;

10 (C) by striking “Chairman of the Director
 11 of Governors” and inserting “Chairman of the
 12 Board of Governors” each place that term ap-
 13 pears;

14 (D) by striking “the Agency” and inserting
 15 “the Corporation” each place that term ap-
 16 pears;

17 (E) in section 2, by striking paragraphs
 18 ~~(11)~~ and ~~(12)~~ and inserting the following:

19 “~~(11)~~ CORPORATION.—The term ‘Corporation’
 20 means the Federal Mortgage Insurance Corporation
 21 established under title I of the Housing Finance Re-
 22 form and Taxpayer Protection Act of 2013.”; and

23 (F) in section 11(l)(5), in the header to
 24 such paragraph, by striking “OF THE DIREC-
 25 TOR”.

1 ~~(2)~~ FEDERAL HOUSING ENTERPRISES FINAN-
 2 CIAL SAFETY AND SOUNDNESS ACT.—Section 1316
 3 of the Federal Housing Enterprises Financial Safety
 4 and Soundness Act of 1992 (~~12~~ U.S.C. 4516) is
 5 amended—

6 ~~(A)~~ in subsection (a)—

7 (i) in the matter preceding paragraph
 8 (1), by striking “the regulated entities”
 9 and inserting “each enterprise”; and

10 (ii) in paragraph (1), by striking “and
 11 under section 20 of the Federal Home
 12 Loan Bank Act”;

13 ~~(B)~~ in subsection (b), by striking para-
 14 graph (2);

15 ~~(C)~~ in subsection (c)—

16 (i) by striking “any regulated entity”
 17 and inserting “any enterprise”;

18 (ii) by striking “the regulated entity”
 19 and inserting “the enterprise”;

20 (iii) by striking “a regulated entity”
 21 and inserting “an enterprise” each place
 22 that term appears;

23 (iv) by striking “such regulated enti-
 24 ty” and inserting “such enterprise” each
 25 place that term appears; and

1 (v) by striking “such entity” and in-
 2 serting “such enterprise”; and

3 (D) in subsection (c)—

4 (i) by striking “each regulated entity”
 5 and inserting “each enterprise”; and

6 (ii) by striking “such regulated enti-
 7 ty” and inserting “such enterprise”.

8 (3) RIGHT TO FINANCIAL PRIVACY ACT OF
 9 1978.—Section 1113(o) of the Right to Financial
 10 Privacy Act of 1978 (12 U.S.C. 3413(o)) is amend-
 11 ed—

12 (A) in the heading to the subsection, by
 13 “FEDERAL HOUSING FINANCE AGENCY” and
 14 inserting “FEDERAL MORTGAGE INSURANCE
 15 CORPORATION”;

16 (B) by striking “Federal Housing Finance
 17 Agency” and inserting “Federal Mortgage In-
 18 surance Corporation”; and

19 (C) by striking “Federal Housing Finance
 20 Agency’s” and inserting “Federal Mortgage In-
 21 surance Corporation’s”.

22 (4) EFFECTIVE DATE.—The amendments made
 23 by this subsection shall take effect on the transfer
 24 date.

1 **SEC. 302. TRANSFER AND RIGHTS OF EMPLOYEES OF THE**
 2 **FHFA.**

3 (a) **TRANSFER.**—Each employee of the Federal
 4 Housing Finance Agency that is employed in connection
 5 with functions that are transferred to the Corporation
 6 under section 301 shall be transferred to the Corporation
 7 for employment, not later than the transfer date, and such
 8 transfer shall be deemed a transfer of function for pur-
 9 poses of section 3503 of title 5, United States Code.

10 (b) **STATUS OF EMPLOYEES.**—The transfer of func-
 11 tions under this title, and the abolishment of the Federal
 12 Housing Finance Agency under section 303, may not be
 13 construed to affect the status of any transferred employee
 14 as an employee of an agency of the United States for pur-
 15 poses of any other provision of law.

16 (c) **GUARANTEED POSITIONS.**—Each employee trans-
 17 ferred under subsection (a) shall be guaranteed a position
 18 with the same status, tenure, grade, and pay as that held
 19 on the day immediately preceding the transfer.

20 (d) **APPOINTMENT AUTHORITY FOR EXCEPTED EM-**
 21 **PLOYEES.**—

22 (1) **IN GENERAL.**—In the case of an employee
 23 occupying a position in the excepted service, any ap-
 24 pointment authority established under law or by reg-
 25 ulations of the Office of Personnel Management for

1 filling such position shall be transferred, subject to
 2 paragraph (2).

3 ~~(2) DECLINE OF TRANSFER.~~—The Corporation
 4 may decline a transfer of authority under paragraph
 5 (1), to the extent that such authority relates to a po-
 6 sition excepted from the competitive service because
 7 of its confidential, policymaking, policy-determining,
 8 or policy-advocating character.

9 ~~(c) REORGANIZATION.~~—If the Corporation deter-
 10 mines, after the end of the 1-year period beginning on the
 11 transfer date, that a reorganization of the combined work-
 12 force is required, that reorganization shall be deemed a
 13 major reorganization for purposes of affording affected
 14 employee retirement under section 8336(d)(2) or
 15 8414(b)(1)(B) of title 5, United States Code.

16 ~~(f) EMPLOYEE BENEFIT PROGRAMS.~~—

17 ~~(1) IN GENERAL.~~—Any employee of the Federal
 18 Housing Finance Agency accepting employment with
 19 the Corporation as a result of a transfer under sub-
 20 section (a) may retain, for 12 months after the date
 21 on which such transfer occurs, membership in any
 22 employee benefit program of the Agency or the Cor-
 23 poration, as applicable, including insurance, to which
 24 such employee belongs on the transfer date if—

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

3 (B) the benefit or program is continued by
4 the Corporation.

5 (2) COST DIFFERENTIAL.—

6 (A) IN GENERAL.—The difference in the
7 costs between the benefits which would have
8 been provided by the Federal Housing Finance
9 Agency and those provided by this section shall
10 be paid by the Corporation.

11 (B) HEALTH INSURANCE.—If any em-
12 ployee elects to give up membership in a health
13 insurance program or the health insurance pro-
14 gram is not continued by the Corporation, the
15 employee shall be permitted to select an alter-
16 nate Federal health insurance program not
17 later than 30 days after the date of such elec-
18 tion or notice, without regard to any other reg-
19 ularly scheduled open season.

20 **SEC. 303. ABOLISHMENT OF FHFA.**

21 Effective upon the FMIC certification date, the Fed-
22 eral Housing Finance Agency and the position of the Di-
23 rector of the Federal Housing Finance Agency are abol-
24 ished.

1 **SEC. 304. TRANSFER OF PROPERTY AND FACILITIES.**

2 Effective upon the FMIC certification date all prop-
3 erty of the Federal Housing Finance Agency shall transfer
4 to the Corporation.

5 **SEC. 305. TECHNICAL AND CONFORMING AMENDMENTS.**

6 (a) **EFFECTIVE DATE.**—The amendments made by
7 this section shall take effect on the date of enactment of
8 this Act.

9 (b) **REFERENCES IN FEDERAL LAW.**—On and after
10 the date of enactment of this Act, any reference in Federal
11 law to the Director of the Federal Housing Finance Agen-
12 cy or the Federal Housing Finance Agency, in connection
13 with any function of the Director of the Federal Housing
14 Finance Agency or the Federal Housing Finance Agency
15 transferred under section 301, shall be deemed a reference
16 to the Chairperson of the Federal Mortgage Insurance
17 Corporation or the Federal Mortgage Insurance Corpora-
18 tion, as appropriate and consistent with the amendments
19 made by this Act.

20 (c) **TITLE 18, UNITED STATES CODE.**—Title 18,
21 United States Code, is amended—

22 (1) in section 1905, by inserting “or the Fed-
23 eral Mortgage Insurance Corporation” after “Fed-
24 eral Housing Finance Agency”;

25 (2) in section 212(c)(2)—

1 (A) in subparagraph (F), by striking “;
2 and” and inserting a semicolon;

3 (B) in subparagraph (G), by striking the
4 period at the end and inserting “; and”; and

5 (C) by adding at the end the following:

6 “(H) the Federal Mortgage Insurance Cor-
7 poration.”;

8 (3) in section 657, by inserting “the Federal
9 Mortgage Insurance Corporation,” after “Federal
10 Housing Finance Agency,”;

11 (4) in section 1006, by inserting “the Federal
12 Mortgage Insurance Corporation,” after “Federal
13 Housing Finance Agency,”; and

14 (5) in section 1014, by inserting “the Federal
15 Mortgage Insurance Corporation,” after “Federal
16 Housing Finance Agency,”.

17 (d) FLOOD DISASTER PROTECTION ACT OF 1973.—
18 Section 102(b)(5) of the Flood Disaster Protection Act of
19 1973 (42 U.S.C. 4012a(b)(5)) is amended in subsection
20 (b)(5), by inserting “the Federal Mortgage Insurance Cor-
21 poration,” after “Federal Housing Finance Agency,”.

22 (e) TITLE 5, UNITED STATES CODE.—Title 5,
23 United States Code, is amended—

1 (1) in section 5313, by inserting the following
 2 new item after the item relating to the Director of
 3 the Federal Housing Finance Agency:

4 “Director of the Federal Mortgage Insurance
 5 Corporation.”; and

6 (2) in section 3132(a)(1)(D), by inserting “the
 7 Federal Mortgage Insurance Corporation,” after
 8 “Federal Housing Finance Agency,”.

9 (f) ~~SARBANES-OXLEY~~ ACT.—Section
 10 105(b)(5)(B)(ii)(H) of the Sarbanes-Oxley Act of 2002
 11 (15 U.S.C. 7215(b)(5)(B)(ii)(H)) is amended by inserting
 12 “or the Chairperson of the Federal Mortgage Insurance
 13 Corporation” after “Director of the Federal Housing Fi-
 14 nance Agency”.

15 (g) ~~FEDERAL DEPOSIT INSURANCE ACT.~~—The Fed-
 16 eral Deposit Insurance Act (12 U.S.C. 1811 et seq.) is
 17 amended—

18 (1) in section 7(a)(2)(A), by inserting “the
 19 Federal Mortgage Insurance Corporation,” after
 20 “Federal Housing Finance Agency,” each place that
 21 term appears;

22 (2) in section 8(e)(7)(A)(vi), by inserting “, the
 23 Federal Mortgage Insurance Corporation,” after
 24 “Federal Housing Finance Agency”;

1 (3) in section 11(t)(2)(A), by adding at the end
2 the following:

3 “(viii) The Federal Mortgage Insur-
4 ance Corporation.”; and

5 (4) in section 33(e), by inserting “, the Federal
6 Mortgage Insurance Corporation,” after “Federal
7 Housing Finance Agency”.

8 (h) RIEGLE COMMUNITY DEVELOPMENT AND REGU-
9 LATORY IMPROVEMENT ACT OF 1994.—Section 117(e) of
10 the Riegle Community Development and Regulatory Im-
11 provement Act of 1994 (12 U.S.C. 4716(e)) is amended
12 by inserting “the Federal Mortgage Insurance Corpora-
13 tion,” after “Federal Housing Finance Agency,”.

14 (i) MAHRA ACT OF 1997.—Section 517(b)(4) of the
15 Multifamily Assisted Housing Reform and Affordability
16 Act of 1997 (42 U.S.C. 1437f note) is amended by insert-
17 ing “the Federal Mortgage Insurance Corporation,” after
18 “Federal Housing Finance Agency,”.

19 (j) TITLE 44, UNITED STATES CODE.—Section
20 3502(5) of title 44, United States Code, is amended by
21 inserting “the Federal Mortgage Insurance Corporation,”
22 after “Federal Housing Finance Agency,”.

23 (k) ACCESS TO LOCAL TV ACT OF 2000.—Section
24 1004(d)(2)(D)(iii) of the Launching Our Communities’
25 Access to Local Television Act of 2000 (47 U.S.C.

1 1103(d)(2)(D)(iii)) is amended by inserting “or the Fed-
 2 eral Mortgage Insurance Corporation,” after “Federal
 3 Housing Finance Agency”.

4 (I) FIRREA.—The Financial Institutions Reform,
 5 Recovery, and Enhancement Act of 1989 is amended—

6 (1) in section 1216—

7 (A) in subsection (a)—

8 (i) in paragraph (2), by striking “;
 9 and” and inserting a semicolon;

10 (ii) in paragraph (3), by striking the
 11 period and inserting “; and”; and

12 (iii) by adding at the end the fol-
 13 lowing:

14 “(4) the Federal Mortgage Insurance Corpora-
 15 tion.”; and

16 (B) in subsection (c), by inserting “the
 17 Federal Mortgage Insurance Corporation,” be-
 18 fore “and the Federal Housing Finance Agen-
 19 cy,”;

20 (2) in section 402(e), by striking “Federal
 21 Housing Finance Agency” each place that term ap-
 22 pears and inserting “Federal Mortgage Insurance
 23 Corporation”;

24 (3) in section 1124, by inserting “the Federal
 25 Mortgage Insurance Corporation,” after “Federal

1 Housing Finance Agency,” each place that term ap-
 2 pears; and

3 (4) in section 1125(b), by inserting “the Fed-
 4 eral Mortgage Insurance Corporation,” after “Fed-
 5 eral Housing Finance Agency,”.

6 (m) EESA.—The Emergency Economic Stabilization
 7 Act of 2008 (12 U.S.C. 5201 note) is amended—

8 (1) in section 104(b)—

9 (A) in paragraph (4), by striking “; and”
 10 and inserting a semicolon;

11 (B) in paragraph (5), by striking the pe-
 12 riod and inserting “; and”; and

13 (C) by adding at the end the following:

14 “(6) the Federal Mortgage Insurance Corpora-
 15 tion.”; and

16 (2) in section 109(b), by inserting “the Federal
 17 Mortgage Insurance Corporation,” after “Federal
 18 Housing Finance Agency,”.

19 (n) DODD-FRANK ACT.—The Dodd-Frank Wall
 20 Street Reform and Consumer Protection Act (Public Law
 21 111–203) is amended—

22 (1) in section 342(g)(1)—

23 (A) in subparagraph (H), by striking “;
 24 and” and inserting a semicolon;

1 (B) in subparagraph (I), by striking the
2 period and inserting “; and”; and

3 (C) by adding at the end the following:

4 “(J) the Federal Mortgage Insurance Cor-
5 poration.”;

6 (2) in section 989E(a)(1), by adding at the end
7 the following:

8 “(J) The Federal Mortgage Insurance Cor-
9 poration.”; and

10 (3) in section 1481(b), by inserting “the Fed-
11 eral Mortgage Insurance Corporation,” after “Fed-
12 eral Housing Finance Agency,”.

13 (e) HOUSING AND URBAN-RURAL RECOVERY ACT.—
14 Section 469 of the Housing and Urban-Rural Recovery
15 Act of 1983 (12 U.S.C. 1701p-1) is amended, in the first
16 sentence, by inserting “the Federal Mortgage Insurance
17 Corporation,” after “Federal Housing Finance Agency,”.

18 (p) NEIGHBORHOOD REINVESTMENT CORPORATION
19 ACT.—Section 606(e)(3) of the Neighborhood Reinvest-
20 ment Corporation Act (42 U.S.C. 8105(e)(3)) is amended
21 by inserting “; the Federal Mortgage Insurance Corpora-
22 tion,” after “Federal Housing Finance Agency”.

23 (q) FEDERAL INSURANCE OFFICE ACT.—Section
24 313(r)(4) of title 31, United States Code, is amended by

1 inserting “the Federal Mortgage Insurance Corporation,”
 2 after “Federal Housing Finance Agency,”.

3 ~~(r)~~ COMMODITY EXCHANGE ACT.—Section
 4 1a(39)(E) of the Commodity Exchange Act (7 U.S.C.
 5 1a(39)(E)) is amended—

6 (1) by striking “a regulated entity” and insert-
 7 ing “an enterprise”; and

8 (2) by inserting before the period at the end
 9 “the Federal Mortgage Insurance Corporation in the
 10 case of a swap dealer, major swap participant, secu-
 11 rity-based swap dealer, or major security-based swap
 12 participant that is a Federal Home Loan Bank”.

13 ~~(s)~~ TRUTH IN LENDING ACT.—The Truth in Lending
 14 Act (15 U.S.C. 1601 et seq.) is amended—

15 (1) section 129H(b)(4), by inserting “the Fed-
 16 eral Mortgage Insurance Corporation,” after “Fed-
 17 eral Housing Finance Agency,”; and

18 (2) in section 129E—

19 (A) in subsection (g)(1), by inserting “the
 20 Federal Mortgage Insurance Corporation,”
 21 after “Federal Housing Finance Agency,”; and

22 (B) in subsection (h), by inserting “the
 23 Federal Mortgage Insurance Corporation,”
 24 after “Federal Housing Finance Agency,”.

1 (t) FFIEC.—The first sentence of section 1011 of
 2 the Federal Financial Institutions Examination Council
 3 Act of 1978 (12 U.S.C. 3310) is amended by inserting
 4 “the Federal Mortgage Insurance Corporation,” before
 5 “and the Federal Housing Finance Agency”.

6 **TITLE IV—IMPROVING TRANSPARENCY, ACCOUNTABILITY,**
 7 **AND EFFICACY WITHIN AF-**
 8 **FORDABLE HOUSING**

10 **SEC. 401. AFFORDABLE HOUSING ALLOCATIONS.**

11 (a) FEE AND ALLOCATION OF AMOUNTS.—Subject to
 12 subsection (b), and in addition to any fees for the provi-
 13 sion of insurance established in accordance with title II,
 14 in each fiscal year the Corporation shall—

15 (1) charge and collect a fee in an amount equal
 16 to not less than 5 basis points and not more than
 17 10 basis points for each dollar of the outstanding
 18 principal balance of eligible mortgages collateralizing
 19 covered securities for which insurance is being pro-
 20 vided under title II; and

21 (2) allocate or otherwise transfer—

22 (A) 80 percent of such fee amounts to the
 23 Secretary of Housing and Urban Development
 24 to fund the Housing Trust Fund established
 25 under section 1338 of the Federal Housing En-

terprises Financial Safety and Soundness Act
of 1992 (12 U.S.C. 4568); and

(B) 20 percent of such fee amounts to the
Secretary of the Treasury to fund the Capital
Magnet Fund established under section 1339 of
the Federal Housing Enterprises Financial
Safety and Soundness Act of 1992 (12 U.S.C.
4569).

(b) SUSPENSION OF CONTRIBUTIONS.—The Corpora-
tion may temporarily suspend allocations under subsection
(a) upon a finding by the Corporation that such alloca-
tions are contributing, or would contribute, to the finan-
cial instability of the Mortgage Insurance Fund estab-
lished under section 203.

SEC. 402. HOUSING TRUST FUND.

Section 1338 of the Federal Housing Enterprises Fi-
nancial Safety and Soundness Act of 1992 (12 U.S.C.
4568) is amended—

(1) in subsection (a), by striking “by the enter-
prises under section 1337” and inserting “pursuant
to section 401 of the Housing Finance Reform and
Taxpayer Protection Act of 2013”;

(2) by repealing subsection (b); and

(3) in subsection (c)—

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

4 (B) in paragraph (4)(B), by striking
5 “other than fiscal year 2009”;

6 (C) in paragraph (7)—

7 (i) in subparagraph (A), by striking “;
8 and” and inserting a semicolon;

9 (ii) in subparagraph (B)(iv)—

10 (I) by striking “section 132” and
11 inserting “section 1132”; and

12 (II) by striking the period at the
13 end and inserting a semicolon; and

14 (iii) by adding at the end the fol-
15 lowing:

16 “(C) grants and loans, including through
17 the use of pilot programs of sufficient scale, to
18 support the research and development of sus-
19 tainable homeownership and affordable rental
20 programs, provided that such grant or loan
21 amounts are used only for the benefit of fami-
22 lies whose income does not exceed 120 percent
23 of the area median income as determined by the
24 Secretary, with adjustments for family size; and

1 “(D) provide limited credit enhancement,
2 and other forms of credit support, for product
3 and services that—

4 “(i) will increase the rate of sustain-
5 able homeownership and affordable rental
6 by individuals or families whose income
7 does not exceed 120 percent of the area
8 median income as determined by the Sec-
9 retary, with adjustments for family size;
10 and

11 “(ii) might not otherwise be offered or
12 supported by a pilot program of sufficient
13 scale to determine the viability of such
14 products and services in the private mar-
15 ket.”; and

16 (D) in paragraph (10)—

17 (i) by amending subparagraph (A) to
18 read as follows:

19 “(A) ENSURING EFFICIENT USE OF GRANT
20 AMOUNTS.—

21 “(i) USE FOR CERTAIN ELIGIBLE AC-
22 TIVITIES.—In each fiscal year, of the ag-
23 gregate amount allocated to a State or
24 State designated entity under this sub-
25 section—

1 “(I) 35 percent shall be used for
2 activities under subparagraph (A) of
3 paragraph (7);

4 “(H) 5 percent shall be used for
5 activities under subparagraph (B) of
6 paragraph (7); and

7 “(III) 60 percent shall be used
8 for activities under subparagraphs (C)
9 and (D) of paragraph (7).

10 “(ii) ENSURING BENEFITS FOR RURAL
11 COMMUNITIES.—

12 “(I) IN GENERAL.—In each fiscal
13 year, of the aggregate amount allo-
14 cated to a State or State designated
15 entity under this subsection, the State
16 or State designated entity shall ensure
17 that, at a minimum, such amounts
18 are distributed for the benefit of non-
19 entitlement areas in that State in the
20 same proportion that the total amount
21 of nonentitlement areas in that State
22 bears to the total amount of all areas
23 in that State.

24 “(II) TARGETED OUTREACH TO
25 SMALLER COMMUNITIES.—In carrying

1 out the requirement under subclause
 2 (I), each State or State designated en-
 3 tity shall in distributing amounts allo-
 4 cated to that State or State des-
 5 ignated entity give priority to non-
 6 entitlement areas with a population of
 7 less than 20,000.

8 “(III) DEFINITION OF NON-
 9 ENTITLEMENT AREA.—For purposes
 10 of this clause, the term ‘nonentitle-
 11 ment area’ has the same meaning
 12 given that term under section
 13 402(a)(7) of the Housing and Com-
 14 munity Development Act of 1974 (42
 15 U.S.C. 5302(a)(7)).”; and

16 (ii) by striking subparagraph (E).

17 **SEC. 403. CAPITAL MAGNET FUND.**

18 Section 1339 of the Federal Housing Enterprises Fi-
 19 nancial Safety and Soundness Act of 1992 (12 U.S.C.
 20 4569) is amended—

21 (1) in subsection (b)(1), by striking “pursuant
 22 to section 1337” and inserting “pursuant to section
 23 401 of the Housing Finance Reform and Taxpayer
 24 Protection Act of 2013”; and

25 (2) in subsection (h), by striking paragraph (7).

1 **SEC. 404. ADDITIONAL TAXPAYER PROTECTIONS.**

2 (a) ~~ENSURING BENEFITS SUPPORT CITIZENS AND~~
 3 ~~LAWFUL PERMANENT RESIDENTS.~~—The Secretary of
 4 Housing and Urban Development and the Secretary of the
 5 Treasury, respectively, shall ensure that grant amounts al-
 6 located to covered grantees, allocated by covered grantees
 7 to eligible recipients, or allocated to individuals by such
 8 eligible recipients are used for the benefit of only lawful
 9 permanent residents and citizens of the United States in
 10 carrying out the activities of—

11 (1) the Housing Trust Fund; and

12 (2) the Capital Magnet Fund.

13 (b) ~~NOT TO BE USED FOR POLITICAL ACTIVITIES.~~—
 14 Consistent with the existing requirements under sections
 15 1338(c)(10)(D) and section 1339(h)(5) of the Federal
 16 Housing Enterprises Financial Safety and Soundness Act
 17 of 1992, the Secretary of Housing and Urban Develop-
 18 ment and the Secretary of the Treasury, respectively, shall
 19 ensure that grant amounts allocated by covered grantees
 20 to eligible recipients or allocated to individuals by such eli-
 21 gible recipients are not used for—

22 (1) political activities;

23 (2) advocacy;

24 (3) lobbying, whether directly or through other
 25 parties;

(4) influencing the selection, nomination, election, or appointment of one or more candidates to any Federal, State or local office;

(5) personal counseling services;

(6) travel expenses; and

(7) preparing or providing advice on tax returns.

(c) PENALTIES.—

(1) CIVIL MONEY PENALTY.—If an eligible recipient or any other individual in receipt of grant amounts described by this section violates any provision of subsection (a) or (b), the Secretary of Housing and Urban Development or the Secretary of the Treasury, as the case may be, may impose a civil penalty on such recipient or individual, as the case may be, of not more than \$1,000,000 for each violation.

(2) CRIMINAL PENALTIES.—Whoever, being subject to the provisions of subsection (a) or (b), knowingly participates, directly or indirectly, in any manner in conduct that results in a violation of such provisions shall, notwithstanding section 3571 of title 18, United States Code, be fined not more than \$1,000,000 for each violation, imprisoned for not more than 5 years, or both.

1 (3) ~~RULE OF CONSTRUCTION.~~—The penalties
 2 imposed under paragraphs (1) or (2) shall be in ad-
 3 dition to any other available civil remedy or any
 4 other available criminal penalty and may be imposed
 5 whether or not the Secretary of Housing and Urban
 6 Development or the Secretary of the Treasury, as
 7 the case may be, imposes other administrative sanc-
 8 tions.

9 (d) ~~DEFINITION.~~—As used in this section—

10 (1) the term “covered grantee” means—

11 (A) for purposes of the Housing Trust
 12 Fund, a State or State designated entity; and

13 (B) for purposes of the Capital Magnet
 14 Fund, an eligible grantee as described under
 15 section 1339(e) of the Federal Housing Enter-
 16 prises Financial Safety and Soundness Act of
 17 1992;

18 (2) the term “eligible recipient” means—

19 (A) for purposes of the Housing Trust
 20 Fund, a recipient as described under section
 21 1338(e)(9) of the Federal Housing Enterprises
 22 Financial Safety and Soundness Act of 1992;
 23 and

1 (B) for purposes of the Capital Magnet
2 Fund, a recipient of assistance from the Capital
3 Magnet Fund;

4 (3) the term “Capital Magnet Fund” means the
5 Capital Magnet Fund established under section
6 1339 of the Federal Housing Enterprises Financial
7 Safety and Soundness Act of 1992 (12 U.S.C.
8 4569); and

9 (4) the term “Housing Trust Fund” means the
10 Housing Trust Fund established under section 1338
11 of the Federal Housing Enterprises Financial Safety
12 and Soundness Act of 1992 (12 U.S.C. 4568).

13 **TITLE V—WIND DOWN OF**
14 **FANNIE MAE AND FREDDIE MAC**

15 **SEC. 501. REPEAL OF GSE CHARTERS.**

16 (a) FANNIE MAE.—Effective on the FMIC certifi-
17 cation date, the charter of the Federal National Mortgage
18 Association is repealed and the Federal National Mort-
19 gage Association shall have no authority to conduct new
20 business under such charter, except that the provisions of
21 such charter in effect immediately before such repeal shall
22 continue to apply with respect to the rights and obligations
23 of any holders of—

24 (1) outstanding debt obligations of the Federal
25 National Mortgage Association, including any—

1 (A) bonds, debentures, notes, or other
2 similar instruments;

3 (B) capital lease obligations; or

4 (C) obligations in respect of letters of cred-
5 it, bankers' acceptances, or other similar instru-
6 ments; or

7 (2) mortgage-backed securities guaranteed by
8 the Federal National Mortgage Association.

9 (b) FREDDIE MAC.—Effective on the FMIC certifi-
10 cation date, the charter of the Federal Home Loan Mort-
11 gage Corporation is repealed and the Federal Home Loan
12 Mortgage Corporation shall have no authority to conduct
13 new business under such charter, except that the provi-
14 sions of such charter in effect immediately before such re-
15 peal shall continue to apply with respect to the rights and
16 obligations of any holders of—

17 (1) outstanding debt obligations of the Federal
18 Home Loan Mortgage Corporation, including any—

19 (A) bonds, debentures, notes, or other
20 similar instruments;

21 (B) capital lease obligations; or

22 (C) obligations in respect of letters of cred-
23 it, bankers' acceptances, or other similar instru-
24 ments; or

1 ~~(2) mortgage-backed securities guaranteed by~~
 2 ~~the Federal Home Loan Mortgage Corporation.~~

3 ~~(c) EXISTING GUARANTEE OBLIGATIONS.—~~

4 ~~(1) EXPLICIT GUARANTEE.—~~The full faith and
 5 ~~credit of the United States is pledged to the pay-~~
 6 ~~ment of all amounts which may be required to be~~
 7 ~~paid under any obligation described under sub-~~
 8 ~~sections (a) and (b).~~

9 ~~(2) CONTINUED DIVIDEND PAYMENTS.—~~Not-
 10 ~~withstanding section 502 or any other provision of~~
 11 ~~law, and subject to section 601, provision 2(a) (re-~~
 12 ~~lating to Dividend Payment Dates and Dividend Pe-~~
 13 ~~riods) and provision 2(c) (relating to Dividend Rates~~
 14 ~~and Dividend Amount) of the Senior Preferred~~
 15 ~~Stock Purchase Agreement, or any provision of any~~
 16 ~~certificate in connection with such Agreement cre-~~
 17 ~~ating or designating the terms, powers, preferences,~~
 18 ~~privileges, limitations, or any other conditions of the~~
 19 ~~Variable Liquidation Preference Senior Preferred~~
 20 ~~Stock of an enterprise issued pursuant to such~~
 21 ~~Agreement—~~

22 ~~(A) shall not be amended, restated, or oth-~~
 23 ~~erwise changed to reduce the rate or amount of~~
 24 ~~dividends in effect pursuant to such Agreement~~
 25 ~~as of the Third Amendment to such Agreement~~

1 dated August 17, 2012, except that any amend-
 2 ment to such Agreement to facilitate the sale of
 3 assets of the enterprises to facilitate compliance
 4 with the provisions of section 502(b) shall be
 5 permitted; and

6 (B) shall remain in effect until the guar-
 7 antee obligations described under subsections
 8 (a)(2) and (b)(2) are fully extinguished.

9 (3) ~~APPLICABILITY.~~—Notwithstanding section
 10 502, all guarantee fee amounts derived from the sin-
 11 gle-family mortgage guarantee business of the enter-
 12 prises in existence as of the FMIC certification date
 13 shall be subject to the terms of the Senior Preferred
 14 Stock Purchase Agreement.

15 (d) ~~FEDERAL SAFETY AND SOUNDNESS ACT.~~—

16 (1) ~~IN GENERAL.~~—The Federal Housing Enter-
 17 prises Financial Safety and Soundness Act of 1992
 18 (12 U.S.C. 4501 et seq.) is amended—

19 (A) in section 1303—

20 (i) in paragraph (2), by striking
 21 “Federal Housing Finance Agency” and
 22 inserting “Federal Mortgage Insurance
 23 Corporation”;

24 (ii) in paragraph (3), by striking
 25 “means” and all that follows through the

period at the end, and inserting “means the Federal Home Loan Bank Act.”;

(iii) by repealing paragraph (4); and

(iv) in paragraph (9), by striking “Director of the Federal Housing Finance Agency” and inserting “Board of Directors of the Federal Mortgage Insurance Corporation”;

(B) by repealing section 1313A; and

(C) by repealing section 1317(d).

(2) EFFECTIVE DATE.—The amendments made by paragraph (1) shall take effect on the FMIC certification date.

SEC. 502. WIND DOWN.

(a) WIND DOWN.—

(1) AUTHORITY OF FHFA.—Beginning on the date of enactment of this Act and ending on the FMIC certification date, the Director of the Federal Housing Finance Agency, in consultation with the Corporation and the Secretary of the Treasury, shall take such action, and may prescribe such regulations and procedures, as may be necessary to wind down the operations of the enterprises in an orderly manner that complies with the requirements of this Act and any amendments made by this Act.

1 (2) LIMITATION.—Notwithstanding any author-
 2 ity granted to the Director of the Federal Housing
 3 Finance Agency under paragraph (1), the sale,
 4 transfer, exchange, or other disposition of any asset
 5 subject to the wind down required under this section
 6 shall be prohibited, if the Corporation—

7 (A) in its discretion determines that such
 8 sale, transfer, exchange, or disposition would
 9 materially interfere with the ability of the Cor-
 10 poration to carry out the requirements of this
 11 Act; and

12 (B) notifies, in writing, the Director of the
 13 Federal Housing Finance Agency within 14
 14 days of such determination.

15 (3) RULE OF CONSTRUCTION.—Notwith-
 16 standing any authority granted to the Director of
 17 the Federal Housing Finance Agency under para-
 18 graph (1), the Director of the Federal Housing Fi-
 19 nance Agency—

20 (A) shall have no authority to sell, trans-
 21 fer, exchange, or otherwise dispose of any guar-
 22 antee obligations described under subsections
 23 (a)(2) and (b)(2) of section 501; and

24 (B) shall have no rights, claims, or title to,
 25 nor any authority to sell, transfer, exchange, or

1 otherwise dispose of, guarantee fee amounts de-
 2 rived from the single-family mortgage guar-
 3 antee business of the enterprises in existence as
 4 of the FMIC certification date.

5 (b) DIVISION OF ASSETS AND LIABILITIES; AUTHOR-
 6 ITY TO ESTABLISH HOLDING CORPORATION AND DIS-
 7 SOLUTION TRUST FUND.—The action and procedures re-
 8 quired under subsection (a)—

9 (1) shall include the establishment and execu-
 10 tion of plans to provide for an equitable division, dis-
 11 tribution, and liquidation of the assets and liabilities
 12 of an enterprise, including any infrastructure, prop-
 13 erty, including intellectual property, platforms, or
 14 any other thing or object of value, provided such
 15 plan complies with the requirements of this Act and
 16 any amendments made by this Act; and

17 (2) may provide for establishment of—

18 (A) a holding corporation organized under
 19 the laws of any State of the United States or
 20 the District of Columbia for the purpose of
 21 winding down an enterprise; and

22 (B) one or more trusts to which to trans-
 23 fer—

24 (i) outstanding debt obligations of an
 25 enterprise; or

1 (ii) outstanding mortgages held for
 2 the purpose of collateralizing mortgage-
 3 backed securities guaranteed by an enter-
 4 prise.

5 (c) RECOUPMENT BY SENIOR PREFERRED SHARE-
 6 HOLDERS.—

7 (1) IN GENERAL.—Subject to the requirements
 8 of this Act, any proceeds from the wind down of an
 9 enterprise shall be paid first to the senior preferred
 10 shareholders of each such enterprise, then to the
 11 preferred shareholders of each such enterprise, and
 12 then to the common shareholders of each such enter-
 13 prise.

14 (2) JOINT DETERMINATION.—The amount of
 15 any proceeds to be paid pursuant to paragraph (1)
 16 shall be jointly determined by the Director of the
 17 Federal Housing Finance Agency, the Corporation,
 18 and the Secretary of the Treasury.

19 (3) MAXIMUM RETURN TO SHAREHOLDERS.—
 20 The wind down of each enterprise required under
 21 this section shall be managed by the Director of the
 22 Federal Housing Finance Agency, in consultation
 23 with the Corporation and the Secretary of the Treas-
 24 ury, to obtain resolutions that maximize the return

1 for the senior preferred shareholders under para-
2 graph (1), to the extent that such resolutions—

3 (A) are consistent with the goal of sup-
4 porting a sound, stable, and liquid housing
5 market;

6 (B) are consistent with applicable Federal
7 and State law;

8 (C) comply with the requirements of this
9 Act and any amendments made by this Act;
10 and

11 (D) protect the taxpayer.

12 (4) SALE OF CERTAIN ASSETS AS A GOING CON-
13 CERN.—Except as provided in section 601 or else-
14 where as required in this Act, if the Director of the
15 Federal Housing Finance Agency, in consultation
16 with the Corporation and the Secretary of the Treas-
17 ury, determines that the sale of any line of business,
18 or any function, activity, or service of an enterprise
19 as a going concern will maximize the return for the
20 senior preferred shareholders as required under
21 paragraph (3), the Director may conduct such sale,
22 provided that—

23 (A) under no circumstance, shall such sale
24 transfer, convey, or authorize, or be deemed to
25 transfer, convey, or authorize, any guarantee or

1 Federal support, assistance, or backing, implicit
 2 or explicit, related to any such line of business,
 3 function, activity, or service; and

4 (B) such sale does not impede or otherwise
 5 interfere with the ability of the Federal Mort-
 6 gage Insurance Corporation to carry out the
 7 functions and requirements of this Act.

8 (5) RULE OF CONSTRUCTION.—For purposes of
 9 this subsection, the term “proceeds” does not in-
 10 clude any guarantee fee amounts derived from the
 11 single-family mortgage guarantee business of the en-
 12 terprises in existence as of the FMIC certification
 13 date.

14 **SEC. 503. ALIGNING PURPOSE OF CONSERVATORSHIP WITH**
 15 **FMIC.**

16 (a) POWER AS CONSERVATOR.—Section
 17 1367(b)(2)(D) of the Federal Housing Enterprises Finan-
 18 cial Safety and Soundness Act of 1992 (12 U.S.C.
 19 4617(b)(2)(D)) is amended to read as follows:

20 “(D) POWER AS CONSERVATOR.—After the
 21 date of enactment of the Housing Finance Re-
 22 form and Taxpayer Protection Act of 2013 the
 23 Agency shall, as conservator, take such actions
 24 as are necessary—

1 “(i) to ensure the efficient, effective,
2 and expeditious wind down of the enter-
3 prises;

4 “(ii) to manage the affairs, assets,
5 and obligations of the enterprises and to
6 operate the enterprises in compliance with
7 the requirements of the Housing Finance
8 Reform and Taxpayer Protection Act of
9 2013;

10 “(iii) to assist the Federal Mortgage
11 Insurance Corporation, in a consultative
12 capacity, in carrying out the requirements
13 under the Housing Finance Reform and
14 Taxpayer Protection Act of 2013; and

15 “(iv) to maintain liquidity and sta-
16 bility in the secondary mortgage market
17 until such as time as the charters of the
18 enterprises are revoked pursuant to title V
19 of such Act.”.

20 (b) RULE OF CONSTRUCTION.—Nothing in this Act,
21 or any amendments made by this Act, except as may be
22 explicitly provided for in this Act, or any amendment made
23 by this Act, shall be deemed to alter the powers, authori-
24 ties, rights, and duties that are vested in the Federal
25 Housing Finance Agency and the Director of the Federal

1 Housing Finance Agency with respect to its supervision
 2 and regulation of the enterprises.

3 **SEC. 504. CONFORMING LOAN LIMITS.**

4 (a) ~~IN GENERAL.~~—Beginning on the date of enact-
 5 ment of this Act, the limitations governing the maximum
 6 original principal obligation of conventional mortgages
 7 that may be purchased by the Federal National Mortgage
 8 Association and the Federal Home Loan Mortgage Cor-
 9 poration, referred to in section 302(b)(2) of the Federal
 10 National Mortgage Association Charter Act (12 U.S.C.
 11 1717(b)(2)) and section 305(a)(2) of the Federal Home
 12 Loan Mortgage Corporation Act (12 U.S.C. 1454(a)(2)),
 13 respectively, shall not exceed \$417,000 for a mortgage se-
 14 cured by a single-family residence, \$533,850 for a mort-
 15 gage secured by a 2-family residence, \$645,300 for a
 16 mortgage secured by a 3-family residence, and \$801,950
 17 for a mortgage secured by a 4-family residence, except
 18 that such maximum limitations shall be adjusted effective
 19 January 1 of each year beginning after the date of enact-
 20 ment of this Act, subject to the limitations in this para-
 21 graph. Each adjustment shall be made by adding to each
 22 such amount (as it may have been previously adjusted)
 23 a percentage thereof equal to the percentage increase, dur-
 24 ing the most recent 12-month or 4-quarter period ending
 25 before the time of determining such annual adjustment,

1 in the housing price index maintained pursuant to section
 2 1322 of the Federal Housing Enterprises Financial Safety
 3 and Soundness Act of 1992 (12 U.S.C. 4542). If the
 4 change in such house price index during the most recent
 5 12-month or 4-quarter period ending before the time of
 6 determining such annual adjustment is a decrease, then
 7 no adjustment shall be made for the next year, and the
 8 next adjustment shall take into account prior declines in
 9 the house price index, so that any adjustment shall reflect
 10 the net change in the house price index since the last ad-
 11 justment. Declines in the house price index shall be accu-
 12 mulated and then reduce increases until subsequent in-
 13 creases exceed prior declines.

14 (b) SPECIAL EXCEPTION FOR ALASKA, HAWAII,
 15 GUAM, AND USVI.—The limitations set forth under sub-
 16 section (a) shall be increased by not to exceed 50 per cen-
 17 tum with respect to properties located in Alaska, Guam,
 18 Hawaii, and the Virgin Islands.

19 (c) HIGH-COST AREA LIMIT.—The limitations set
 20 forth under subsection (a) shall also be increased, with
 21 respect to properties of a particular size located in any
 22 area for which 115 percent of the median house price for
 23 such size residence exceeds the limitation under subsection
 24 (a) for such size residence—

1 ~~(1)~~ for the first year following the date of en-
2 actment of this Act, to the lesser of ~~150~~ percent of
3 such limitation for such size residence or the amount
4 that is equal to ~~115~~ percent of the median house
5 price in such area for such size residence;

6 ~~(2)~~ for the second year following the date of en-
7 actment of this Act, to the lesser of ~~145~~ percent of
8 such limitation for such size residence or the amount
9 that is equal to ~~115~~ percent of the median house
10 price in such area for such size residence;

11 ~~(3)~~ for the third year following the date of en-
12 actment of this Act, to the lesser of ~~135~~ percent of
13 such limitation for such size residence or the amount
14 that is equal to ~~115~~ percent of the median house
15 price in such area for such size residence;

16 ~~(4)~~ for the fourth year following the date of en-
17 actment of this Act, to the lesser of ~~130~~ percent of
18 such limitation for such size residence or the amount
19 that is equal to ~~115~~ percent of the median house
20 price in such area for such size residence; and

21 ~~(5)~~ for the fifth year following the date of en-
22 actment of this Act, and each year thereafter, to the
23 lesser of ~~125~~ percent of such limitation for such size
24 residence or the amount that is equal to ~~115~~ percent

1 of the median house price in such area for such size
2 residence.

3 **SEC. 505. PORTFOLIO REDUCTION.**

4 ~~(a) GRADUATED REDUCTION.—~~

5 ~~(1) IN GENERAL.—~~Each enterprise shall not
6 own, as of any applicable date, mortgage assets in
7 excess of—

8 ~~(A) as of December 31, 2013,~~
9 ~~\$552,500,000,000; and~~

10 ~~(B) on December 31 of each year there-~~
11 ~~after until the FMIC certification date, 85 per-~~
12 ~~cent of the aggregate amount of the mortgage~~
13 ~~assets that the enterprise was permitted to own~~
14 ~~as of December 31 of the immediately pre-~~
15 ~~ceding calendar year.~~

16 ~~(2) RETAINED PORTFOLIO TO FACILITATE OR-~~
17 ~~DERLY WIND DOWN.—~~On December 31 of the year
18 in which the FMIC certification date occurs, the
19 Corporation shall establish an allowable amount of
20 enterprise owned mortgage assets in an amount
21 equal to the amount necessary to facilitate—

22 ~~(A) the orderly wind down of the enter-~~
23 ~~prises; and~~

24 ~~(B) appropriate loss mitigation on any leg-~~
25 ~~acy guarantees of the enterprises.~~

1 (b) **MORTGAGE ASSETS DEFINED.**—For purposes of
 2 this section, the term “mortgage assets” means, with re-
 3 spect to an enterprise, assets of such enterprise consisting
 4 of mortgages, mortgage loans, mortgage-related securities,
 5 participation certificates, mortgage-backed commercial
 6 paper, obligations of real estate mortgage investment con-
 7 duits and similar assets, in each case to the extent such
 8 assets would appear on the balance sheet of such enter-
 9 prise in accordance with generally accepted accounting
 10 principles in effect in the United States as of September
 11 7, 2008 (as set forth in the opinions and pronouncements
 12 of the Accounting Principles Board and the American In-
 13 stitute of Certified Public Accountants and statements
 14 and pronouncements of the Financial Accounting Stand-
 15 ards Board from time to time; and without giving any ef-
 16 fect to any change that may be made after September 7,
 17 2008, in respect of Statement of Financial Accounting
 18 Standards No. 140 or any similar accounting standard).

19 **SEC. 506. REPEAL OF MANDATORY HOUSING GOALS.**

20 (a) **REPEAL OF HOUSING GOALS.**—The Federal
 21 Housing Enterprises Financial Safety and Soundness Act
 22 of 1992 is amended by striking sections 1331 through
 23 1336 (12 U.S.C. 4561–6).

1 (b) CONFORMING AMENDMENTS.—The Federal
 2 Housing Enterprises Financial Safety and Soundness Act
 3 of 1992 (12 U.S.C. 4501 et seq.) is amended—

4 (1) in section 1303(28), by striking “, and, for
 5 the purposes” and all that follows through “des-
 6 ignated disaster areas”;

7 (2) in section 1324(b)(1)(A), by striking clauses
 8 (i), (ii), and (iv);

9 (3) in section 1341—

10 (A) in subsection (a)—

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

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

16 (iii) by striking paragraphs (3) and
 17 (4); and

18 (B) in subsection (b)(2)—

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

21 (ii) by striking subparagraphs (B) and
 22 (C); and

23 (iii) by redesignating subparagraph
 24 (D) as subparagraph (B);

25 (4) in section 1345(a)—

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

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

5 (C) by striking paragraphs (3) and (4);
6 and

7 (5) in section 1371(a)(2), by striking “with any
8 housing goal established under subpart B of part 2
9 of subtitle A of this title, with section 1336 or 1337
10 of this title,”.

11 **TITLE VI—IMPROVEMENTS TO** 12 **FUNCTIONING OF HOUSING** 13 **MARKET**

14 **SEC. 601. CONTINUATION OF MULTIFAMILY BUSINESS OF** 15 **THE ENTERPRISES.**

16 (a) IN GENERAL.—Notwithstanding any provision of
17 title V, or any other provision of law, effective on the
18 FMIC certification date, all functions, activities, infra-
19 structure, property, including intellectual property, plat-
20 forms, or any other object or service of an enterprise relat-
21 ing to the maintenance and operation of the multifamily
22 guarantee business of an enterprise shall be transferred,
23 without cost, to the Corporation.

24 (b) AUTHORITY OF DIRECTOR.—The Corporation is
25 authorized, upon such terms and conditions as it may

1 deem appropriate, to guarantee the timely payment of
 2 principal of and interest, on any mortgage on multifamily
 3 housing purchased by the Corporation pursuant to the
 4 transfer of an enterprise's multifamily guarantee business
 5 under subsection (a).

6 (c) ~~LIMITATION ON ONGOING OPERATION OF MULTI-~~
 7 ~~FAMILY BUSINESS.~~—In carrying out the multifamily guar-
 8 antee business of an enterprise transferred pursuant to
 9 subsection (a), the Corporation shall ensure that any such
 10 business continues to operate, as applicable, consistent
 11 with—

12 (1) the Delegated Underwriting and Servicing
 13 Lender Program established by the Federal National
 14 Mortgage Association; and

15 (2) the Program Plus Lender Program estab-
 16 lished by the Federal Home Loan Mortgage Cor-
 17 poration, especially the Series K Structured Pass-
 18 Through Certificates offered by the enterprise.

19 (d) ~~EXPLICIT GUARANTEE.~~—The full faith and credit
 20 of the United States is pledged to the payment of all
 21 amounts which may be required to be paid under any
 22 guaranty—

23 (1) issued by the Corporation pursuant to this
 24 subsection; and

1 (2) obligation assumed by the Corporation pur-
 2 suant to the transfer of an enterprise's multifamily
 3 guarantee business under subsection (a).

4 (c) GUARANTEE FEE.—

5 (1) IN GENERAL.—The Corporation shall collect
 6 a reasonable fee for any guaranty under this sub-
 7 section and shall make such charges as it may deter-
 8 mine to be reasonable for the analysis of any trust
 9 or other security arrangement proposed by an issuer
 10 of a security backed by multifamily mortgages guar-
 11 anteed under this section.

12 (2) DEPOSIT INTO MORTGAGE INSURANCE
 13 FUND.—Any guarantee fee amounts collected under
 14 this subsection shall be deposited in the Mortgage
 15 Insurance Fund.

16 **SEC. 602. MULTIPLE LENDER ISSUES.**

17 With respect to the dwelling of a borrower that serves
 18 as security for an eligible mortgage, if the borrower enters
 19 into any credit transaction that would result in the cre-
 20 ation of a new mortgage or other lien on such dwelling
 21 where the loan-to-value ratio of such credit transaction
 22 amount is 80 percent or more, the creditor of such new
 23 mortgage or other lien shall seek and obtain the approval
 24 of the creditor of the senior eligible mortgage loan before
 25 any such credit transaction becomes valid and enforceable.

1 **SEC. 603. GAO REPORT ON FULL PRIVATIZATION OF SEC-**
2 **ONDARY MORTGAGE MARKET.**

3 (a) GAO REPORT.—Not later than 8 years after the
4 date of enactment of this Act, the Comptroller General
5 of the United States shall submit a report to the Com-
6 mittee on Banking, Housing, and Urban Affairs of the
7 Senate and the Committee on Financial Services of the
8 House of Representatives on the feasibility of maintaining
9 a fully privatized secondary mortgage market, including
10 recommendations on how to best carry out any displace-
11 ment of the insurance model established under this Act.

12 (b) CORPORATION PLAN TO TRANSITION TO A
13 FULLY PRIVATE SECONDARY MORTGAGE MARKET.—

14 (1) REQUIRED SUBMISSION TO CONGRESS.—
15 Not later than 6 months after the date on which the
16 report required under subsection (a) is submitted,
17 the Corporation shall submit to the Committee on
18 Banking, Housing, and Urban Affairs of the Senate
19 and the Committee on Financial Services of the
20 House of Representatives a plan to transition to a
21 fully privatized secondary mortgage market.

22 (2) REQUIRED CONTENT OF PLAN.—The plan
23 required to be submitted under paragraph (1) shall
24 describe, chronicle, and specify all the legislative, ad-
25 ministrative, and regulatory actions necessary to
26 carry out a transition to a fully private secondary

1 mortgage market, including all actions necessary to
2 dissolve the Corporation and successfully displace
3 the insurance model established under this Act.

4 **TITLE VII—GENERAL** 5 **PROVISIONS**

6 **SEC. 701. AUTHORITY TO ISSUE REGULATIONS.**

7 The Corporation may prescribe such regulations and
8 issue such guidelines, orders, requirements, or standards
9 as are necessary to carry out this Act, or any amendment
10 made by this Act.

11 **SEC. 702. FAIR VALUE ACCOUNTING.**

12 In any evaluation, oversight, audit, or analysis by the
13 Corporation of the cost of the Mortgage Insurance Fund,
14 the insurance or guarantee activities of the Corporation
15 required under this Act, including any fee or charge in
16 connection with the provision of such insurance or guar-
17 antee, or the financial transactions of the Corporation, the
18 Corporation shall conduct any such evaluation, oversight,
19 audit, or analysis based on the fair-value accrual account-
20 ing method.

21 **SEC. 703. RULE OF CONSTRUCTION.**

22 Nothing in this Act shall be construed to prohibit or
23 otherwise restrict the ability of a holder of any loss posi-
24 tion in any covered security insured under this Act from
25 restructuring, retranching, or resecuritizing such position.

1 **SEC. 704. SEVERABILITY.**

2 If any provision of this Act or the application of any
 3 provision of this Act to any person or circumstance, is held
 4 invalid, the application of such provision to other persons
 5 or circumstances, and the remainder of this Act, shall not
 6 be affected thereby.

7 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

8 (a) *SHORT TITLE.*—*This Act may be cited as the*
 9 *“Housing Finance Reform and Taxpayer Protection Act of*
 10 *2014”.*

11 (b) *TABLE OF CONTENTS.*—*The table of contents for*
 12 *this Act is as follows:*

Sec. 1. Short title; table of contents.

Sec. 2. Definitions.

TITLE I—ELIMINATION OF FANNIE MAE AND FREDDIE MAC

Sec. 101. Elimination of Fannie Mae and Freddie Mac.

TITLE II—FEDERAL MORTGAGE INSURANCE CORPORATION

Sec. 201. Establishment.

Sec. 202. Management of Corporation.

Sec. 203. Advisory Committee.

Sec. 204. Office of the Inspector General.

Sec. 205. Staff, experts, and consultants.

Sec. 206. Reports; testimony; audits.

Sec. 207. Specific offices.

Sec. 208. Office of Consumer and Market Access.

Sec. 209. Office of Multifamily Housing.

Sec. 210. Equitable access for lenders and borrowers.

Sec. 211. Office of Taxpayer Protection.

TITLE III—DUTIES AND RESPONSIBILITIES OF THE FMIC

Subtitle A—Duties and Authorities

Sec. 301. Duties and responsibilities.

Sec. 302. Standards for credit risk-sharing mechanisms.

Sec. 303. Insurance; Mortgage Insurance Fund.

Sec. 304. Loan limits; Housing Price Index.

Sec. 305. Authority to protect taxpayers in unusual and exigent market conditions.

- Sec. 306. General powers.*
- Sec. 307. Exemptions.*
- Sec. 308. Regulatory consultation and coordination.*
- Sec. 309. Authority to issue regulations.*
- Sec. 310. Equivalency in protection of the Mortgage Insurance Fund.*

Subtitle B—Approval and Supervision of Approved Entities for Single-family Activities

- Sec. 311. Approval and supervision of guarantors.*
- Sec. 312. Approval and supervision of aggregators.*
- Sec. 313. Approval of private mortgage insurers.*
- Sec. 314. Approval of servicers.*
- Sec. 315. Authority to establish and approve small lender mutuals.*
- Sec. 316. Supervisory actions related to capital and solvency.*
- Sec. 317. Ownership, acquisitions, and operations of covered entities.*

Subtitle C—Securitization Platform and Transparency in Market Operations

PART I—SECURITIZATION PLATFORM

- Sec. 321. Establishment of the Securitization Platform.*
- Sec. 322. Management of the Platform.*
- Sec. 323. Membership in the Platform.*
- Sec. 324. Fees.*
- Sec. 325. Purposes and obligations of the Platform.*
- Sec. 326. Uniform securitization agreements for covered securities and required contractual terms for noncovered securities.*
- Sec. 327. Approval and standards for collateral risk managers.*

PART II—TRANSPARENCY IN MARKET OPERATIONS

- Sec. 331. Review of loan documents; disclosures.*
- Sec. 332. National mortgage database.*
- Sec. 333. Working group on electronic registration of mortgage loans.*
- Sec. 334. Multiple lender issues.*
- Sec. 335. Required harmonization of standards within eligible mortgage criteria.*

TITLE IV—FHFA AND FMIC TRANSITION

- Sec. 401. Definitions.*
- Sec. 402. FHFA transition.*
- Sec. 403. Transfer and rights of employees of the FHFA.*
- Sec. 404. Transition Committee.*
- Sec. 405. Transition assessments.*
- Sec. 406. Transfer of powers and duties on the system certification date; continuation and coordination of certain actions.*
- Sec. 407. Technical and conforming amendments relating to abolishment of FHFA.*
- Sec. 408. Repeal of mandatory housing goals.*

TITLE V—IMPROVING TRANSPARENCY, ACCOUNTABILITY, AND EFFICACY WITHIN AFFORDABLE HOUSING

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

Sec. 505. Additional taxpayer protections.

Sec. 506. Promoting affordable housing investment.

**TITLE VI—TRANSITION AND TERMINATION OF FANNIE MAE AND
FREDDIE MAC**

Sec. 601. Minimum housing finance system criteria to be met prior to system certification date.

Sec. 602. Transition of the housing finance system.

Sec. 603. Resolution authority; technical amendments.

Sec. 604. Wind down.

Sec. 605. Portfolio reduction.

Sec. 606. Oversight of transition of the housing finance system.

Sec. 607. Authority to establish provisional standards.

Sec. 608. Initial fund level for the Mortgage Insurance Fund.

Sec. 609. GAO report on full privatization of secondary mortgage market.

TITLE VII—MULTIFAMILY

Sec. 701. Establishment of multifamily subsidiaries.

Sec. 702. Disposition of multifamily businesses.

Sec. 703. Approval and supervision of multifamily guarantors.

Sec. 704. Multifamily housing requirement.

Sec. 705. Establishment of small multifamily property program.

Sec. 706. Multifamily housing study.

Sec. 707. Multifamily platform study.

Sec. 708. Short-term residential housing.

TITLE VIII—GENERAL PROVISIONS

Sec. 801. Rule of construction.

Sec. 802. Severability.

Sec. 803. Transfer notification under TILA.

Sec. 804. Investment authority to support rural infrastructure.

Sec. 805. Consolidation of similar housing assistance programs.

Sec. 806. Bureau of Consumer Financial Protection review; GAO report.

Sec. 807. Determination of budgetary effects.

1 SEC. 2. DEFINITIONS.

2 *As used in this Act, the following definitions shall*
3 *apply:*

4 (1) *AFFILIATE.*—*The term “affiliate” means any*
5 *person that controls, is controlled by, or is under com-*
6 *mon control with another person.*

7 (2) *AFFORDABLE RENTAL HOUSING.*—*The term*
8 *“affordable rental housing” means a rental housing*
9 *unit that is considered affordable for extremely low-*

1 , very low-, low-, and moderate-income families if the
 2 rent charged, including utilities or a utility allow-
 3 ance, does not exceed 30 percent of the respective in-
 4 come limit in that market area for extremely low-,
 5 very low-, low-, or moderate-income families, respec-
 6 tively, of the size appropriate for the number of bed-
 7 rooms in the unit, as established by the Secretary of
 8 Housing and Urban Development.

9 (3) *AGENCY TRANSFER DATE.*—The term “agen-
 10 cy transfer date” means the date that is 6 months
 11 after the date of enactment of this Act.

12 (4) *APPROPRIATE FEDERAL BANKING AGENCY.*—
 13 The term “appropriate Federal banking agency” has
 14 the same meaning as in section 3(q) of the Federal
 15 Deposit Insurance Act (12 U.S.C. 1813(q)), and in-
 16 cludes the National Credit Union Administration in
 17 the case of any credit union.

18 (5) *APPROVED AGGREGATOR.*—The term “ap-
 19 proved aggregator” means an entity that is approved
 20 by the Corporation pursuant to section 312.

21 (6) *APPROVED ENTITY.*—The term “approved en-
 22 tity” means—

23 (A) an approved guarantor;

24 (B) an approved multifamily guarantor;

25 (C) an approved aggregator;

1 (D) *an approved private mortgage insurer;*
 2 *and*

3 (E) *an approved servicer.*

4 (7) *APPROVED GUARANTOR.—The term “ap-*
 5 *proved guarantor” means an entity that is approved*
 6 *by the Corporation pursuant to section 311.*

7 (8) *APPROVED MULTIFAMILY GUARANTOR.—The*
 8 *term “approved multifamily guarantor” means an*
 9 *entity that is approved by the Corporation pursuant*
 10 *to section 703.*

11 (9) *APPROVED PRIVATE MORTGAGE INSURER.—*
 12 *The term “approved private mortgage insurer” means*
 13 *an entity that is approved by the Corporation pursu-*
 14 *ant to section 313.*

15 (10) *APPROVED SERVICER.—The term “approved*
 16 *servicer” means an entity that is approved by the*
 17 *Corporation pursuant to section 314.*

18 (11) *AREA.—The term “area” means a metro-*
 19 *politan statistical area, a micropolitan statistical*
 20 *area, and a noncore area, as such areas may be estab-*
 21 *lished by the Office of Management and Budget.*

22 (12) *BOARD; BOARD OF DIRECTORS.—The terms*
 23 *“Board” and “Board of Directors” mean the Board*
 24 *of Directors of the Federal Mortgage Insurance Cor-*
 25 *poration, unless the context otherwise requires.*

1 (13) *CHAIRPERSON.*—*The term “Chairperson”*
 2 *means the Chairperson of Board of Directors of the*
 3 *Federal Mortgage Insurance Corporation, unless the*
 4 *context otherwise requires.*

5 (14) *CHARTER.*—*The term “charter” means—*

6 (A) *with respect to the Federal National*
 7 *Mortgage Association, the Federal National*
 8 *Mortgage Association Charter Act (12 U.S.C.*
 9 *1716 et seq.); and*

10 (B) *with respect to the Federal Home Loan*
 11 *Mortgage Corporation, the Federal Home Loan*
 12 *Mortgage Corporation Act (12 U.S.C. 1451 et*
 13 *seq.).*

14 (15) *COMMUNITY DEVELOPMENT FINANCIAL IN-*
 15 *STITUTION.*—*The term “Community Development Fi-*
 16 *nancial Institution” has the same meaning as in sec-*
 17 *tion 103 of the Riegle Community Development and*
 18 *Regulatory Improvement Act of 1994 (12 U.S.C.*
 19 *4702).*

20 (16) *COMMUNITY LAND TRUST.*—*The term “com-*
 21 *munity land trust” means a nonprofit organization*
 22 *or State or local government that owns real property*
 23 *and leases the land through homeownership programs*
 24 *that—*

25 (A) *use a ground lease to—*

1 (i) make real property affordable to
2 low- or moderate-income borrowers; and

3 (ii) stipulate a preemptive option to
4 purchase the real property from the home
5 owner at resale so that the affordability of
6 the real property is preserved for successive
7 low- and moderate-income borrowers;

8 (B) monitor properties to ensure afford-
9 ability is preserved over resales; and

10 (C) support homeowners to promote success-
11 ful homeownership and prevent foreclosure.

12 (17) CORPORATION.—The term “Corporation”
13 means the Federal Mortgage Insurance Corporation
14 established under title II.

15 (18) COVERED ENTITY.—The term “covered enti-
16 ty” means—

17 (A) an approved guarantor;

18 (B) an approved multifamily guarantor;

19 and

20 (C) an approved aggregator that is neither
21 an insured depository institution nor an affiliate
22 of an insured depository institution.

23 (19) COVERED GUARANTEE TRANSACTION.—

24 (A) DEFINITION.—The term “covered guar-
25 antee transaction” means a transaction, as that

1 *term shall be defined by the Corporation by regu-*
 2 *lation, involving the agreement to guarantee—*

3 *(i) any eligible mortgage loan;*

4 *(ii) any pool of such eligible mortgage*
 5 *loans; or*

6 *(iii) the payment of principal and in-*
 7 *terest on covered securities collateralized by*
 8 *eligible mortgage loans before payments in-*
 9 *sured by the Corporation are made.*

10 *(B) RULES OF CONSTRUCTION.—A covered*
 11 *guarantee transaction—*

12 *(i) shall not be construed to be—*

13 *(I) a contract for sale of a com-*
 14 *modity for future delivery or a swap*
 15 *under the Commodity Exchange Act;*
 16 *or*

17 *(II) a contract of insurance or re-*
 18 *insurance under any Federal or State*
 19 *law regulating the sale, underwriting,*
 20 *provision, or brokerage of insurance;*

21 *(ii) shall not be subject to any require-*
 22 *ment of the Commodity Exchange Act; and*

23 *(iii) shall not be subject to any require-*
 24 *ment imposed under State law pertaining*

1 to the sale, underwriting, provision, or bro-
 2 kerage of insurance or reinsurance.

3 (20) *COVERED MARKET-BASED RISK-SHARING*
 4 *TRANSACTION.*—

5 (A) *DEFINITION.*—*The term “covered mar-*
 6 *ket-based risk-sharing transaction” means any*
 7 *private market transaction, as that term shall be*
 8 *defined by the Corporation by regulation, involv-*
 9 *ing a covered security issued subject to a stand-*
 10 *ard risk-sharing mechanism, product, contract,*
 11 *or other security agreement approved by the Cor-*
 12 *poration under section 302.*

13 (B) *RULES OF CONSTRUCTION.*—*A covered*
 14 *market-based risk-sharing transaction—*

15 (i) *shall not be construed to be a con-*
 16 *tract of insurance or reinsurance under any*
 17 *Federal or State law regulating the sale,*
 18 *underwriting, provision, or brokerage of in-*
 19 *surance; and*

20 (ii) *shall not be subject to any require-*
 21 *ment imposed under State law pertaining*
 22 *to the sale, underwriting, provision, or bro-*
 23 *kerage of insurance or reinsurance.*

24 (21) *COVERED SECURITY.*—*The term “covered se-*
 25 *curity” means—*

1 (A) a single-family covered security; and

2 (B) a multifamily covered security.

3 (22) *CREDIT RISK-SHARING MECHANISM.*—The
 4 term “credit risk-sharing mechanism” means any
 5 mechanism, product, structure, contract, or security
 6 agreement by which a private market holder assumes
 7 the first loss position, or any part of such position,
 8 associated with the pool of eligible mortgage loans
 9 collateralizing a covered security, or by which an ap-
 10 proved guarantor or approved multifamily guarantor
 11 manages the credit risk related to guarantees provided
 12 for covered securities.

13 (23) *CSP.*—The term “CSP” means the
 14 securitization infrastructure announced by the Fed-
 15 eral Housing Finance Agency on October 4, 2012,
 16 and developed by the enterprises while under con-
 17 servatorship, under the authority of the Federal Hous-
 18 ing Finance Agency pursuant to the Safety and
 19 Soundness Act, and commonly referred to as the
 20 “common securitization platform”.

21 (24) *DAYS.*—The term “days” means—

22 (A) with respect to any period of time less
 23 than or equal to 10 days, business days; and

24 (B) with respect to any period of time
 25 greater than 10 days, calendar days.

1 (25) *DEPOSITORY INSTITUTION HOLDING COM-*
 2 *PANY.—The term “depository institution holding com-*
 3 *pany” has the same meaning as section 3(w)(1) of the*
 4 *Federal Deposit Insurance Act (12 U.S.C.*
 5 *1813(w)(1)).*

6 (26) *ELIGIBLE BORROWER.—The term “eligible*
 7 *borrower” means a borrower who—*

8 *(A) applies for an eligible mortgage loan;*
 9 *and*

10 *(B) meets the standards required of a bor-*
 11 *rower to be approved for an eligible mortgage*
 12 *loan.*

13 (27) *ELIGIBLE MORTGAGE LOAN.—The term “eli-*
 14 *gible mortgage loan” means—*

15 *(A) an eligible single-family mortgage loan;*
 16 *and*

17 *(B) an eligible multifamily mortgage loan.*

18 (28) *ELIGIBLE MULTIFAMILY MORTGAGE LOAN.—*
 19 *The term “eligible multifamily mortgage loan” means*
 20 *a commercial real estate loan—*

21 *(A) secured by a property with—*

22 *(i) 5 or more residential units; or*

23 *(ii) 2 or more residential units, if the*
 24 *requirement under clause (i) is waived by*

1 the Corporation for purposes of carrying
2 out a demonstration or pilot program;

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

6 (C) the term of which may not be less than
7 5 years but not more than 40 years, except that
8 the term may be less than 5 years subject to
9 standards set by the Corporation;

10 (D) that satisfies any additional under-
11 writing criteria established by the Corporation to
12 balance supporting access to capital with man-
13 aging credit risk to the Mortgage Insurance
14 Fund, including—

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

16 (ii) a minimum debt service coverage
17 ratio; and

18 (iii) considerations for restrictive or
19 special uses of a property, including non-
20 residential uses, properties for seniors, man-
21 ufactured housing, and affordability restric-
22 tions, and the impact of such uses on
23 clauses (i) and (ii); and

1 (E) that satisfies any additional under-
 2 writing criteria that may be established by the
 3 Corporation.

4 (29) *ELIGIBLE SINGLE-FAMILY MORTGAGE*
 5 *LOAN.*—The term “eligible single-family mortgage
 6 loan” means—

7 (A) a loan that—

8 (i) has been originated in compliance
 9 with minimum standards issued by the Cor-
 10 poration by regulation, provided that such
 11 standards—

12 (I) are uniform and equal in
 13 kind, nature, and application regard-
 14 less of—

15 (aa) the originator of the
 16 mortgage loan; or

17 (bb) the role performed by an
 18 approved entity with respect to
 19 the mortgage loan;

20 (II) are, to the greatest extent pos-
 21 sible, substantially similar to the regu-
 22 lations issued by the Bureau of Con-
 23 sumer Financial Protection under sec-
 24 tion 129C(b) of the Truth in Lending
 25 Act (15 U.S.C. 1639c); and

(III) permit—

(aa) residential real estate loans secured by a property with 1 to 4 single-family units, including units that are not owner-occupied;

(bb) loans secured by manufactured homes, as defined in section 603(6) of the National Manufactured Housing Construction and Safety Standards Act of 1974 (42 U.S.C. 5402(6));

(cc) residential real estate loans secured by a property with 1 to 4 single-family units that are originated by a State housing finance agency, as defined in section 106 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701x);

(dd) loans originated by a Community Development Financial Institution;

(ee) loans originated by a mission-based nonprofit lender;

1 (ff) loans secured by real
 2 property in a permanently afford-
 3 able homeownership program or
 4 community land trust; and

5 (gg) loans to entities that
 6 provide non-owner occupied rental
 7 housing with care providers for
 8 individuals with intellectual and
 9 developmental disabilities;

10 (ii) has a maximum original principal
 11 obligation amount that does not exceed the
 12 applicable loan limitation established under
 13 section 304;

14 (iii) has an outstanding principal bal-
 15 ance at the time of purchase of insurance
 16 available under title II that does not exceed
 17 80 percent of the value of the property se-
 18 curing the loan, unless—

19 (I) for such period and under
 20 such circumstances as the Corporation
 21 may require, the seller agrees to repur-
 22 chase or replace the loan upon demand
 23 of the Corporation in the event the
 24 loan is in default;

1 (II) *an approved private mort-*
2 *gage insurer guarantees or insures—*

3 (aa) *not less than 12 percent*
4 *of the unpaid principal balance of*
5 *the loan, accounting for any down*
6 *payment required under clause*
7 *(iv), for loans in which the un-*
8 *paid principal balance exceeds 80*
9 *percent but not more than 85 per-*
10 *cent of the value of the property*
11 *securing the loan;*

12 (bb) *not less than 25 percent*
13 *of the unpaid principal balance of*
14 *the loan, accounting for any down*
15 *payment required under clause*
16 *(iv), for loans in which the un-*
17 *paid principal balance exceeds 85*
18 *percent but not more than 90 per-*
19 *cent of the value of the property*
20 *securing the loan;*

21 (cc) *not less than 30 percent*
22 *of the unpaid principal balance of*
23 *the loan, accounting for any down*
24 *payment required under clause*
25 *(iv), for loans in which the un-*

1 *paid principal balance exceeds 90*
2 *percent but not more than 95 per-*
3 *cent of the value of the property*
4 *securing the loan; and*

5 *(dd) not less than 35 percent*
6 *of the unpaid principal balance of*
7 *the loan, accounting for any down*
8 *payment required under clause*
9 *(iv), for loans in which the un-*
10 *paid principal balance exceeds 95*
11 *percent of the value of the prop-*
12 *erty securing the loan; or*

13 *(III) that portion of the unpaid*
14 *principal balance of the loan which ex-*
15 *ceeds 80 percent of the value of the*
16 *property securing the loan is subject to*
17 *other credit enhancement that—*

18 *(aa) meets standards com-*
19 *parable to the standards required*
20 *of private mortgage insurers*
21 *under subclause (II); and*

22 *(bb) is approved by the Cor-*
23 *poration;*

24 *(iv) has a down payment that is—*

1 (I) for a first-time homebuyer, as
2 that term shall be defined by the Cor-
3 poration by regulation, equal to not
4 less than 3.5 percent of the purchase
5 price of the property securing the loan;
6 or

7 (II) for non first-time home-
8 buyers, equal to—

9 (aa) not less than 3.5 percent
10 of the purchase price of the prop-
11 erty securing the loan, if such
12 purchase occurs prior to the sys-
13 tem certification date or less than
14 1 year after the system certifi-
15 cation date;

16 (bb) not less than 4 percent
17 of the purchase price of the prop-
18 erty securing the loan, if such
19 purchase occurs during the period
20 that begins 1 year after the system
21 certification date and ends less
22 than 2 years after the system cer-
23 tification date;

24 (cc) not less than 4.5 percent
25 of the purchase price of the prop-

erty securing the loan, if such purchase occurs during the period that begins 2 years after the system certification date and ends less than 3 years after the system certification date; or

(dd) not less than 5 percent of the purchase price of the property securing the loan, if such purchase occurs during any period after the period set forth in item (cc);

(v) satisfies standards related to establishing title or marketability of title, as may be required by the Corporation, which standards may include the required purchase of title insurance on the property securing the loan;

(vi) contains such terms and provisions with respect to insurance, property maintenance, repairs, alterations, payment of taxes, default, reserves, delinquency charges, foreclosure proceedings, anticipation of maturity, additional and secondary liens, and other matters, including matters

1 that set forth terms and provisions for es-
 2 tablishing escrow accounts, performing fi-
 3 nancial assessments, or limiting the amount
 4 of any payment made available under the
 5 loan as the Corporation may prescribe; and

6 (vii) contains such other terms, charac-
 7 teristics, or underwriting criteria as the
 8 Corporation, in consultation with the Bu-
 9 reau of Consumer Financial Protection,
 10 may determine necessary or appropriate; or

11 (B) a loan refinanced pursuant to the au-
 12 thority granted under section 305(i).

13 (30) *ENTERPRISE*.—The term “enterprise”
 14 means—

15 (A) the Federal National Mortgage Associa-
 16 tion and any affiliate thereof; and

17 (B) the Federal Home Loan Mortgage Cor-
 18 poration and any affiliate thereof.

19 (31) *EXTREMELY LOW-INCOME*.—The term “ex-
 20 tremely low-income” means—

21 (A) in the case of owner-occupied units, in-
 22 come not in excess of 30 percent of the median
 23 income of the area; and

24 (B) in the case of rental units, income not
 25 in excess of 30 percent of the median income of

1 *the area, with adjustments for smaller and larger*
 2 *families, as determined by the Secretary of*
 3 *Housing and Urban Development.*

4 (32) *FEDERAL HOME LOAN BANK.*—*The term*
 5 *“Federal Home Loan Bank” means a bank estab-*
 6 *lished under the authority of the Federal Home Loan*
 7 *Bank Act (12 U.S.C. 1421 et seq.).*

8 (33) *FEDERAL HOME LOAN BANK SYSTEM.*—*The*
 9 *term “Federal Home Loan Bank System” means the*
 10 *Federal Home Loan Banks and the Office of Finance*
 11 *and any authorized subsidiary of one or more Federal*
 12 *Home Loan Banks.*

13 (34) *FHFA RELATED TERMS.*—

14 (A) *FEDERAL HOUSING FINANCE AGENCY.*—
 15 *The term “Federal Housing Finance Agency”*
 16 *shall mean—*

17 (i) *prior to the agency transfer date,*
 18 *the Federal Housing Finance Agency estab-*
 19 *lished under section 1311 of the Safety and*
 20 *Soundness Act (12 U.S.C. 4511);*

21 (ii) *on and after the agency transfer*
 22 *date but prior to the system certification*
 23 *date, the Federal Housing Finance Agency*
 24 *established within the Corporation under*
 25 *title IV; and*

1 (iii) on and after the system certifi-
2 cation date, the Corporation.

3 (B) *FHFA DIRECTOR*.—The term “*FHFA*
4 *Director*” has the same meaning as the term
5 “*Director*” in section 401(1).

6 (35) *FEDERAL REGULATORY AGENCIES*.—The
7 term—

8 (A) “*Federal regulatory agency*” means, in-
9 dividually, the Board of Governors of the Federal
10 Reserve System, the Office of the Comptroller of
11 the Currency, the Federal Deposit Insurance
12 Corporation, the Bureau of Consumer Financial
13 Protection, the National Credit Union Adminis-
14 tration, the Securities and Exchange Commis-
15 sion, the Commodity Futures Trading Commis-
16 sion, and the Federal Housing Finance Agency;
17 and

18 (B) “*Federal regulatory agencies*” means all
19 of the agencies referred to in subparagraph (A),
20 collectively.

21 (36) *FIRST LOSS POSITION*.—The term “*first loss*
22 *position*” means, with regard to a covered security—

23 (A) either—

24 (i) the fully-funded position to which
25 any credit loss on such covered security re-

sulting from the nonperformance of underlying mortgage loans will accrue and be absorbed, to the full extent of the holder's interest in such position; or

(ii) the guarantee provided by an approved guarantor or approved multifamily guarantor with respect to an eligible single-family mortgage loan, pool of eligible single-family mortgage loans, or a single-family covered security or eligible multifamily mortgage loan, pool of eligible multifamily mortgage loans, or a multifamily covered security, as applicable; and

(B) the position or guarantee described under subparagraph (A), as applicable, which is required to absorb any initial credit loss on a covered security prior to the Corporation becoming obligated to make any payment of insurance in accordance with this Act.

(37) HUD-APPROVED HOUSING COUNSELING AGENCY.—The term “HUD-approved housing counseling agency” means an agency certified by the Secretary of Housing and Urban Development under section 106(e) of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701x(e)).

1 (38) *INSURED DEPOSITORY INSTITUTION.*—The
2 term “insured depository institution” means—

3 (A) *an insured depository institution, as*
4 *defined under section 3 of the Federal Deposit*
5 *Insurance Act (12 U.S.C. 1813); and*

6 (B) *an insured credit union, as defined*
7 *under section 101 of the Federal Credit Union*
8 *Act (12 U.S.C. 1752).*

9 (39) *ISSUER.*—For a noncovered security, the
10 term “issuer” shall have the same meaning as under
11 the Securities Act of 1933 (15 U.S.C. 77b) and the
12 rules and regulations promulgated thereunder. The
13 Platform shall not be deemed to be an issuer of non-
14 covered securities for purposes of the Securities Act of
15 1933.

16 (40) *LOW-INCOME.*—The term “low-income”
17 means—

18 (A) *in the case of owner-occupied units, in-*
19 *come not in excess of 80 percent of median in-*
20 *come of the area; and*

21 (B) *in the case of rental units, income not*
22 *in excess of 80 percent of median income of the*
23 *area, with adjustments for smaller and larger*
24 *families, as determined by the Secretary of*
25 *Housing and Urban Development.*

1 (41) *MARKET PARTICIPANT*.—The term “market
2 *participant*” means any—

3 (A) *approved entity*;

4 (B) *private market holder*; and

5 (C) *member of the Securitization Platform*.

6 (42) *MEDIAN INCOME*.—The term “median in-
7 *come*” means, with respect to an area, the unadjusted
8 *median family income for the area, as determined*
9 *and published annually by the Secretary of Housing*
10 *and Urban Development*.

11 (43) *MISSION-BASED NONPROFIT LENDER*.—The
12 term “mission-based nonprofit lender” means an or-
13 ganization that—

14 (A) *is exempt from taxation pursuant to*
15 *section 501(c)(3) of the Internal Revenue Code of*
16 *1986*;

17 (B) *makes—*

18 (i) *residential real estate loans for the*
19 *purpose of promoting or facilitating home-*
20 *ownership for poor or low- or moderate-in-*
21 *come, disabled, or other disadvantaged per-*
22 *sons or families; or*

23 (ii) *real estate loans for the purpose of*
24 *promoting or facilitating affordable rental*
25 *housing for low-income persons or families*

1 *and subject to any other additional criteria*
2 *established by the Corporation;*

3 *(C) sets interest rates on such loans that—*

4 *(i) are lower than the bank prime loan*
5 *rate, as determined under the Federal Re-*
6 *serve Statistical Release of selected interest*
7 *rates (commonly referred to as the “H.15”)*
8 *by the Board of Governors of the Federal*
9 *Reserve System, for the last day of the most*
10 *recent weekly release of such rates; or*

11 *(ii) are, after adjusting for inflation,*
12 *no-interest loans or loans with interest rates*
13 *at or below the interest rates for mortgage*
14 *loans generally available in the market;*

15 *(D) except as described under subparagraph*
16 *(B), does not engage in the business of a mort-*
17 *gage originator or mortgage broker;*

18 *(E) conducts its activities in a manner that*
19 *serves public or charitable purposes;*

20 *(F) receives funding and revenue and*
21 *charges fees in a manner that does not*
22 *incentivize the organization or its employees to*
23 *act other than in the best interests of its clients;*

1 (G) compensates employees in a manner
 2 that does not incentivize employees to act other
 3 than in the best interests of its clients; and

4 (H) meets such other requirements as the
 5 Corporation determines appropriate.

6 (44) *MODERATE-INCOME.*—The term “moderate-
 7 income” means

8 (A) in the case of owner-occupied units, in-
 9 come not in excess of median income of the area;
 10 and

11 (B) in the case of rental units, income not
 12 in excess of median income of the area, with ad-
 13 justments for smaller and larger families, as de-
 14 termined by the Secretary of Housing and
 15 Urban Development.

16 (45) *MORTGAGE AGGREGATOR.*—The term
 17 “mortgage aggregator” means a person that—

18 (A) arranges, in connection with a single-
 19 family covered security, a credit-risk sharing
 20 mechanism that is approved by the Corporation
 21 pursuant to section 302;

22 (B) issues such single-family covered secu-
 23 rity through the Securitization Platform;

24 (C) does not originate eligible single-family
 25 mortgage loans; and

1 (D) is not affiliated with a person that ac-
 2 tively engages in the business of originating eli-
 3 gible single-family mortgage loans.

4 (46) *MORTGAGE-BACKED SECURITY*.—The term
 5 “mortgage-backed security” means an asset-backed se-
 6 curity, as defined in section 3(a) of the Securities Ex-
 7 change Act of 1934 (15 U.S.C. 78c(a)), that is
 8 collateralized by—

9 (A) a mortgage loan, including any residen-
 10 tial real estate loan or commercial real estate
 11 loan; or

12 (B) a collateralized mortgage obligation of
 13 mortgage-backed securities.

14 (47) *MORTGAGE ORIGINATOR*.—The term “mort-
 15 gage originator” has the same meaning as in section
 16 103(cc)(2) of the Truth in Lending Act (15 U.S.C.
 17 1602(cc)(2)).

18 (48) *MULTIFAMILY BUSINESS*.—The term “mul-
 19 tifamily business” means the activities and processes
 20 of the enterprises of—

21 (A) purchasing, selling, lending on the secu-
 22 rity of, or otherwise dealing in multifamily
 23 mortgage loans;

24 (B) securitizing a pool of multifamily mort-
 25 gage loans; and

1 (C) *issuing multifamily securities.*

2 (49) *MULTIFAMILY COVERED SECURITY.—The*
 3 *term “multifamily covered security” means a multi-*
 4 *family mortgage-backed security—*

5 (A) *collateralized by eligible multifamily*
 6 *mortgage loans; and*

7 (B) *that is insured by the Corporation pur-*
 8 *suant to section 303.*

9 (50) *MULTIFAMILY MORTGAGE-BACKED SECU-*
 10 *RITY.—The term “multifamily mortgage-backed secu-*
 11 *rity” means a mortgage-backed security collateralized*
 12 *by commercial real estate loans secured by properties*
 13 *with 5 or more residential units in accordance with*
 14 *the requirements of this Act.*

15 (51) *NONCOVERED SECURITY.—The term “non-*
 16 *covered security” means any mortgage-backed security*
 17 *other than a covered security.*

18 (52) *NONELIGIBLE MORTGAGE LOAN.—The term*
 19 *“noneligible mortgage loan” means any mortgage*
 20 *loan other than an eligible mortgage loan.*

21 (53) *OFFICE OF FINANCE.—The term “Office of*
 22 *Finance” means the Office of Finance in the Federal*
 23 *Home Loan Bank System.*

24 (54) *PERMANENTLY AFFORDABLE HOMEOWNER-*
 25 *SHIP PROGRAM.—The term “permanently affordable*

1 *homeownership program” includes programs admin-*
 2 *istered by community land trusts, nonprofit organiza-*
 3 *tions, or State or local governments that—*

4 *(A) use a ground lease, deed restriction,*
 5 *subordinate loan, or similar legal mechanism*
 6 *to—*

7 *(i) make real property affordable to*
 8 *low- or moderate-income borrowers; and*

9 *(ii) stipulate a preemptive option to*
 10 *purchase the real property from the home-*
 11 *owner at resale to preserve the affordability*
 12 *of the real property for successive low- and*
 13 *moderate-income borrowers;*

14 *(B) monitor properties to ensure afford-*
 15 *ability is preserved over resales; and*

16 *(C) support homeowners to promote success-*
 17 *ful homeownership and prevent foreclosure.*

18 *(55) PERSON.—The term “person” means an in-*
 19 *dividual, corporation, company (including a limited*
 20 *liability company or joint stock company), associa-*
 21 *tion (incorporated or unincorporated), mutual or co-*
 22 *operative organization, partnership, trust, estate, so-*
 23 *ciet, or any other legal entity.*

24 *(56) PLATFORM; SECURITIZATION PLATFORM.—*
 25 *The terms “Platform” and “Securitization Platform”*

1 *mean the securitization infrastructure established*
 2 *under part I of subtitle C of title III.*

3 (57) *PLATFORM DIRECTORS.*—*The term “Plat-*
 4 *form Directors” means the board of directors of the*
 5 *Securitization Platform.*

6 (58) *PLATFORM SECURITY.*—*The term “Platform*
 7 *security” means a mortgage-backed security issued*
 8 *through the Securitization Platform.*

9 (59) *PRIVATE LABEL MORTGAGE-BACKED SECU-*
 10 *RITIES MARKET.*—*The term “private label mortgage-*
 11 *backed securities market” means the market in which*
 12 *noncovered securities are issued, bought, and sold.*

13 (60) *PRIVATE MARKET HOLDER.*—*The term*
 14 *“private market holder” means the holder or holders,*
 15 *other than an approved guarantor or an approved*
 16 *multifamily guarantor, of the first loss position with*
 17 *respect to eligible mortgage loans collateralizing any*
 18 *covered security insured in accordance with this Act.*

19 (61) *REGULATED ENTITY.*—*The term “regulated*
 20 *entity” means—*

21 (A) *the Federal National Mortgage Associa-*
 22 *tion and any affiliate thereof;*

23 (B) *the Federal Home Loan Mortgage Cor-*
 24 *poration and any affiliate thereof;*

25 (C) *any Federal Home Loan Bank; and*

1 (D) *the Securitization Platform.*

2 (62) *RESIDENTIAL REAL ESTATE LOAN.*—*The*
3 *term “residential real estate loan” includes any—*

4 (A) *real estate mortgage loan;*

5 (B) *personal property loan secured solely by*
6 *the home itself;*

7 (C) *hybrid land-home loan for a manufac-*
8 *tured home, as defined in section 603(6) of the*
9 *National Manufactured Housing Construction*
10 *and Safety Standards Act of 1974 (42 U.S.C.*
11 *5402(6)), to which the requirements of para-*
12 *graph (29)(A)(v) shall not apply; and*

13 (D) *mortgage loan secured by real property*
14 *in a community land trust or permanently af-*
15 *fordable homeownership program.*

16 (63) *SAFETY AND SOUNDNESS ACT.*—*The term*
17 *“Safety and Soundness Act” means the Federal Hous-*
18 *ing Enterprises Financial Safety and Soundness Act*
19 *of 1992 (12 U.S.C. 4501 et seq.).*

20 (64) *SENIOR PREFERRED STOCK PURCHASE*
21 *AGREEMENT.*—*The term “Senior Preferred Stock Pur-*
22 *chase Agreement” means—*

23 (A) *the Amended and Restated Senior Pre-*
24 *ferred Stock Purchase Agreement, dated Sep-*
25 *tember 26, 2008, as such Agreement has been*

1 *amended on May 6, 2009, December 24, 2009,*
 2 *and August 17, 2012, respectively, and as such*
 3 *Agreement may be further amended and restated,*
 4 *entered into between the Department of the*
 5 *Treasury and each enterprise, as applicable; and*

6 *(B) any provision of any certificate in con-*
 7 *nection with such Agreement creating or desig-*
 8 *nating the terms, powers, preferences, privileges,*
 9 *limitations, or any other conditions of the Vari-*
 10 *able Liquidation Preference Senior Preferred*
 11 *Stock of an enterprise issued or sold pursuant to*
 12 *such Agreement.*

13 *(65) SINGLE-FAMILY ACTIVITIES.—The term*
 14 *“single-family activities” means the activities and*
 15 *processes of the Corporation in providing insurance*
 16 *for single-family covered securities as provided in this*
 17 *Act.*

18 *(66) SINGLE-FAMILY COVERED SECURITY.—The*
 19 *term “single-family covered security” means a single-*
 20 *family mortgage-backed security—*

21 *(A) collateralized by eligible single-family*
 22 *mortgage loans; and*

23 *(B) that is insured by the Corporation pur-*
 24 *suant to section 303.*

1 (67) *SMALL MORTGAGE LENDER.*—*The term*
 2 *“small mortgage lender” means a community bank,*
 3 *credit union, mid-sized bank, non-depository institu-*
 4 *tion, Community Development Financial Institution,*
 5 *mission-based nonprofit lender, or housing finance*
 6 *agency that originates residential real estate loans or*
 7 *commercial real estate loans.*

8 (68) *STANDARDIZED COVERED SECURITY; STAND-*
 9 *ARDIZED SECURITY FOR SINGLE-FAMILY COVERED SE-*
 10 *CURITIES.*—*The terms “standardized covered secu-*
 11 *rity” and “standardized single-family covered secu-*
 12 *rity” mean a single-family covered security that is—*

13 *(A) issued through the Platform; and*

14 *(B) in a form, and includes the standard-*
 15 *ized and uniform terms for the security and*
 16 *transaction that have been, developed by the*
 17 *Platform Directors and approved by the Cor-*
 18 *poration for use across various issuances.*

19 (69) *STANDARDIZED NONCOVERED SECURITY;*
 20 *STANDARDIZED SECURITY FOR SINGLE-FAMILY NON-*
 21 *COVERED SECURITIES.*—*The terms “standardized*
 22 *noncovered security” and “standardized single-family*
 23 *noncovered security” mean a single-family noncovered*
 24 *security that is—*

25 *(A) issued through the Platform; and*

1 (B) in a form, and includes the standard-
 2 ized and uniform terms for the security and
 3 transaction that have been, developed by the
 4 Platform Directors for use across various
 5 issuances.

6 (70) STATE.—The term “State” means any
 7 State, territory, or possession of the United States, the
 8 District of Columbia, the Commonwealth of Puerto
 9 Rico, the Commonwealth of the Northern Mariana Is-
 10 lands, Guam, American Samoa, or the United States
 11 Virgin Islands or any Federally recognized Indian
 12 tribe, as defined by the Secretary of the Interior
 13 under section 104(a) of the Federally Recognized In-
 14 dian Tribe List Act of 1994 (25 U.S.C. 479a–1(a)).

15 (71) SYSTEM CERTIFICATION DATE.—The term
 16 “system certification date” means the date on which
 17 the Board of Directors certifies that the requirements
 18 of section 601 have been met.

19 (72) VERY LOW-INCOME.—

20 (A) IN GENERAL.—The term “very low-in-
 21 come” means—

22 (i) in the case of owner-occupied units,
 23 families having incomes not greater than 50
 24 percent of the median income of the area;
 25 and

1 (ii) in the case of rental units, families
 2 having incomes not greater than 50 percent
 3 of the median income of the area, with ad-
 4 justments for smaller and larger families, as
 5 determined by the Secretary of Housing and
 6 Urban Development.

7 (B) *RULE OF CONSTRUCTION.*—For pur-
 8 poses of the Housing Trust Fund established
 9 under section 1338 of the Safety and Soundness
 10 Act (12 U.S.C. 4568), the Capital Magnet Fund
 11 established under section 1339 of the Safety and
 12 Soundness Act (12 U.S.C. 4569), and the Market
 13 Access Fund established under section 504, the
 14 term “very low-income” means—

15 (i) in the case of owner-occupied units,
 16 income in excess of 30 percent but not
 17 greater than 50 percent of the median in-
 18 come of the area; and

19 (ii) in the case of rental units, income
 20 in excess of 30 percent but not greater than
 21 50 percent of the median income of the
 22 area, with adjustments for smaller and
 23 larger families, as determined by the Sec-
 24 retary of Housing and Urban Development.

1 ***TITLE I—ELIMINATION OF***
 2 ***FANNIE MAE AND FREDDIE MAC***

3 ***SEC. 101. ELIMINATION OF FANNIE MAE AND FREDDIE MAC.***

4 (a) *FANNIE MAE*.—Effective on the agency transfer
 5 date, the Corporation shall take all steps necessary to dis-
 6 solve and eliminate the Federal National Mortgage Associa-
 7 tion pursuant to the provisions of this Act. The charter for
 8 the Federal National Mortgage Association shall be repealed
 9 pursuant to title VI.

10 (b) *FREDDIE MAC*.—Effective on the agency transfer
 11 date, the Corporation shall take all steps necessary to dis-
 12 solve and eliminate the Federal Home Loan Mortgage Cor-
 13 poration pursuant to the provisions of this Act. The charter
 14 for the Federal Home Loan Mortgage Corporation shall be
 15 repealed pursuant to title VI.

16 ***TITLE II—FEDERAL MORTGAGE***
 17 ***INSURANCE CORPORATION***

18 ***SEC. 201. ESTABLISHMENT.***

19 (a) *ESTABLISHMENT*.—Effective on the agency trans-
 20 fer date, there is established the Federal Mortgage Insurance
 21 Corporation, which is charged with ensuring the safety and
 22 soundness of, and compliance with laws and regulations,
 23 fair access to financial services, and fair treatment of cus-
 24 tomers by the institutions and other persons subject to its

1 *jurisdiction and which shall have the powers hereinafter*
2 *granted.*

3 (b) *PURPOSE.*—*The purpose of the Corporation shall*
4 *be to—*

5 (1) *facilitate a liquid, transparent, and resilient*
6 *single-family and multifamily mortgage credit market*
7 *by supporting a robust secondary mortgage market,*
8 *including during the transition to the new housing fi-*
9 *nance system;*

10 (2) *provide insurance on any mortgage-backed*
11 *security that satisfies the requirements under this Act*
12 *to become a covered security;*

13 (3) *monitor and supervise approved entities to*
14 *the extent provided in this Act;*

15 (4) *supervise the regulated entities;*

16 (5) *facilitate the broad availability of mortgage*
17 *credit and secondary mortgage market financing*
18 *through fluctuations in the business cycle for eligible*
19 *single-family and multifamily lending across all—*

20 (A) *regions;*

21 (B) *localities;*

22 (C) *institutions;*

23 (D) *property types, including housing serv-*
24 *ing renters; and*

25 (E) *eligible borrowers;*

1 (6) *ensure continued, widespread availability of*
 2 *an affordable, long-term, fixed rate, prepayable mort-*
 3 *gage, such as a 30-year fixed rate mortgage; and*

4 (7) *preserve and maintain a liquid forward exe-*
 5 *cution market for eligible single-family mortgage*
 6 *loans and single-family covered securities, such as the*
 7 *To-Be-Announced market.*

8 (c) *GENERAL SUPERVISORY AND REGULATORY AU-*
 9 *THORITY.—*

10 (1) *IN GENERAL.—Each approved entity shall, to*
 11 *the extent provided in this Act, be subject to the su-*
 12 *pervision and regulation of the Corporation.*

13 (2) *REGULATED ENTITIES; OFFICE OF FI-*
 14 *NANCE.—The Corporation shall have general regu-*
 15 *latory authority over each regulated entity and the*
 16 *Office of Finance, and shall exercise such general reg-*
 17 *ulatory authority to ensure that the purposes of this*
 18 *Act, any amendments made by this Act, and any*
 19 *other applicable law as to which the Corporation has*
 20 *responsibility under this Act are carried out.*

21 (d) *FEDERAL STATUS.—The Corporation shall be an*
 22 *independent agency and an instrumentality of the Federal*
 23 *Government.*

24 (e) *SUCCESSION.—The Corporation shall have succes-*
 25 *sion until dissolved by an Act of Congress.*

1 (f) *PRINCIPAL OFFICE.*—*The Corporation shall main-*
 2 *tain its principal office in the District of Columbia and*
 3 *shall be deemed, for purposes of venue in civil actions, to*
 4 *be a resident thereof.*

5 (g) *AUTHORITY TO ESTABLISH OTHER OFFICES.*—*The*
 6 *Corporation may establish such other offices in such other*
 7 *place or places as the Corporation may deem necessary or*
 8 *appropriate in the conduct of its business.*

9 (h) *PROHIBITION.*—*The Corporation shall not engage*
 10 *in mortgage loan origination.*

11 **SEC. 202. MANAGEMENT OF CORPORATION.**

12 (a) *BOARD OF DIRECTORS.*—

13 (1) *MEMBERS.*—*The management of the Cor-*
 14 *poration shall be vested in a Board of Directors con-*
 15 *sisting of 5 members who shall be appointed by the*
 16 *President, by and with the advice and consent of the*
 17 *Senate, from among individuals who—*

18 (A) *are citizens of the United States; and*

19 (B) *have demonstrated technical, academic,*
 20 *or professional understanding of, and practical,*
 21 *disciplinary, vocational, or regulatory experience*
 22 *working in, housing and housing finance.*

23 (2) *POLITICAL AFFILIATION.*—*Not more than 3*
 24 *of the members of the Board of Directors may be*
 25 *members of the same political party.*

1 (3) *DUTIES.*—*The Board of Directors shall ad-*
 2 *vis the Chairperson regarding overall strategies and*
 3 *policies to carry out the duties and purposes of this*
 4 *Act.*

5 (b) *CHAIRPERSON AND VICE CHAIRPERSON.*—

6 (1) *CHAIRPERSON.*—

7 (A) *DESIGNATION.*—*1 of the members ap-*
 8 *pointed pursuant to subsection (a)(1) shall be*
 9 *designated by the President to serve as Chair-*
 10 *person of the Board of Directors.*

11 (B) *TERM.*—*Except as provided in sub-*
 12 *section (c)(1)(A), the Chairperson shall be ap-*
 13 *pointed for a term of 5 years, unless removed be-*
 14 *fore the end of such term by the President under*
 15 *subparagraph (C).*

16 (C) *REMOVAL FOR CAUSE.*—*The President*
 17 *may remove the Chairperson for inefficiency, ne-*
 18 *glect of duty, or malfeasance in office.*

19 (D) *DUTIES AND AUTHORITIES.*—

20 (i) *IN GENERAL.*—*The Chairperson—*

21 (I) *shall—*

22 (aa) *be the active executive*
 23 *officer of the Corporation, subject*
 24 *to supervision by the Board of Di-*
 25 *rectors;*

1 (bb) oversee the prudential
2 operations of each regulated enti-
3 ty; and

4 (cc) ensure that each ap-
5 proved entity and regulated entity
6 operates in a safe and sound
7 manner, including—

8 (AA) through the main-
9 tenance of adequate capital,
10 standards, and internal con-
11 trols; and

12 (BB) by ensuring com-
13 pliance with the rules, regu-
14 lations, guidelines, and or-
15 ders issued pursuant to this
16 Act; and

17 (II) may exercise such incidental
18 powers as may be necessary or appro-
19 priate to assist the Corporation in ful-
20 filling the duties and responsibilities of
21 the Corporation in the supervision and
22 regulation of each approved entity and
23 regulated entity.

24 (ii) *DELEGATION.*—The Chairperson
25 may delegate to officers and employees of

1 *the Corporation any of the functions, pow-*
 2 *ers, or duties of the Chairperson, as the*
 3 *Chairperson considers appropriate.*

4 (2) *VICE CHAIRPERSON.—*

5 (A) *DESIGNATION.—1 of the members ap-*
 6 *pointed pursuant to subsection (a)(1) shall be*
 7 *designated by the President to serve as Vice*
 8 *Chairperson of the Board of Directors.*

9 (B) *TERM.—Except as provided in sub-*
 10 *section (c)(1)(B), the Vice Chairperson shall be*
 11 *appointed for a term of 5 years, unless removed*
 12 *before the end of such term by the President*
 13 *under subparagraph (C).*

14 (C) *REMOVAL FOR CAUSE.—The President*
 15 *may remove the Vice Chairperson for ineffi-*
 16 *ciency, neglect of duty, or malfeasance in office.*

17 (3) *ACTING CHAIRPERSON.—*

18 (A) *DURING VACANCY IN THE POSITION OF*
 19 *CHAIRPERSON.—Except as provided in section*
 20 *402, in the event of a vacancy in the position of*
 21 *Chairperson of the Board of Directors or during*
 22 *the absence or disability of the Chairperson, the*
 23 *Vice Chairperson shall act as Chairperson.*

24 (B) *DURING VACANCIES IN THE POSITION*
 25 *OF CHAIRPERSON AND VICE CHAIRPERSON.—Ex-*

cept as provided in section 402, in the event of vacancies in the positions of Chairperson and Vice Chairperson, or during the absence or disability of both the Chairperson and the Vice Chairperson, the President shall designate 1 of the other members appointed pursuant to subsection (a)(1) as Acting Chairperson.

(C) *RETENTION OF AUTHORITY.*—Any person confirmed to serve as Chairperson, or acting as Chairperson, whether designated to act as such by the President under this paragraph or acting in such capacity by operation of this paragraph or section 402, shall for the period that such person is serving as Chairperson or acting as Chairperson—

(i) act for all purposes as the Chairperson; and

(ii) have all the rights, duties, powers, and responsibilities of the Chairperson.

(c) *STAGGERED TERMS; TERM CONTINUATION.*—

(1) *TERMS.*—

(A) *TERM OF INITIAL CHAIRPERSON.*—The initial member of the Board of Directors appointed pursuant to subsection (a)(1) and des-

1 *ignated as Chairperson under subsection (b)(1)*
 2 *shall serve a term of 30 months.*

3 *(B) TERM OF INITIAL VICE CHAIR-*
 4 *PERSON.—The initial member of the Board of*
 5 *Directors appointed pursuant to subsection*
 6 *(a)(1) and designated as Vice Chairperson under*
 7 *subsection (b)(2) shall serve a term of 30 months.*

8 *(C) TERM OF OTHER APPOINTED MEM-*
 9 *BERS.—1 of the other initial members of the*
 10 *Board of Directors appointed pursuant to sub-*
 11 *section (a)(1) and not designated as Chairperson*
 12 *or Vice Chairperson under subsection (b) shall*
 13 *serve a term of 30 months and the other 2 initial*
 14 *members shall serve a term of 4 years.*

15 *(D) ALL OTHER TERMS.—After the expira-*
 16 *tion of the initial terms under subparagraphs*
 17 *(A) through (C), all subsequent members of the*
 18 *Board of Directors appointed pursuant to sub-*
 19 *section (a)(1) shall serve for a term of 5 years.*

20 *(2) CONTINUATION OF SERVICE.—Each member*
 21 *of the Board of Directors appointed pursuant to sub-*
 22 *section (a)(1), including any member appointed to*
 23 *serve as Chairperson or Vice Chairperson, may con-*
 24 *tinue to serve after the expiration of the term of office*
 25 *to which such member was appointed until the expi-*

1 *ration of the next session of Congress subsequent to*
 2 *the expiration of said fixed term of office.*

3 *(d) VACANCY; MANNER OF FULFILLMENT.—Any va-*
 4 *cancy on the Board of Directors shall be filled in the man-*
 5 *ner in which the original appointment was made, and the*
 6 *person appointed to fill such vacancy shall be appointed*
 7 *only for the remainder of such term.*

8 *(e) COMPENSATION OF MEMBERS.—*

9 *(1) CHAIRPERSON.—The Chairperson shall re-*
 10 *ceive compensation at the rate prescribed for Level II*
 11 *of the Executive Schedule under section 5313 of title*
 12 *5, United States Code.*

13 *(2) OTHER APPOINTED MEMBERS.—All members*
 14 *of the Board of Directors not described in paragraph*
 15 *(1) shall receive compensation at the rate prescribed*
 16 *for Level III of the Executive Schedule under section*
 17 *5314 of title 5, United States Code.*

18 *(f) INELIGIBILITY FOR OTHER OFFICES DURING*
 19 *SERVICE; POSTSERVICE RESTRICTION.—*

20 *(1) RESTRICTIONS DURING SERVICE.—No mem-*
 21 *ber of the Board of Directors may, during the time*
 22 *such member is serving in such capacity and for the*
 23 *2-year period beginning on the date such member*
 24 *ceases to serve as a member of the Board of Direc-*
 25 *tors—*

1 (A) be an officer, employee, or director of
2 any—

3 (i) insured depository institution;

4 (ii) insured depository institution
5 holding company;

6 (iii) Federal Reserve bank;

7 (iv) regulated entity;

8 (v) approved entity; or

9 (vi) non-bank financial institution or
10 company that originates eligible mortgage
11 loans; or

12 (B) hold stock or have beneficial ownership
13 in any—

14 (i) insured depository institution;

15 (ii) insured depository institution
16 holding company;

17 (iii) regulated entity;

18 (iv) approved entity; or

19 (v) non-bank financial institution or
20 company that originates eligible mortgage
21 loans.

22 (2) CERTIFICATION.—Upon taking office, each
23 member of the Board of Directors shall certify under
24 oath that such member has complied, and will com-

1 *ply, with this subsection and such certification shall*
 2 *be filed with the secretary of the Board of Directors.*

3 *(g) STATUS OF DIRECTORS, OFFICERS, AND EMPLOY-*
 4 *EES.—*

5 *(1) IN GENERAL.—A member of the Board of Di-*
 6 *rectors, officer, or employee of the Corporation has no*
 7 *liability under the Securities Act of 1933 (15 U.S.C.*
 8 *77b et seq.) with respect to any claim arising out of*
 9 *or resulting from any act or omission by such person*
 10 *within the scope of such person’s employment in con-*
 11 *nection with any transaction involving the disposi-*
 12 *tion of assets (or any interests in any assets or any*
 13 *obligations backed by any assets) by the Corporation.*
 14 *This subsection shall not be construed to limit per-*
 15 *sonal liability for criminal acts or omissions, willful*
 16 *or malicious misconduct, acts or omissions for private*
 17 *gain, or any other acts or omissions outside the scope*
 18 *of such person’s employment.*

19 *(2) EFFECT ON OTHER LAW.—This subsection*
 20 *does not affect—*

21 *(A) any other immunities and protections*
 22 *that may be available to such person under ap-*
 23 *plicable law with respect to such transactions; or*

24 *(B) any other right or remedy against the*
 25 *Corporation, against the United States under*

1 *applicable law, or against any person other than*
 2 *a person described in paragraph (1) partici-*
 3 *pating in such transactions.*

4 (3) *RULE OF CONSTRUCTION.—This subsection*
 5 *shall not be construed to limit or alter in any way*
 6 *the immunities that are available under applicable*
 7 *law for Federal officials and employees not described*
 8 *in this subsection.*

9 (h) *INDEPENDENCE.—*

10 (1) *IN GENERAL.—Each member of the Board of*
 11 *Directors shall be independent in performing his or*
 12 *her duties.*

13 (2) *INDEPENDENCE DETERMINATION.—In order*
 14 *to be considered independent for purposes of this sub-*
 15 *section, a member of the Board of Directors—*

16 (A) *may not, other than in his or her ca-*
 17 *capacity as a member of the Board of Directors or*
 18 *any committee thereof—*

19 (i) *accept any consulting, advisory, or*
 20 *other compensatory fee from the Corpora-*
 21 *tion; or*

22 (ii) *be a person associated with the*
 23 *Corporation or with any affiliate of the*
 24 *Corporation; and*

1 (B) shall be disqualified from any delibera-
 2 tion involving any transaction of the Corpora-
 3 tion in which the member has a financial inter-
 4 est in the outcome of the transaction.

5 (i) ADMINISTRATION.—Except as may be otherwise
 6 provided in this Act, the Board of Directors shall admin-
 7 ister the affairs of the Corporation fairly and impartially
 8 and without discrimination.

9 (j) VOTING.—A majority vote of all members of the
 10 Board of Directors is necessary to resolve all voting issues
 11 of the Corporation.

12 (k) MEETINGS.—The Board of Directors shall meet in
 13 accordance with the bylaws of the Corporation—

14 (1) at the call of the Chairperson; and

15 (2) not less frequently than once each quarter.

16 (l) QUORUM.—3 members of the Board of Directors
 17 then in office shall constitute a quorum.

18 (m) BYLAWS.—A majority of the members of the Board
 19 of Directors may amend the bylaws of the Corporation.

20 **SEC. 203. ADVISORY COMMITTEE.**

21 (a) ESTABLISHMENT.—

22 (1) IN GENERAL.—The Corporation shall estab-
 23 lish an Advisory Committee for the purpose of advis-
 24 ing the Office of Consumer and Market Access and the
 25 Board of Directors on developments in the primary

1 *and secondary mortgage markets that have material*
 2 *effects on the ongoing mission of the Corporation.*

3 (2) *DUTIES.*—*The Advisory Committee shall pro-*
 4 *vide advice and recommendations to the Office of*
 5 *Consumer and Market Access and the Board of Direc-*
 6 *tors as to material developments in the following*
 7 *areas:*

8 (A) *Housing prices and affordability.*

9 (B) *The effectiveness of consumer protec-*
 10 *tions in the housing market.*

11 (C) *Volume and characteristics of eligible*
 12 *mortgage loan originations.*

13 (D) *The condition of the rental housing*
 14 *market.*

15 (E) *Small lender participation in the sec-*
 16 *ondary mortgage market.*

17 (F) *Access to credit in rural and under-*
 18 *served communities.*

19 (G) *Competition among approved entities.*

20 (H) *Fair, equitable, and nondiscriminatory*
 21 *access to mortgage credit for individuals and*
 22 *communities.*

23 (b) *COMPOSITION AND QUALIFICATIONS.*—

24 (1) *IN GENERAL.*—*The Advisory Committee shall*
 25 *be composed of 14 members as follows:*

1 (A) 1 member who shall have a dem-
2 onstrated technical, academic, or professional
3 understanding of, and practical, disciplinary,
4 vocational, or regulatory experience working
5 with, non-depository mortgage originators hav-
6 ing less than \$10,000,000,000 in total assets.

7 (B) 1 member who shall have a dem-
8 onstrated technical, academic, or professional
9 understanding of, and practical, disciplinary,
10 vocational, or regulatory experience working
11 with, credit unions having less than
12 \$10,000,000,000 in total assets.

13 (C) 1 member who shall have a dem-
14 onstrated technical, academic, or professional
15 understanding of, and practical, disciplinary,
16 vocational, or regulatory experience working
17 with, banks having less than \$10,000,000,000 in
18 total assets.

19 (D) 1 member who shall have a dem-
20 onstrated technical, academic, or professional
21 understanding of, and practical, disciplinary,
22 vocational, or regulatory experience working
23 with, banks having more than \$500,000,000,000
24 in total assets.

1 (E) 1 member who shall have a dem-
2 onstrated technical, academic, or professional
3 understanding of, and practical, disciplinary,
4 vocation, or regulatory experience working with,
5 regional banks having more than
6 \$10,000,000,000 and less than \$500,000,000,000
7 in total assets.

8 (F) 1 member who shall have a dem-
9 onstrated technical, academic, or professional
10 understanding of, and practical, disciplinary,
11 vocational, or regulatory experience with private
12 mortgage insurance.

13 (G) 1 member who shall have a dem-
14 onstrated technical, academic, or professional
15 understanding of, and practical, disciplinary,
16 vocational, or regulatory experience with
17 securitization.

18 (H) 1 member who shall have a dem-
19 onstrated technical, academic, or professional
20 understanding of, and practical, disciplinary,
21 vocational, or regulatory experience with inves-
22 tor protection and institutional investors.

23 (I) 1 member who shall have a dem-
24 onstrated technical, academic, or professional

1 *understanding of, or practical, disciplinary, or*
2 *vocational experience with consumer protection.*

3 *(J) 1 member who shall have a dem-*
4 *onstrated technical, academic, or professional*
5 *understanding of, or practical, disciplinary, or*
6 *vocational experience with policies and programs*
7 *to support sustainable homeownership.*

8 *(K) 1 member who shall have a dem-*
9 *onstrated technical, academic, or professional*
10 *understanding of, or practical, disciplinary, or*
11 *vocational experience with multifamily housing*
12 *development.*

13 *(L) 1 member who shall have a dem-*
14 *onstrated technical, academic, or professional*
15 *understanding of, or practical, disciplinary, or*
16 *vocational experience with affordable rental*
17 *housing.*

18 *(M) 1 member who shall have a dem-*
19 *onstrated technical, academic, or professional*
20 *understanding of, or practical, disciplinary, or*
21 *vocational experience with asset management.*

22 *(N) 1 member who shall have a dem-*
23 *onstrated professional understanding of and vo-*
24 *cational experience with State bank, non-bank,*
25 *or insurance regulation.*

1 (2) *EXPERIENCE WITH RURAL HOUSING.*—Of the
 2 members of the Advisory Committee identified under
 3 subparagraphs (B) and (C) of paragraph (1), at least
 4 1 shall be required to have practical, disciplinary, or
 5 vocational experience working in rural areas and
 6 with rural borrowers.

7 (3) *EXPERIENCE WITH FAIR LENDING.*—Of the
 8 members of the Advisory Committee identified under
 9 paragraph (1), at least 1 shall be required to have
 10 demonstrated practical, academic, disciplinary, or vo-
 11 cational experience with fair lending practices and
 12 policies and programs that promote fair, equitable,
 13 and nondiscriminatory access to credit in underserved
 14 markets.

15 (c) *MEMBER SELECTION.*—Members of the Advisory
 16 Committee shall be appointed to the Committee by the
 17 Chairperson, subject to approval by a majority of the Board
 18 of Directors.

19 (d) *MEETINGS.*—The Advisory Committee shall meet
 20 no less frequently than once during each calendar quarter.

21 **SEC. 204. OFFICE OF THE INSPECTOR GENERAL.**

22 (a) *OFFICE OF INSPECTOR GENERAL.*—

23 (1) *ESTABLISHMENT.*—On the agency transfer
 24 date, there is established the Office of the Inspector

1 *General of the Federal Mortgage Insurance Corpora-*
2 *tion.*

3 (2) *HEAD OF OFFICE.—*

4 (A) *IN GENERAL.—The head of the Office of*
5 *the Inspector General of the Federal Mortgage*
6 *Insurance Corporation shall be the Inspector*
7 *General of the Federal Mortgage Insurance Cor-*
8 *poration, who shall be appointed by the Presi-*
9 *dent, by and with the advice and consent of the*
10 *Senate, in accordance with section 3(a) of the*
11 *Inspector General Act of 1978 (5 U.S.C. App.).*

12 (B) *TRANSITIONAL PROVISION.—Notwith-*
13 *standing subparagraph (A), during the period*
14 *beginning on the agency transfer date and end-*
15 *ing on the date on which the Inspector General*
16 *of the Federal Mortgage Insurance Corporation*
17 *is confirmed, the person serving as the Inspector*
18 *General or the Acting Inspector General for the*
19 *Office of the Inspector General within the Fed-*
20 *eral Housing Finance Agency on the date that is*
21 *1 day prior to the agency transfer date shall act*
22 *for all purposes as, and with the full powers of,*
23 *the Inspector General of the Federal Mortgage*
24 *Insurance Corporation.*

1 (3) *OFFICE OF THE INSPECTOR GENERAL AU-*
2 *THORITIES.*—*Beginning on the agency transfer date,*
3 *the authority of the Office of the Inspector General of*
4 *the Federal Mortgage Insurance Corporation shall in-*
5 *clude all rights and responsibilities of the Office of the*
6 *Inspector General of the Federal Housing Finance*
7 *Agency as such rights and responsibilities existed on*
8 *the date that is 1 day prior to the agency transfer*
9 *date.*

10 (b) *PROVISION OF PROPERTY AND FACILITIES.*—*The*
11 *Chairperson shall provide the Office of the Inspector Gen-*
12 *eral of the Federal Mortgage Insurance Corporation with—*

13 (1) *appropriate and adequate office space at*
14 *each central and field office location established by the*
15 *Corporation, together with such equipment, office sup-*
16 *plies, and communications facilities and services as*
17 *may be necessary for the Inspector General of the*
18 *Federal Mortgage Insurance Corporation to operate*
19 *such offices; and*

20 (2) *the necessary maintenance services for—*

21 (A) *any office provided under paragraph*

22 (1); *and*

23 (B) *the equipment and facilities located in*
24 *any such office.*

1 (c) *HIRING OF EMPLOYEES, EXPERTS, AND CONSULT-*
 2 *ANTS.*—*Notwithstanding paragraphs (7) and (8) of section*
 3 *6(a) of the Inspector General Act of 1978 (5 U.S.C. App.),*
 4 *the Inspector General of the Federal Mortgage Insurance*
 5 *Corporation may select, appoint, and employ such officers*
 6 *and employees as may be necessary—*

7 (1) *for carrying out the functions, powers, and*
 8 *duties of the Office of the Inspector General; and*

9 (2) *to obtain the temporary or intermittent serv-*
 10 *ices of experts or consultants or an organization of ex-*
 11 *perts or consultants, subject to the applicable laws*
 12 *and regulations that govern such selections, appoint-*
 13 *ments, and employment, and the obtaining of such*
 14 *services, within the Corporation.*

15 (d) *SUBMISSION OF BUDGET.*—

16 (1) *IN GENERAL.*—*For each fiscal year, the In-*
 17 *spector General of the Federal Mortgage Insurance*
 18 *Corporation shall transmit a budget estimate and re-*
 19 *quest for funds to the Chairperson.*

20 (2) *REQUIRED CONTENT.*—*The budget request re-*
 21 *quired under paragraph (1) shall—*

22 (A) *specify—*

23 (i) *the aggregate amount of funds re-*
 24 *quested for such fiscal year for the oper-*
 25 *ations of the Office of the Inspector General*

of the Federal Mortgage Insurance Corporation; and

(ii) the amount requested for all training needs, including a certification from the Inspector General that the amount requested satisfies all training requirements for the Office of the Inspector General of the Federal Mortgage Insurance Corporation for that fiscal year; and

(B) specifically—

(i) identify and specify any resources necessary to support the Council of the Inspectors General on Integrity and Efficiency; and

(ii) justify the need for any resources identified and specified under clause (i).

(e) AMENDMENTS TO INSPECTOR GENERAL ACT OF 1978.—*The Inspector General Act of 1978 (5 U.S.C. App.) is amended—*

(1) in section 6(e)(3), by inserting “Federal Mortgage Insurance Corporation” after “Federal Emergency Management Agency”;

(2) in section 8G(a)(2), by striking “the Federal Housing Finance Board”; and

(3) in section 12—

1 (A) in paragraph (1), by striking “Director
2 of the Federal Housing Finance Agency” and in-
3 serting “Chairperson of the Federal Mortgage In-
4 surance Corporation”; and

5 (B) in paragraph (2), by striking “Federal
6 Housing Finance Agency” and inserting “Fed-
7 eral Mortgage Insurance Corporation”.

8 (f) *EFFECTIVE DATE.*—The amendments made by this
9 section shall take effect on the agency transfer date.

10 **SEC. 205. STAFF, EXPERTS, AND CONSULTANTS.**

11 (a) *COMPENSATION.*—

12 (1) *IN GENERAL.*—The Board of Directors may
13 appoint and fix the compensation of such officers, at-
14 torneys, economists, examiners, and other employees
15 as may be necessary for carrying out the functions of
16 the Corporation.

17 (2) *RATES OF PAY.*—Rates of basic pay and the
18 total amount of compensation and benefits for all em-
19 ployees of the Corporation may be—

20 (A) set and adjusted by the Board of Direc-
21 tors without regard to the provisions of chapter
22 51 or subchapter III of chapter 53 of title 5,
23 United States Code; and

24 (B) reasonably increased, notwithstanding
25 any limitation set forth in paragraph (3), if the

1 *Board of Directors determines such increases are*
2 *necessary to attract and hire qualified employees.*

3 (3) *PARITY.*—*The Board of Directors may pro-*
4 *vide additional compensation and benefits to employ-*
5 *ees of the Corporation, of the same type of compensa-*
6 *tion or benefits that are then being provided by any*
7 *agency referred to under section 1206 of the Financial*
8 *Institutions Reform, Recovery, and Enforcement Act*
9 *of 1989 (12 U.S.C. 1833b) or, if not then being pro-*
10 *vided, could be provided by such an agency under ap-*
11 *plicable provisions of law, rule, or regulation. In set-*
12 *ting and adjusting the total amount of compensation*
13 *and benefits for employees, the Board of Directors*
14 *shall consult with and seek to maintain com-*
15 *parability with the agencies referred to under section*
16 *1206 of the Financial Institutions Reform, Recovery,*
17 *and Enforcement Act of 1989 (12 U.S.C. 1833b).*

18 (b) *DETAIL OF GOVERNMENT EMPLOYEES.*—*Upon the*
19 *request of the Board of Directors, any Federal Government*
20 *employee may be detailed to the Corporation without reim-*
21 *bursement from the Corporation, and such detail shall be*
22 *without interruption or loss of civil service status or privi-*
23 *lege.*

1 (c) *EXPERTS AND CONSULTANTS.*—*The Corporation*
 2 *may procure the services of experts and consultants as the*
 3 *Corporation considers necessary or appropriate.*

4 (d) *TECHNICAL AND PROFESSIONAL ADVISORY COM-*
 5 *MITTEES.*—*The Board of Directors may appoint such spe-*
 6 *cial advisory, technical, or professional committees as may*
 7 *be useful in carrying out the functions of the Corporation.*

8 **SEC. 206. REPORTS; TESTIMONY; AUDITS.**

9 (a) *REPORTS.*—

10 (1) *IN GENERAL.*—*After the system certification*
 11 *date, the Corporation shall submit, on an annual*
 12 *basis, to the Committee on Banking, Housing, and*
 13 *Urban Affairs of the Senate and the Committee on*
 14 *Financial Services of the House of Representatives a*
 15 *written report of its operations, activities, budget, re-*
 16 *ceipts, and expenditures for the preceding 12-month*
 17 *period.*

18 (2) *CONTENTS OF REPORT.*—*The report required*
 19 *under subsection (a) shall include—*

20 (A) *an analysis of—*

21 (i) *with respect to the Mortgage Insur-*
 22 *ance Fund established under section*
 23 *303(e)—*

24 (I) *the current financial condition*
 25 *of the Mortgage Insurance Fund;*

1 (II) the exposure of the Mortgage
2 Insurance Fund to economic conditions
3 and an analysis of any stress tests con-
4 ducted with respect to the Fund;

5 (III) an estimate of the resources
6 needed for the Mortgage Insurance
7 Fund to achieve the purposes of this
8 Act; and

9 (IV) any findings, conclusions,
10 and recommendations for legislative
11 and administrative actions considered
12 appropriate to the future activities of
13 the Corporation;

14 (ii) whether or not the actual reserve
15 ratio of the Mortgage Insurance Fund
16 met—

17 (I) the reserve ratio set for the
18 preceding 12-month period; or

19 (II) the reserve ratio goals estab-
20 lished in section 303(e)(7);

21 (iii) the detailed plan of the Corpora-
22 tion to ensure that the goals set for the re-
23 serve ratio for the Mortgage Insurance Fund
24 are met and maintained for the next 12-
25 month period;

1 (iv) the state of the private label mort-
2 gage-backed securities market, including the
3 submission of a reasonable set of adminis-
4 trative, regulatory, and legislative proposals
5 on how to limit the Federal Government's
6 footprint in the secondary mortgage market;

7 (v) how and the extent to which the
8 Corporation and the Small Lender Mutual
9 established under section 315(a)(1) has ful-
10 filled its obligations to ensure that commu-
11 nity and mid-size banks, credit unions, and
12 other small lenders have equitable and
13 meaningful access to the secondary mort-
14 gage market; and

15 (vi) the report required under section
16 208(b)(2)(B);

17 (B) a discussion of the significant problems
18 faced by consumers in shopping for or obtaining
19 mortgage credit or services;

20 (C) a justification of the Corporation's
21 budget for the preceding 12-month period;

22 (D) a list of the significant rules and orders
23 adopted by the Corporation, as well as other sig-
24 nificant initiatives conducted by the Corpora-
25 tion, during the preceding 12-month period and

1 *the plan of the Corporation for rules, orders, or*
 2 *other initiatives to be undertaken during the*
 3 *next 12-month period;*

4 *(E) a list, with a brief statement of the*
 5 *issues, of the public supervisory and enforcement*
 6 *actions to which the Corporation was a party*
 7 *during the preceding 12-month period;*

8 *(F) the actions of the Corporation taken re-*
 9 *garding rules, orders, and supervisory actions*
 10 *with respect to covered entities; and*

11 *(G) an assessment of significant actions by*
 12 *State attorneys general or State regulators relat-*
 13 *ing to Federal law within the Corporation's ju-*
 14 *risdiction.*

15 **(b) TESTIMONY.**—*After the system certification date,*
 16 *the Chairperson shall appear annually before the Com-*
 17 *mittee on Banking, Housing, and Urban Affairs of the Sen-*
 18 *ate and the Committee on Financial Services of the House*
 19 *of Representatives to provide testimony on the report sub-*
 20 *mitted under subsection (a).*

21 **(c) REPORTS TO THE OFFICE OF MANAGEMENT AND**
 22 **BUDGET.**—

23 **(1) FINANCIAL OPERATING PLANS AND FORE-**
 24 **CASTS.**—*The Corporation shall provide to the Direc-*

1 *tor of the Office of Management and Budget copies of*
2 *the—*

3 *(A) Corporation's financial operating plans*
4 *and forecasts as prepared by the Corporation in*
5 *the ordinary course of its operations; and*

6 *(B) quarterly reports of the Corporation's*
7 *financial condition and results of operations as*
8 *prepared by the Corporation in the ordinary*
9 *course of its operations.*

10 *(2) RULE OF CONSTRUCTION.—This subsection*
11 *shall not be construed to—*

12 *(A) require any obligation on the part of*
13 *the Corporation to consult with, or obtain the*
14 *consent or approval of, the Director of the Office*
15 *of Management and Budget with respect to any*
16 *reports, plans, forecasts, or other information re-*
17 *ferred to in paragraph (1); or*

18 *(B) authorize any jurisdiction or oversight*
19 *by the Director of the Office of Management and*
20 *Budget over the affairs or operations of the Cor-*
21 *poration.*

22 *(d) AUDIT.—*

23 *(1) ANNUAL AUDIT.—The Comptroller General of*
24 *the United States shall annually audit—*

1 (A) *the financial transactions of the Cor-*
2 *poration; and*

3 (B) *the Mortgage Insurance Fund.*

4 (2) *AUDITING STANDARDS.—The audit required*
5 *under this subsection shall be completed in accordance*
6 *with the United States generally accepted government*
7 *auditing standards as may be prescribed by the*
8 *Comptroller General.*

9 (3) *PLACE OF AUDIT.—The audit required under*
10 *this subsection shall be conducted at the place or*
11 *places where accounts of the Corporation are nor-*
12 *mally kept.*

13 (4) *ACCESS.—Notwithstanding any other provi-*
14 *sion of law, upon request and in such reasonable form*
15 *as the Comptroller General may request, the Comp-*
16 *troller General shall have access to—*

17 (A) *any records, books, accounts, documents,*
18 *reports, files, papers, property, or other informa-*
19 *tion under the control of or used by the Corpora-*
20 *tion;*

21 (B) *any records or other information under*
22 *the control of a person or entity acting on behalf*
23 *of or under the authority of the Corporation, to*
24 *the extent that such records or other information*

1 *are relevant to an audit required under this sub-*
 2 *section; and*

3 (C) *the officers, directors, employees, finan-*
 4 *cial advisors, staff, working groups, and agents*
 5 *and representatives of the Corporation (relating*
 6 *to the activities on behalf of the Corporation of*
 7 *such agent or representative).*

8 (5) *RULE OF CONSTRUCTION.*—*All records, books,*
 9 *accounts, documents, reports, files, papers, property,*
 10 *or other information referred to in paragraph (4)*
 11 *shall remain in the possession and custody of the Cor-*
 12 *poration.*

13 (6) *COPIES.*—*The Comptroller General may, as*
 14 *the Comptroller General considers appropriate, make*
 15 *and retain copies of the records, books, accounts, doc-*
 16 *uments, reports, files, papers, property, or other infor-*
 17 *mation to which the Comptroller General is granted*
 18 *access under paragraph (3).*

19 (7) *REPORT.*—

20 (A) *SUBMISSION TO CONGRESS.*—*The*
 21 *Comptroller General shall submit to Congress a*
 22 *report of each annual audit conducted under this*
 23 *subsection not later than six and one-half months*
 24 *following the close of the year covered by such*
 25 *audit.*

1 (B) *REQUIRED CONTENT.*—*The report re-*
2 *quired under subparagraph (A) shall—*

3 (i) *set forth the scope of the audit; and*

4 (ii) *include—*

5 (I) *the statement of assets and li-*
6 *abilities, as well as any surplus or def-*
7 *icit;*

8 (II) *the statement of income and*
9 *expenses;*

10 (III) *the statement of sources and*
11 *application of funds;*

12 (IV) *such comments and informa-*
13 *tion as the Comptroller General may*
14 *deem necessary to inform Congress of*
15 *the financial operations and condition*
16 *of the Corporation and the Mortgage*
17 *Insurance Fund, together with such*
18 *recommendations with respect thereto*
19 *as the Comptroller General may deem*
20 *advisable; and*

21 (V) *a description of any program,*
22 *expenditure, or other financial trans-*
23 *action or undertaking observed in the*
24 *course of the audit, which, in the opin-*
25 *ion of the Comptroller General, has*

1 *been carried on or made without au-*
2 *thority of law.*

3 (C) *COPIES.*—*A copy of each report re-*
4 *quired under subparagraph (A) shall be fur-*
5 *nished to the President and to the Chairperson*
6 *at the time such report is submitted to Congress.*

7 (8) *ASSISTANCE AND COSTS.*—

8 (A) *PERMITTED USE OF OUTSIDE ASSIST-*
9 *ANCE.*—*For the purpose of conducting an audit*
10 *under this subsection, the Comptroller General*
11 *may employ by contract, without regard to sec-*
12 *tion 3709 of the Revised Statutes of the United*
13 *States (41 U.S.C. 6101), professional services of*
14 *firms and organizations of certified public ac-*
15 *countants for temporary periods or for special*
16 *purposes.*

17 (B) *COST OF AUDIT COVERED BY CORPORA-*
18 *TION.*—

19 (i) *IN GENERAL.*—*Upon the request of*
20 *the Comptroller General, the Chairperson*
21 *shall transfer to the Comptroller General*
22 *from funds available the amount requested*
23 *by the Comptroller General to cover the rea-*
24 *sonable costs of any audit and report con-*

ducted by the Comptroller General pursuant
to this subsection.

(ii) *CREDIT OF FUNDS.*—The Comptroller General shall credit funds transferred under clause (i) to the account at the United States Treasury established for salaries and expenses of the Government Accountability Office, and such amounts shall be available upon receipt and without fiscal year limitation to cover the full costs of the audit and report.

SEC. 207. SPECIFIC OFFICES.

(a) *ESTABLISHMENT.*—

(1) *GENERAL AUTHORITY.*—The Corporation—

(A) shall establish within the Corporation any office required to be established by this Act;

(B) may establish such other offices or suboffices as are necessary and proper for the functioning of the Corporation; and

(C) may eliminate or consolidate any office or suboffice established under subparagraph (B).

(2) *APPOINTMENTS.*—Except as may otherwise be specifically provided, the head of any office established pursuant to paragraph (1) shall be appointed by the Board of Directors.

1 (b) *UNDERWRITING.*—*The Corporation shall establish*
 2 *an Office of Underwriting in the Corporation, whose func-*
 3 *tions shall include ensuring that eligible single-family mort-*
 4 *gage loans that collateralize single-family covered securities*
 5 *insured under this Act comply with the requirements of this*
 6 *Act and minimize risk to the Mortgage Insurance Fund.*

7 (c) *SECURITIZATION.*—*The Corporation shall establish*
 8 *an Office of Securitization in the Corporation, whose func-*
 9 *tions shall include—*

10 (1) *overseeing and supervising the Securitization*
 11 *Platform established under part I of subtitle C of title*
 12 *III; and*

13 (2) *ensuring that small mortgage lenders have*
 14 *equitable access to—*

15 (A) *the Securitization Platform, including*
 16 *through the development and facilitation of op-*
 17 *tions such as multi-guarantor pools and multi-*
 18 *lender pools of eligible single-family mortgage*
 19 *loans to be securitized and issued as single-fam-*
 20 *ily covered securities through such Platform; and*

21 (B) *any small lender mutual established or*
 22 *approved under section 315.*

23 (d) *FEDERAL HOME LOAN BANKS.*—

24 (1) *IN GENERAL.*—*Upon the system certification*
 25 *date, the Corporation shall establish an Office of Fed-*

1 *eral Home Loan Bank Supervision in the Corpora-*
2 *tion, whose functions shall include—*

3 *(A) overseeing, coordinating, and super-*
4 *vising the Federal Home Loan Banks and the*
5 *Federal Home Loan Bank System;*

6 *(B) supervising any authorized subsidiary*
7 *of 1 or more Federal Home Loan Banks that is*
8 *an approved aggregator pursuant to section*
9 *312(m), including with respect to the capitaliza-*
10 *tion of any such subsidiary;*

11 *(C) serving as the central point of coordina-*
12 *tion within the Corporation with respect to any*
13 *regulations or regulatory actions relating to the*
14 *role of a Federal Home Loan Bank, or sub-*
15 *sidary or joint office thereof, as a covered entity;*
16 *and*

17 *(D) monitoring whether any regulation or*
18 *regulatory action taken with respect to a Federal*
19 *Home Loan Bank, or subsidiary or joint office*
20 *thereof, approved under section 312 in its role as*
21 *a covered entity does not adversely impact the*
22 *traditional liquidity and advance mission of the*
23 *Federal Home Loan Banks and Federal Home*
24 *Loan Bank System.*

1 (2) *TRANSFER OF FUNCTIONS.*—Effective on the
 2 system certification date, there are transferred to the
 3 Office of Federal Home Loan Bank Supervision in
 4 the Corporation all functions of the Federal Housing
 5 Finance Agency of the Corporation relating to—

6 (A) the supervision of the Federal Home
 7 Loan Banks and the Federal Home Loan Bank
 8 System; and

9 (B) all rulemaking authority of the Federal
 10 Housing Finance Agency of the Corporation re-
 11 lating to the Federal Home Loan Banks and the
 12 Federal Home Loan Bank System.

13 **SEC. 208. OFFICE OF CONSUMER AND MARKET ACCESS.**

14 (a) *ESTABLISHMENT.*—The Corporation shall establish
 15 an Office of Consumer and Market Access in the Corpora-
 16 tion, whose functions shall include the responsibilities set
 17 forth under subsection (b).

18 (b) *RESPONSIBILITIES.*—

19 (1) *ADMINISTERING THE MARKET ACCESS*
 20 *FUND.*—The Office of Consumer and Market Access
 21 shall administer the Market Access Fund established
 22 under section 504.

23 (2) *MONITORING, COORDINATING, AND FACILI-*
 24 *TATING THE NEEDS OF UNDERSERVED MARKETS.*—

1 (A) *IN GENERAL.*—*The Office of Consumer*
2 *and Market Access shall—*

3 (i) *monitor, on a macro level, the na-*
4 *tional, regional, and area single-family and*
5 *multifamily housing finance markets to*
6 *identify underserved markets, communities,*
7 *and consumers in accordance with the mar-*
8 *ket segments identified and defined under*
9 *section 210;*

10 (ii) *coordinate with Federal and State*
11 *agencies regarding existing policies and ini-*
12 *tiatives that address—*

13 (I) *the housing needs of under-*
14 *served markets, communities, and con-*
15 *sumers; and*

16 (II) *the affordable housing needs*
17 *of markets, communities, and con-*
18 *sumers; and*

19 (iii) *provide information on business*
20 *practices and technical assistance to market*
21 *participants regarding communities identi-*
22 *fied as underserved with regards to address-*
23 *ing the housing needs of consumers in that*
24 *community.*

1 (B) *ANNUAL STATE OF COVERED SECURI-*
2 *TIES MARKET REPORT.*—

3 (i) *IN GENERAL.*—*The Office of Con-*
4 *sumer and Market Access shall, on an an-*
5 *nual basis, submit a report to Congress on*
6 *the state of the covered securities market,*
7 *and make such report available to the pub-*
8 *lic.*

9 (ii) *REQUIRED CONTENT.*—*The report*
10 *required under clause (i) shall include—*

11 (I) *an assessment of the extent to*
12 *which the covered securities market is*
13 *providing liquidity to eligible bor-*
14 *rowers in all segments of the mortgage*
15 *origination primary market, including*
16 *underserved segments identified and*
17 *defined by the Corporation under sec-*
18 *tion 210; and*

19 (II) *recommendations for such leg-*
20 *islative, regulatory, or administrative*
21 *actions as may be necessary to address*
22 *any deficiencies in the availability of*
23 *mortgage credit in any market or re-*
24 *gion identified pursuant to clause (i)*

1 *via existing Federal programs or the*
2 *covered securities market.*

3 *(iii) RELIANCE ON PUBLIC DATA.—In*
4 *preparing each report required under this*
5 *subparagraph, the Office of Consumer and*
6 *Market Access—*

7 *(I) shall use, to the maximum ex-*
8 *tent practicable, publicly available*
9 *data and data otherwise collected*
10 *under this Act; and*

11 *(II) shall not include or review*
12 *any confidential information or infor-*
13 *mation collected by the Corporation as*
14 *part of its supervisory or examination*
15 *authorities that is confidential.*

16 *(C) INCENTIVE STUDY.—The Office of Con-*
17 *sumer and Market Access shall, on a biennial*
18 *basis, conduct a study on incentives to encourage*
19 *mortgage lenders and mortgage originators to*
20 *address the housing needs of underserved markets*
21 *and communities.*

22 *(D) INCLUSION IN ANNUAL REPORT.—The*
23 *Corporation shall include the report required in*
24 *subparagraph (B) and the study required in sub-*

1 *paragraph (C) in the annual report required*
2 *under section 206.*

3 *(E) CONSULTATION.—The Office of Con-*
4 *sumer and Market Access shall consult with the*
5 *Federal Home Loan Banks and any small lender*
6 *mutual established or approved under section*
7 *315 on approaches, methods, and practices de-*
8 *signed to address the housing needs of under-*
9 *served markets and communities.*

10 **SEC. 209. OFFICE OF MULTIFAMILY HOUSING.**

11 *The Corporation shall establish an Office of Multi-*
12 *family Housing in the Corporation, whose functions shall*
13 *include—*

14 *(1) developing, adopting, and publishing specific*
15 *eligibility criteria to ensure that eligible multifamily*
16 *mortgage loans that collateralize multifamily covered*
17 *securities insured under this Act comply with the re-*
18 *quirements of this Act; and*

19 *(2) performing any other activity relating to the*
20 *multifamily housing finance system that the Corpora-*
21 *tion may determine appropriate to fulfill the require-*
22 *ments of this Act.*

1 **SEC. 210. EQUITABLE ACCESS FOR LENDERS AND BOR-**
 2 **ROWERS.**

3 (a) *EQUITABLE ACCESS IN UNDERSERVED MARKET*
 4 *SEGMENTS.—*

5 (1) *IN GENERAL.—Subject to subsection (b), the*
 6 *Corporation shall seek to support the primary mort-*
 7 *gage market for eligible mortgage loans on an equi-*
 8 *table, nondiscriminatory, and non-exclusionary basis*
 9 *to help ensure that all eligible borrowers have access*
 10 *to mortgage credit, including underserved segments of*
 11 *the primary mortgage market as identified and de-*
 12 *finied by the Corporation under paragraph (2).*

13 (2) *UNDERSERVED MARKET SEGMENTS.—The*
 14 *Corporation shall, by regulation, identify and define*
 15 *not more than 8 segments of the primary mortgage*
 16 *market in which lenders and eligible borrowers have*
 17 *been determined to lack equitable access to the housing*
 18 *finance system facilitated by the Corporation. The*
 19 *regulation required under this paragraph shall set*
 20 *forth the criteria by which the Corporation identified*
 21 *such underserved market segments. The identified un-*
 22 *derserved market segments required to be identified*
 23 *and defined under this paragraph may include the*
 24 *following:*

25 (A) *Historically underserved communities,*
 26 *including rural and urban areas.*

1 (B) *Manufactured housing.*

2 (C) *Small balance loans.*

3 (D) *Low- and moderate-income credit-*
4 *worthy borrowers.*

5 (E) *Preservation of existing housing stock*
6 *created by State or Federal laws.*

7 (F) *Affordable rental housing.*

8 (3) *REPORTS ON SERVING UNDERSERVED MAR-*
9 *KET SEGMENTS.—*

10 (A) *ANNUAL REPORTS.—The Corporation*
11 *shall require that each approved guarantor and*
12 *approved aggregator engaged in a covered guar-*
13 *antee transaction or in a covered market-based*
14 *risk-sharing transaction submit on annual basis*
15 *a public report describing the actions taken by*
16 *such approved guarantor or approved aggregator*
17 *during the year, consistent with its business*
18 *judgment, to provide credit to the underserved*
19 *market segments identified and defined by the*
20 *Corporation pursuant to this subsection, includ-*
21 *ing corporate practices designed to serve such*
22 *identified market segments. The annual report*
23 *required under this subparagraph shall be ap-*
24 *proved by the board of directors and signed by*
25 *the chief executive officer of the approved guar-*

1 *antor or approved aggregator submitting the re-*
 2 *port.*

3 *(B) REPORT TEMPLATE.—The Corporation*
 4 *may establish an optional template for the an-*
 5 *nual report required under subparagraph (A).*

6 *(C) REPORT NOT SUBJECT TO PRIOR RE-*
 7 *VIEW OR APPROVAL.—An annual report required*
 8 *under subparagraph (A) shall not be subject to*
 9 *prior review or approval by the Corporation.*

10 *(D) COORDINATION WITH OTHER FEDERAL*
 11 *AND STATE AGENCIES.—The Corporation shall,*
 12 *in establishing the requirements for the annual*
 13 *report required under subparagraph (A), coordi-*
 14 *nate with other Federal and State agencies, as*
 15 *necessary, to reduce duplicative reporting re-*
 16 *quirements.*

17 *(b) LIMITATIONS.—*

18 *(1) LIMITATION ON USE OF AUTHORITIES AND*
 19 *INFORMATION.—In carrying out this title, the Cor-*
 20 *poration shall not interfere with the exercise of busi-*
 21 *ness judgment of an approved aggregator or approved*
 22 *guarantor in determining which specific mortgage*
 23 *loans to include in a covered guarantee transaction or*
 24 *a covered market-based risk-sharing transaction, in-*
 25 *cluding through the Corporation’s use of—*

1 (A) the approval process for a guarantor or
 2 an aggregator established under subtitle B of
 3 title III;

4 (B) its general supervisory and examina-
 5 tion authorities under subtitle B of title III; or

6 (C) information collected under this section,
 7 section 501, or section 208.

8 (2) *RULE OF CONSTRUCTION.*—Nothing in this
 9 subsection shall prevent the imposition of the variable
 10 incentive-based fees authorized in section 501 nor
 11 shall it exempt covered entities from compliance with
 12 the Fair Housing Act (42 U.S.C. 3601 et seq.) and
 13 the Equal Credit Opportunity Act (15 U.S.C. 1691 et
 14 seq.) as required in section 408(d).

15 (3) *CONSISTENCY WITH SAFETY AND SOUND-*
 16 *NESS.*—The Corporation shall take appropriate meas-
 17 ures designed to ensure that the requirements under
 18 this section are implemented in a manner consistent
 19 with safety and soundness principles.

20 **SEC. 211. OFFICE OF TAXPAYER PROTECTION.**

21 (a) *ESTABLISHMENT.*—The Corporation shall establish
 22 an Office of Taxpayer Protection whose functions shall in-
 23 clude the responsibilities set forth under subsection (b).

24 (b) *RESPONSIBILITIES.*—

1 (1) *STUDY ON MARKET CONCENTRATION AND*
 2 *THE IMPACT OF THE FMIC GUARANTEE.*—*The Office*
 3 *of Taxpayer Protection shall, on a semi-annual basis,*
 4 *conduct a study and submit to the Committee on*
 5 *Banking, Housing, and Urban Affairs of the Senate*
 6 *and the Committee on Financial Services of the*
 7 *House of Representatives a report on—*

8 (A) *market concentration in the secondary*
 9 *mortgage markets, including the exposure of the*
 10 *Mortgage Insurance Fund to the top 10 largest*
 11 *approved aggregators and approved guarantors,*
 12 *as measured by the total outstanding principal*
 13 *balance at origination of eligible single-family*
 14 *mortgage loans collateralizing single-family cov-*
 15 *ered securities for which such aggregator or*
 16 *guarantor has obtained insurance provided*
 17 *under this Act in the previous 6 months;*

18 (B) *the general state of underwriting stand-*
 19 *ards in the origination of eligible single-family*
 20 *mortgage loans and the effect of insurance pro-*
 21 *vided under this Act on such underwriting*
 22 *standards;*

23 (C) *whether the insurance provided under*
 24 *this Act produces a subsidy to any approved en-*
 25 *tity or approved entities;*

1 (D) a comparison of the treatment in the
2 secondary mortgage markets of mortgage-backed
3 securities guaranteed by the Government Na-
4 tional Mortgage Association and single-family
5 covered securities insured under this Act, which
6 shall include—

7 (i) a discussion of the characteristics
8 of—

9 (I) mortgage loans collateralizing
10 mortgage-backed securities guaranteed
11 by the Government National Mortgage
12 Association; and

13 (II) eligible single-family mort-
14 gage loans collateralizing single-family
15 covered securities insured under this
16 Act; and

17 (ii) an analysis of any actions taken
18 in the secondary mortgage markets to ma-
19 nipulate the guarantee provided by the Gov-
20 ernment National Mortgage Association and
21 the insurance provided under this Act to the
22 advantage of the secondary mortgage mar-
23 kets; and

24 (E) what steps the Corporation has taken to
25 minimize any potential long-term costs to the

1 *taxpayers and the Mortgage Insurance Fund re-*
 2 *lating to risks identified in subparagraphs (A)*
 3 *through (D).*

4 (2) *ANNUAL REPORT ON TAXPAYER PROTECTION*
 5 *AND THE EXPOSURE OF THE MORTGAGE INSURANCE*
 6 *FUND.—*

7 (A) *IN GENERAL.—The Office of Taxpayer*
 8 *Protection shall, on an annual basis, submit a*
 9 *report to the Committee on Banking, Housing,*
 10 *and Urban Affairs of the Senate and the Com-*
 11 *mittee on Financial Services of the House of*
 12 *Representatives containing the information re-*
 13 *quired under subparagraph (B).*

14 (B) *REQUIRED CONTENT.—The report re-*
 15 *quired under subparagraph (A) shall—*

16 (i) *include an analysis of the adequacy*
 17 *of—*

18 (I) *the first loss position required*
 19 *under this Act, including the suffi-*
 20 *ciency of any permissible risk-sharing*
 21 *or risk mitigation permitted as a sub-*
 22 *stitute for equity capital intended to*
 23 *cover the initial credit losses on a cov-*
 24 *ered security prior to use of any*
 25 *amounts in the Mortgage Insurance*

1 *Fund, the ability of the first loss posi-*
 2 *tion to absorb credit loss on covered se-*
 3 *curities, and to protect taxpayers; and*

4 *(II) the performance of eligible*
 5 *single-family mortgage loans*
 6 *collateralizing single-family covered se-*
 7 *curities insured under this Act based*
 8 *upon current underwriting standards*
 9 *and how that performance differs from*
 10 *the performance of noneligible mort-*
 11 *gage loans based upon the under-*
 12 *writing standards for such noneligible*
 13 *mortgage loans, including with respect*
 14 *to—*

15 *(aa) debt to income ratio;*

16 *(bb) loan to value ratios;*

17 *(cc) credit history;*

18 *(dd) loan documentation;*

19 *(ee) occupancy status;*

20 *(ff) credit enhancements;*

21 *(gg) housing counseling by a*
 22 *HUD-approved housing coun-*
 23 *seling agency;*

24 *(hh) loan payments;*

1 (ii) the purpose of the loan,
2 such as to refinance or purchase a
3 home;

4 (jj) the type of loan product,
5 such as a 30-year fixed interest
6 rate mortgage loan, a 15-year
7 fixed interest rate mortgage loan,
8 or an adjustable interest rate
9 mortgage loan;

10 (kk) the mortgage loan origi-
11 nation channel; and

12 (ll) such other underwriting
13 criteria that would be useful to
14 the Director of Taxpayer Protec-
15 tion; and

16 (ii) provide recommendations for such
17 legislative, regulatory, or administrative ac-
18 tions to—

19 (I) address any need to further
20 limit overexposure of the Mortgage In-
21 surance Fund to any 1 approved enti-
22 ty or business practice;

23 (II) foster and encourage a robust
24 private secondary mortgage market for
25 noneligible mortgage loans and mort-

1 *gage-backed securities that are not*
 2 *guaranteed by the Government Na-*
 3 *tional Mortgage Association; and*

4 *(III) assist the Corporation in*
 5 *protecting taxpayers, including a rec-*
 6 *ommendation as to whether a counter-*
 7 *cyclical increase of the reserve ratio of*
 8 *the Mortgage Insurance Fund or of the*
 9 *capital standards required of indi-*
 10 *vidual approved guarantors is nec-*
 11 *essary to protect taxpayers.*

12 *(3) ANNUAL REPORT ON SYSTEM-WIDE LEVER-*
 13 *AGE.—The Office of Taxpayer Protection shall, on an*
 14 *annual basis, submit to the Committee on Banking,*
 15 *Housing, and Urban Affairs of the Senate and the*
 16 *Committee on Financial Services of the House of Rep-*
 17 *resentatives a report on system-wide leverage in the*
 18 *secondary mortgage market.*

19 *(4) ANNUAL REPORT ON EARLY PAYMENT DE-*
 20 *FAULTS.—The Office of Taxpayer Protection shall, on*
 21 *an annual basis, submit to the Committee on Bank-*
 22 *ing, Housing, and Urban Affairs of the Senate and*
 23 *the Committee on Financial Services of the House of*
 24 *Representatives a report on early payment defaults*
 25 *on eligible single-family mortgage loans for the pre-*

ceding year, which shall include any eligible single-family mortgage loan that becomes delinquent or that is in default within 24 months of the origination of the loan.

(5) *INCLUSION IN ANNUAL REPORT.*—The Corporation shall include the reports required under paragraphs (2) and (3) in the annual report required under section 206.

(6) *RELIANCE ON PUBLIC DATA.*—In preparing each report required under this section, the Office of Taxpayer Protection—

(A) shall use, to the maximum extent practicable, publicly available data and data otherwise collected under this Act; and

(B) shall not include or review any confidential information or information collected by the Corporation as part of its supervisory or examination authorities that is confidential.

TITLE III—DUTIES AND RESPONSIBILITIES OF THE FMIC

Subtitle A—Duties and Authorities

SEC. 301. DUTIES AND RESPONSIBILITIES.

(a) *DUTIES.*—The principal duties of the Corporation shall be to—

1 (1) *carry out this Act in a manner that fulfills*
2 *the purposes of the Corporation as described in sec-*
3 *tion 201(b);*

4 (2) *minimize any potential long-term cost to the*
5 *taxpayer, including through the use of the Mortgage*
6 *Insurance Fund, the assessment of insurance fees, and*
7 *the approval of approved entities and credit risk-*
8 *sharing mechanisms;*

9 (3) *facilitate fair access to the secondary mort-*
10 *gage market for small mortgage lenders originating*
11 *eligible single-family and multifamily mortgage*
12 *loans, including through the establishment, approval,*
13 *and oversight of small lender mutuals;*

14 (4) *ensure integrity and discipline in the mort-*
15 *gage market, particularly by monitoring the safety*
16 *and soundness of regulated entities and approved en-*
17 *tities;*

18 (5) *ensure that approved entities maintain the*
19 *capacity to further the requirements of the Corpora-*
20 *tion pursuant to section 201(b)(5) and that approved*
21 *guarantors, approved multifamily guarantors, and*
22 *approved aggregators are in compliance with section*
23 *210(a)(3);*

24 (6) *promote the standardization of the secondary*
25 *mortgage market through the use of uniform*

1 *securitization agreements, servicing agreements, and*
 2 *the Securitization Platform;*

3 *(7) increase transparency in single-family and*
 4 *multifamily mortgage markets, including through the*
 5 *National Mortgage Database; and*

6 *(8) ensure continued, widespread availability of*
 7 *an affordable, long-term, fixed rate, prepayable mort-*
 8 *gage, such as a 30-year fixed rate mortgage.*

9 **(b) SCOPE OF AUTHORITY.**—*The authority of the Cor-*
 10 *poration shall include the authority to exercise such inci-*
 11 *dental powers as may be necessary or appropriate to fulfill*
 12 *the duties and responsibilities of the Corporation set forth*
 13 *in this Act.*

14 **(c) DELEGATION OF AUTHORITY.**—*The Board of Di-*
 15 *rectors may delegate to any duly authorized employee or*
 16 *representative any power vested in the Corporation by law.*

17 **SEC. 302. STANDARDS FOR CREDIT RISK-SHARING MECHA-**
 18 **NISMS.**

19 **(a) APPROVAL.**—

20 **(1) AUTHORITY.**—*The Corporation shall develop,*
 21 *adopt, and publish, after notice and comment, stand-*
 22 *ards for the consideration and, as appropriate, the*
 23 *approval of credit risk-sharing mechanisms that shall*
 24 *require that the first loss position of private market*
 25 *holders on single-family covered securities is—*

1 (A) adequate to cover losses that might be
 2 incurred in a period of economic stress, includ-
 3 ing national and regional home price declines,
 4 such as those observed during moderate to severe
 5 recessions in the United States; and

6 (B) not less than 10 percent of the principal
 7 or face value of the single-family covered security
 8 at the time of issuance.

9 (2) *FRAUD PROHIBITION.*—

10 (A) *PROHIBITION.*—It shall be unlawful for
 11 any person to intentionally create and issue any
 12 instrument or security as a first loss position on
 13 a single-family covered security that such person
 14 knows or in the exercise of reasonable care should
 15 have known does not satisfy the requirements of
 16 this section.

17 (B) *PENALTY.*—Violations of subparagraph
 18 (A) shall be punishable in accordance with sec-
 19 tion 1343 of title 18, United States Code.

20 (b) *APPROVAL OF CREDIT RISK-SHARING MECHA-*
 21 *NISMS.*—

22 (1) *CONSIDERATIONS FOR APPROVAL OF VARIOUS*
 23 *MECHANISMS.*—In approving credit risk-sharing
 24 mechanisms under subsection (a), the Corporation
 25 shall—

1 (A) consider proposals that include credit-
2 linked structures or other instruments that are
3 designed to absorb credit losses on single-family
4 covered securities;

5 (B) consider any credit risk-sharing mecha-
6 nisms undertaken by the enterprises;

7 (C) ensure that the first loss position is
8 fully funded to meet the requirements of sub-
9 section (a)(1)(B);

10 (D) ensure that each type of proposed mech-
11 anism—

12 (i) enables the Corporation to verify
13 that the first loss position is fully funded;

14 (ii) minimizes any potential long-term
15 cost to the taxpayer;

16 (iii) accommodates the availability of
17 mortgage credit on equal and transparent
18 terms in the secondary mortgage market
19 for—

20 (I) small mortgage lenders; and

21 (II) lenders from all geographic
22 locations, including rural locations;

23 (iv) allows for broad availability of
24 mortgage credit and secondary mortgage
25 market financing through fluctuations in

1 *the business cycle for eligible single-family*
 2 *lending across all—*

3 *(I) regions;*

4 *(II) localities;*

5 *(III) institutions;*

6 *(IV) property types, including*
 7 *housing serving renters; and*

8 *(V) eligible borrowers;*

9 *(v) fulfills the requirements under sec-*
 10 *tion 314 with respect to loan modifications*
 11 *and foreclosure prevention;*

12 *(vi) does not prevent the securitization*
 13 *of refinanced or modified eligible single-*
 14 *family mortgage loans within single-family*
 15 *covered securities during a period when the*
 16 *authority under section 305(i) is exercised;*

17 *(vii) does not diminish market liquid-*
 18 *ity and resiliency;*

19 *(viii) does not prevent the refinancing*
 20 *of underwater eligible single-family mort-*
 21 *gage loans; and*

22 *(ix) does not present an unnecessary*
 23 *risk to the Mortgage Insurance Fund;*

24 *(E) consider whether the approval of any*
 25 *credit risk-sharing mechanism will impair the*

operation and liquidity of forward market executions for eligible single-family mortgage loans and single-family covered securities, such as the To-Be-Announced market, taking into consideration other risk-sharing options available to market participants; and

(F) take necessary steps to prevent abuse and deceptive practices in the use of the credit risk-sharing mechanisms, including by—

(i) creating appropriate standards relating to—

(I) the vintages or categories of covered securities that are referenced by a credit risk-sharing mechanism;

(II) standardization of the terms and features of credit risk-sharing structures; and

(III) measures that prevent the duplicative sale by a guarantor of the same mortgage credit risk in the same pool of eligible single-family mortgage loans; and

(ii) requiring additional disclosures and affirmative representations that must

1 *be made by entities that create and issue*
 2 *credit risk-sharing mechanisms.*

3 (2) *NOTICE AND PUBLICATION.*—*The Corpora-*
 4 *tion shall—*

5 (A) *provide prompt notice to any person*
 6 *seeking approval for a credit risk-sharing mecha-*
 7 *nism of the approval or denial of that credit*
 8 *risk-sharing mechanism; and*

9 (B) *make available detailed information re-*
 10 *garding approved mechanisms on the website of*
 11 *the Corporation.*

12 (3) *REVIEW OF APPROVED CREDIT RISK-SHARING*
 13 *MECHANISMS.*—

14 (A) *AUTHORITY TO SUSPEND.*—*The Cor-*
 15 *poration may, from time to time and in its dis-*
 16 *cretion—*

17 (i) *conduct reviews of approved credit*
 18 *risk-sharing mechanisms to determine*
 19 *whether such credit risk-sharing mecha-*
 20 *nisms continue to satisfy the considerations*
 21 *for approval under paragraph (1);*

22 (ii) *assess the functioning of the for-*
 23 *ward market for eligible single-family mort-*
 24 *gage loans and single-family covered securi-*
 25 *ties, including the To-Be-Announced mar-*

ket, to determine whether any approved credit risk-sharing mechanism has adversely affected the liquidity or resiliency of such market; and

(iii) suspend the approval of—

(I) any credit risk-sharing mechanism that it determines does not satisfy the considerations for approval under paragraph (1); or

(II) any credit risk-sharing mechanism that it determines has adversely affected the liquidity or resiliency of the forward market for eligible single-family mortgage loans and single-family covered securities, including the To-Be-Announced market.

(B) RECONSIDERATION.—

(i) DEVELOPMENT OF EXPEDITED PROCESS.—The Corporation shall develop an expedited process for the reinstatement of the approval of any credit risk-sharing mechanism that is suspended under subparagraph (A)(iii).

(ii) REVISION OF MECHANISM.—If a credit risk-sharing mechanism is suspended

under subparagraph (A)(iii), the credit risk-sharing mechanism may be adapted or revised, as necessary, for reconsideration for reinstatement of the approval of the credit risk-sharing mechanism under the expedited process developed under clause (i).

(C) NO EFFECT ON EXISTING MECHANISMS.—The suspension of the approval of any credit risk-sharing mechanism under subparagraph (A)(iii) shall have no effect on the status of single-family covered securities and related instruments using the credit risk-sharing mechanism that were issued prior to the suspension.

(4) ADDITIONAL CREDIT RISK-SHARING MECHANISMS.—

(A) APPROVAL.—In addition to credit risk-sharing mechanisms approved by the Corporation under subsection (a), the Corporation shall consider and may approve additional fully-funded credit risk-sharing mechanisms that—

(i) may be employed by an approved guarantor to manage the credit risk relating to guarantees provided for single-family covered securities; and

1 (ii) do not represent the first loss posi-
 2 tion with respect to single-family covered se-
 3 curities.

4 (B) *RULE OF CONSTRUCTION.*—Nothing in
 5 this paragraph shall be construed to limit an ap-
 6 proved guarantor from engaging in other forms
 7 of risk-sharing or risk mitigation using mecha-
 8 nisms that have not been considered or approved
 9 by the Corporation.

10 (5) *REPORTS.*—

11 (A) *IN GENERAL.*—Not later than 1 year
 12 after the agency transfer date, and annually
 13 thereafter until the system certification date, the
 14 Corporation shall submit a report to the Com-
 15 mittee on Banking, Housing, and Urban Affairs
 16 of the Senate and the Committee on Financial
 17 Services of the House of Representatives that—

18 (i) discusses each credit risk-sharing
 19 mechanism that the Chairperson considered
 20 in carrying out the requirements of this sec-
 21 tion;

22 (ii) describes how the operation and
 23 execution of each approved credit risk-shar-
 24 ing mechanism fulfills the requirements of
 25 this section; and

1 (iii) explains how the Corporation ar-
 2 rived at the determinations made under
 3 clause (ii), including a discussion of the
 4 data considered.

5 (B) *SUBSEQUENT REPORTS.*—On the system
 6 certification date and annually thereafter, the
 7 Corporation shall publish in the *Federal Register*
 8 a list of the credit risk-sharing mechanisms that
 9 the Corporation approved or suspended, address-
 10 ing the identical concerns set forth under clauses
 11 (i) through (iii) of subparagraph (A) and, with
 12 respect to any suspension, the considerations
 13 under paragraph (1) that are no longer satisfied.

14 (C) *MULTIFAMILY REPORTS.*—The Corpora-
 15 tion shall include in the reports prepared under
 16 subparagraphs (A) and (B) a description of the
 17 credit risk-sharing mechanisms approved by the
 18 Corporation for multifamily guarantors pursu-
 19 ant to section 703.

20 (c) *COLLATERAL DIVERSIFICATION STANDARDS.*—The
 21 Corporation shall establish standards, after notice and com-
 22 ment, for the appropriate minimum level of diversification
 23 for eligible single-family mortgage loans that collateralize
 24 single-family covered securities that are issued subject to an
 25 approved credit risk-sharing mechanism in order to reduce

1 *the credit risk such single-family covered securities could*
 2 *pose to the Mortgage Insurance Fund.*

3 (d) *RULE OF CONSTRUCTION.*—*Nothing in this section*
 4 *shall be construed to require the Corporation to approve*
 5 *any credit risk-sharing mechanism.*

6 (e) *APPLICABILITY OF THE COMMODITY EXCHANGE*
 7 *ACT AND SECURITIES ACT OF 1933.*—

8 (1) *EXEMPTION FROM THE COMMODITY EX-*
 9 *CHANGE ACT; PRIOR CONSULTATION REQUIRED.*—

10 (A) *EXEMPTION.*—*No counterparty that en-*
 11 *ters into a swap, as that term is defined in sec-*
 12 *tion 1a of the Commodity Exchange Act (7*
 13 *U.S.C. 1a), for purposes of structuring any cred-*
 14 *it risk-sharing mechanism that is approved by*
 15 *the Corporation pursuant to this section, which*
 16 *credit risk-sharing mechanism is designed to be*
 17 *used or is used by a private market holder to as-*
 18 *sume losses and to reduce the specific risks aris-*
 19 *ing from losses realized under such credit risk-*
 20 *sharing mechanism associated with any single-*
 21 *family covered security insured in accordance*
 22 *with section 303 or section 305, shall be deemed,*
 23 *by reason of such swap transaction, to be a com-*
 24 *modity pool, as that term is defined in section*

1 *1a of the Commodity Exchange Act (7 U.S.C.*
 2 *1a).*

3 *(B) PRIOR CONSULTATION REQUIRED.—Be-*
 4 *fore approving any credit risk-sharing mecha-*
 5 *nism that would be exempt from the Commodity*
 6 *Exchange Act pursuant to subparagraph (A), the*
 7 *Corporation shall consult with the Commodity*
 8 *Futures Trading Commission.*

9 *(2) EXEMPTION FROM SECTION 27B OF THE SE-*
 10 *CURITIES ACT OF 1933; PRIOR CONSULTATION RE-*
 11 *QUIRED.—*

12 *(A) EXEMPTION.—Any credit risk-sharing*
 13 *mechanism that is approved by the Corporation*
 14 *pursuant to this section, which credit risk-shar-*
 15 *ing mechanism is designed to be used or is used*
 16 *by a private market holder to assume losses and*
 17 *to reduce the specific risks arising from losses re-*
 18 *alized under such credit risk-sharing mechanism*
 19 *associated with any single-family covered secu-*
 20 *rity insured in accordance with section 303 or*
 21 *section 305, shall be exempt from section 27B of*
 22 *the Securities Act of 1933 (15 U.S.C. 77z-2a).*

23 *(B) PRIOR CONSULTATION REQUIRED.—Be-*
 24 *fore approving any credit risk-sharing mecha-*
 25 *nism that would be exempt from section 27B of*

1 *the Securities Act of 1933 pursuant to subpara-*
 2 *graph (A), the Corporation shall consult with the*
 3 *Securities and Exchange Commission.*

4 **SEC. 303. INSURANCE; MORTGAGE INSURANCE FUND.**

5 *(a) AUTHORITY.—The Corporation shall, in exchange*
 6 *for a fee in accordance with subsection (e)(8), insure the*
 7 *payment of principal and interest on a covered security*
 8 *with respect to any failure to pay on such covered security*
 9 *subject to the requirements of this section.*

10 *(b) TERMS AND CONDITIONS.—*

11 *(1) IN GENERAL.—The Corporation shall, by reg-*
 12 *ulation, establish terms and conditions for the provi-*
 13 *sion of insurance under this Act.*

14 *(2) SINGLE-FAMILY.—The terms and conditions*
 15 *required to be established under paragraph (1) shall,*
 16 *for single-family covered securities, include terms and*
 17 *conditions that ensure—*

18 *(A) eligible single-family mortgage loans*
 19 *collateralizing single-family covered securities*
 20 *have been delivered to the Platform; and*

21 *(B) with respect to each single-family cov-*
 22 *ered security, either—*

23 *(i) private market holders have taken a*
 24 *first loss position that satisfies the require-*
 25 *ments of section 302; or*

1 (ii) an approved guarantor has pro-
2 vided a guarantee in satisfaction of the re-
3 quirements of section 311.

4 (3) *MULTIFAMILY.*—The terms and conditions
5 required to be established under paragraph (1) shall,
6 for multifamily covered securities, include terms and
7 conditions that ensure, with respect to each multi-
8 family covered security, that an approved multi-
9 family guarantor has provided a guarantee in satis-
10 faction of the requirements of section 703.

11 (c) *CASH PAYMENTS; CONTINUED OPERATIONS.*—The
12 Corporation shall facilitate the timely and unconditional
13 payment of principal and interest on covered securities in-
14 sured under this Act by paying, in cash when due, any
15 shortfalls in principal and interest due on the covered secu-
16 rity, and continuing to charge and collect any fees for the
17 provision of insurance (in accordance with subsection
18 (e)(8)) relating to the covered security in the event of any
19 losses that may be incurred (1) in excess of a payment de-
20 fault on the covered security that exceeds the first loss posi-
21 tion assumed by a private market holder, (2) in the case
22 of a covered security that is guaranteed by an approved
23 guarantor or approved multifamily guarantor as a result
24 of the insolvency of the guarantor, or (3) upon the failure
25 of the servicer or guarantor to transfer to the bond adminis-

1 *trator for the covered security funds in amounts necessary*
 2 *to make timely payment of principal and interest due on*
 3 *the covered security.*

4 (d) *COST RECOVERY.—In the event the Corporation*
 5 *makes a payment on a covered security based on subsection*
 6 *(c)(3), the Corporation shall recover such amount paid, and*
 7 *reasonable costs and expenses, from the servicer or guar-*
 8 *antor.*

9 (e) *MORTGAGE INSURANCE FUND.—*

10 (1) *ESTABLISHMENT.—On the agency transfer*
 11 *date, there shall be established the Mortgage Insurance*
 12 *Fund, which the Corporation shall—*

13 (A) *maintain and administer;*

14 (B) *use to carry out the insurance functions*
 15 *authorized under this Act, including any func-*
 16 *tion or action authorized under section 305; and*

17 (C) *invest in accordance with the require-*
 18 *ments of paragraph (10).*

19 (2) *DEPOSITS.—The Mortgage Insurance Fund*
 20 *shall be credited with any—*

21 (A) *fee amounts required to be deposited in*
 22 *the Fund under this section;*

23 (B) *amounts earned on investments pursu-*
 24 *ant to paragraph (10);*

1 (C) assessment amounts authorized to be de-
2 posited into the Fund under section 405(b); and

3 (D) assessment amounts required to be de-
4 posited into the Fund under section 608(c).

5 (3) *FEES FOR SINGLE-FAMILY AND MULTIFAMILY*
6 *COVERED SECURITIES.*—*In determining the amount*
7 *of any fee to be charged by the Corporation under this*
8 *section, the Corporation shall charge a separate fee for*
9 *single-family covered securities and multifamily cov-*
10 *ered securities, as appropriate for each asset class.*

11 (4) *SEPARATE ACCOUNTING REQUIRED.*—*The*
12 *Corporation shall keep and maintain separate ac-*
13 *counting for deposits in the Mortgage Insurance Fund*
14 *related to fee amounts charged and collected for the*
15 *insurance of single-family covered securities and mul-*
16 *tifamily covered securities.*

17 (5) *FIDUCIARY RESPONSIBILITY.*—*The Corpora-*
18 *tion has the responsibility to ensure that the Mortgage*
19 *Insurance Fund remains financially sound.*

20 (6) *USE AND TREATMENT OF AMOUNTS IN THE*
21 *FUND.*—

22 (A) *IN GENERAL.*—*The Mortgage Insurance*
23 *Fund shall be solely available to the Corporation*
24 *for use by the Corporation to carry out the func-*

tions authorized by this Act, for the expenses of the Corporation, and for—

(i) compensation of the employees of the Corporation;

(ii) purposes of—

(I) funding the CSP; and

(II) establishing the Securitization Platform under section 321, multifamily subsidiaries under section 701, the initial Small Lender Mutual under section 315, and any other entity authorized by this Act that facilitates an orderly transition to the new housing finance system; and

(iii) covering all other expenses of the Corporation.

(B) *PROHIBITION.*—The Mortgage Insurance Fund may not be used or otherwise diverted to cover any other expense of the Federal Government.

(C) *EXEMPTION FROM APPORTIONMENT.*—Notwithstanding any other provision of law, amounts in the Mortgage Insurance Fund shall not be subject to apportionment for the purposes

1 *of chapter 15 of title 31, United States Code, or*
2 *under any other authority.*

3 (D) *NOT GOVERNMENT FUNDS.*—*Amounts*
4 *in the Mortgage Insurance Fund shall not be*
5 *construed to be Government or public funds or*
6 *appropriated money.*

7 (7) *RESERVE RATIO GOALS FOR MORTGAGE IN-*
8 *SURANCE FUND.*—*The Corporation shall—*

9 (A) *endeavor to ensure that the Mortgage*
10 *Insurance Fund attains a reserve ratio—*

11 (i) *of 1.25 percent of the sum of the*
12 *outstanding principal balance of the covered*
13 *securities for which insurance is being pro-*
14 *vided under this title within 5 years of the*
15 *system certification date; and*

16 (ii) *of 2.50 percent of the sum of the*
17 *outstanding principal balance of the covered*
18 *securities for which insurance is being pro-*
19 *vided under this title within 10 years of the*
20 *system certification date; and*

21 (B) *after the expiration of the period re-*
22 *ferred to in subparagraph (A)(ii), endeavor to*
23 *ensure that the Mortgage Insurance Fund main-*
24 *tains a reserve ratio of not less than 2.50 percent*
25 *of the sum of the outstanding principal balance*

1 *of the covered securities for which insurance is*
 2 *being provided under this title.*

3 (8) *MAINTENANCE OF RESERVE RATIO; ESTAB-*
 4 *LISHMENT OF FEES.—*

5 (A) *ESTABLISHMENT OF FEES.—The Cor-*
 6 *poration shall charge and collect a fee, and may*
 7 *in its discretion increase or decrease such fee, in*
 8 *connection with any insurance provided under*
 9 *this title to—*

10 (i) *achieve and maintain the reserve*
 11 *ratio goals established under paragraph (7);*
 12 *and*

13 (ii) *fund the operations of the Corpora-*
 14 *tion.*

15 (B) *FEE CONSIDERATIONS.—In establishing*
 16 *fees under subparagraph (A), the Corporation*
 17 *shall consider—*

18 (i) *the expected operating expenses of*
 19 *the Mortgage Insurance Fund;*

20 (ii) *the risk of loss to the Mortgage In-*
 21 *surance Fund in carrying out the require-*
 22 *ments under this Act;*

23 (iii) *the risk presented by, and the loss*
 24 *absorption capacity of, the credit risk-shar-*
 25 *ing mechanism or guarantee that is pro-*

1 *vided on the pool of eligible mortgage loans*
 2 *collateralizing the covered security to be in-*
 3 *sured under this title;*

4 *(iv) economic conditions generally af-*
 5 *fecting the mortgage markets;*

6 *(v) the extent to which the reserve ratio*
 7 *of the Mortgage Insurance Fund met—*

8 *(I) the reserve ratio set for the*
 9 *preceding 12-month period; or*

10 *(II) the reserve ratio goals estab-*
 11 *lished in paragraph (7); and*

12 *(vi) any other factors that the Corpora-*
 13 *tion determines appropriate.*

14 *(C) FEE UNIFORMITY.—The fee required*
 15 *under subparagraph (A)—*

16 *(i) except as provided in subparagraph*
 17 *(D), shall be set at a uniform amount ap-*
 18 *plicable to all institutions purchasing in-*
 19 *surance under this title;*

20 *(ii) may not vary—*

21 *(I) by geographic location; or*

22 *(II) by the size of the institution*
 23 *to which the fee is charged; and*

24 *(iii) may not be based on the volume*
 25 *of insurance to be purchased.*

1 (D) *SEPARATE AND DISTINCT FEES BASED*
 2 *ON CREDIT RISK-SHARING MECHANISMS.*—*Noth-*
 3 *ing in subparagraph (C) shall prohibit or be*
 4 *construed to prohibit the Corporation from*
 5 *charging separate and distinct fees under this*
 6 *paragraph based on the type or form of credit*
 7 *risk-sharing mechanism applicable to the covered*
 8 *security to be insured under this title.*

9 (E) *DEPOSIT INTO MORTGAGE INSURANCE*
 10 *FUND.*—*Any fee amounts collected under this*
 11 *paragraph shall be deposited in the Mortgage In-*
 12 *surance Fund.*

13 (9) *FULL FAITH AND CREDIT.*—*The full faith*
 14 *and credit of the United States is pledged to the pay-*
 15 *ment of all amounts from the Mortgage Insurance*
 16 *Fund which may be required to be paid under any*
 17 *insurance provided under this title.*

18 (10) *INVESTMENTS.*—

19 (A) *IN GENERAL.*—*The Board of Directors*
 20 *may request the Secretary of the Treasury to in-*
 21 *vest such portion of amounts in the Mortgage In-*
 22 *surance Fund that, in the judgment of the*
 23 *Board, is not required to meet the current needs*
 24 *of the Corporation.*

1 (B) *ELIGIBLE INVESTMENTS.*—Pursuant to
 2 a request under subparagraph (A), the Secretary
 3 of the Treasury shall invest such portions in ob-
 4 ligations of the United States with maturities
 5 suitable to the needs of the Corporation, as deter-
 6 mined by the Board, and bearing interest at a
 7 rate determined by the Secretary of the Treas-
 8 ury, taking into consideration, at the time of the
 9 investment, market yields on outstanding mar-
 10 ketable obligations of the United States of com-
 11 parable maturity.

12 (C) *PROHIBITED INVESTMENTS.*—Amounts
 13 in the Mortgage Insurance Fund may not be in-
 14 vested in any—

15 (i) covered security insured under this
 16 title; or

17 (ii) mortgage-backed security issued by
 18 the enterprises.

19 (f) *MANDATORY LOSS REVIEW BY THE INSPECTOR*
 20 *GENERAL OF THE FEDERAL MORTGAGE INSURANCE COR-*
 21 *PORATION.*—

22 (1) *IN GENERAL.*—If the Mortgage Insurance
 23 Fund is required to make any payment of principal
 24 or interest, or both, on a covered security with respect
 25 to losses incurred on such covered security to any

1 holder of such covered security, the Inspector General
2 of the Federal Mortgage Insurance Corporation
3 shall—

4 (A) review and make a written report to the
5 Corporation regarding the decision of the Cor-
6 poration to insure such covered security and the
7 supervision by the Corporation of all market
8 participants involved in the creation, issuance,
9 servicing, guarantee of, or insurance of such cov-
10 ered security, which shall—

11 (i) ascertain why the covered security
12 resulted in a loss to the Mortgage Insurance
13 Fund; and

14 (ii) make recommendations for pre-
15 venting any such loss in the future; and

16 (B) provide a copy of the report required
17 under subparagraph (A) to—

18 (i) the Comptroller General of the
19 United States;

20 (ii) the appropriate Federal banking
21 agency or State regulatory authority, as ap-
22 propriate, of any market participant in-
23 volved in the creation, issuance, servicing,
24 guarantee of, or insurance of such covered
25 security; and

1 (iii) the Committee on Banking, Hous-
 2 ing, and Urban Affairs of the Senate and
 3 the Committee on Financial Services of the
 4 House of Representatives.

5 (2) *DEADLINE FOR REPORT.*—The Inspector
 6 General of the Federal Mortgage Insurance Corpora-
 7 tion shall comply with paragraph (1) as expeditiously
 8 as possible, but in no event shall the report required
 9 under paragraph (1) be submitted later than 6
 10 months after the date on which the loss was incurred.

11 (3) *PUBLIC DISCLOSURE REQUIRED.*—

12 (A) *IN GENERAL.*—The Corporation shall
 13 disclose any report on losses required under this
 14 subsection, upon request under section 552 of
 15 title 5, United States Code, without excising—

16 (i) any portion under section 552(b)(5)
 17 of that title; or

18 (ii) any information under paragraph
 19 (4) (other than trade secrets) or paragraph
 20 (8) of section 552(b) of that title.

21 (B) *EXCEPTION.*—Subparagraph (A) does
 22 not require the Corporation to disclose the name
 23 of any holder of the covered security, or informa-
 24 tion from which the identity of such a person
 25 could reasonably be ascertained.

1 (4) *REVIEW BY COMPTROLLER GENERAL.*—The
 2 *Comptroller General of the United States shall, under*
 3 *such conditions as the Comptroller General deter-*
 4 *mines to be appropriate, review any report made*
 5 *under paragraph (1) and recommend to the Corpora-*
 6 *tion improvements in the supervision of market par-*
 7 *ticipants.*

8 **SEC. 304. LOAN LIMITS; HOUSING PRICE INDEX.**

9 (a) *ESTABLISHMENT.*—The Corporation shall establish
 10 *limitations governing the maximum original principal ob-*
 11 *ligation of eligible single-family mortgage loans that may*
 12 *collateralize a covered security to be insured by the Cor-*
 13 *poration under this title.*

14 (b) *CALCULATION OF AMOUNT.*—The limitation set
 15 *forth under subsection (a) shall be calculated with respect*
 16 *to the total original principal obligation of the eligible sin-*
 17 *gle-family mortgage loan and not merely with respect to*
 18 *the amount insured by the Corporation.*

19 (c) *MAXIMUM LIMITS.*—

20 (1) *IN GENERAL.*—Except as provided in para-
 21 *graph (2), the maximum limitation amount under*
 22 *this subsection shall not exceed \$417,000 for a mort-*
 23 *gage loan secured by a 1-family residence, for a mort-*
 24 *gage loan secured by a 2-family residence the limit*
 25 *shall equal 128 percent of the limit for a mortgage*

1 *loan secured by a 1-family residence, for a mortgage*
2 *loan secured by a 3-family residence the limit shall*
3 *equal 155 percent of the limit for a mortgage loan se-*
4 *cured by a 1-family residence, and for a mortgage*
5 *loan secured by a 4-family residence the limit shall*
6 *equal 192 percent of the limit for a mortgage loan se-*
7 *cured by a 1-family residence, except that such max-*
8 *imum limitations shall be adjusted effective January*
9 *1 of each year beginning after the effective date of this*
10 *Act, subject to the limitations in this paragraph.*
11 *Each adjustment shall be made by adding to each*
12 *such amount (as it may have been previously ad-*
13 *justed) a percentage thereof equal to the percentage*
14 *increase, during the most recent 12-month or 4-quar-*
15 *ter period ending before the time of determining such*
16 *annual adjustment, in the housing price index main-*
17 *tained by the Chairperson pursuant to subsection (d).*
18 *If the change in such house price index during the*
19 *most recent 12-month or 4-quarter period ending be-*
20 *fore the time of determining such annual adjustment*
21 *is a decrease, then no adjustment shall be made for*
22 *the next year, and the next upward adjustment shall*
23 *take into account prior declines in the house price*
24 *index, so that any adjustment shall reflect the net*
25 *change in the house price index since the last adjust-*

1 *ment. Declines in the house price index shall be accu-*
2 *mulated and then reduce increases until subsequent*
3 *increases exceed prior declines.*

4 (2) *HIGH-COST AREA LIMITS.*—*The limitations*
5 *set forth in paragraph (1) may be increased by not*
6 *more than 50 percent with respect to properties lo-*
7 *cated in Alaska, Guam, Hawaii, and the Virgin Is-*
8 *lands. Such foregoing limitations shall also be in-*
9 *creased, with respect to properties of a particular size*
10 *located in any area for which 115 percent of the me-*
11 *dian house price for such size residence exceeds the*
12 *limitation for such size residence set forth under*
13 *paragraph (1), to the lesser of 150 percent of such*
14 *limitation for such size residence or the amount that*
15 *is equal to 115 percent of the median house price in*
16 *such area for such size residence.*

17 (d) *HOUSING PRICE INDEX.*—

18 (1) *NATIONAL INDEX.*—*The Corporation shall es-*
19 *tablish and maintain a method of assessing a na-*
20 *tional average single-family house price for use in*
21 *calculating the loan limits for eligible single-family*
22 *mortgage loans under subsection (c), and other aver-*
23 *ages as the Corporation considers appropriate, in-*
24 *cluding—*

1 (A) averages based on different geographic
2 regions; and

3 (B) an average for houses whose mortgage
4 collateralized single-family covered securities.

5 (2) *CONSIDERATIONS.*—In establishing the meth-
6 od described under subsection (a), the Corporation
7 may take into consideration the data collected in car-
8 rying out the functions described under section 332,
9 and such other data, existing house price indexes, and
10 other measures as the Corporation considers appro-
11 priate.

12 **SEC. 305. AUTHORITY TO PROTECT TAXPAYERS IN UN-**
13 **USUAL AND EXIGENT MARKET CONDITIONS.**

14 (a) *IN GENERAL.*—If the Corporation, upon the writ-
15 ten agreement of the Chairman of the Board of Governors
16 of the Federal Reserve System and the Secretary of the
17 Treasury, and in consultation with the Secretary of Hous-
18 ing and Urban Development, determines that unusual and
19 exigent circumstances have created or threaten to create an
20 anomalous lack of mortgage credit availability within the
21 single-family housing market, multifamily housing market,
22 or entire United States housing market that could materi-
23 ally and severely disrupt the functioning of the housing fi-
24 nance system of the United States, the Corporation may,
25 for a period of 6 months—

1 (1) *provide insurance in accordance with section*
2 *303 to any single-family covered security regardless of*
3 *whether such security has satisfied the requirements of*
4 *section 302; and*

5 (2) *establish provisional standards for approved*
6 *entities, notwithstanding any standard required*
7 *under subtitle B or section 703, pursuant to section*
8 *607.*

9 (b) *CONSIDERATIONS.—In exercising the authority*
10 *granted under subsection (a), the Corporation shall consider*
11 *the severity of the conditions present in the housing markets*
12 *and the risks presented to the Mortgage Insurance Fund in*
13 *exercising such authority.*

14 (c) *TERMS AND CONDITIONS.—Insurance provided*
15 *under subsection (a) shall be subject to such additional or*
16 *different limitations, restrictions, and regulations as the*
17 *Corporation may prescribe.*

18 (d) *BAILOUT STRICTLY PROHIBITED.—In exercising*
19 *the authority granted under subsection (a), the Corporation*
20 *may not—*

21 (1) *provide aid to an approved entity or an af-*
22 *filiate of the approved entity, if such approved entity*
23 *is in bankruptcy or any other Federal or State insol-*
24 *vency proceeding; or*

1 (2) *provide aid for the purpose of assisting a*
2 *single and specific company to avoid bankruptcy or*
3 *any other Federal or State insolvency proceeding.*

4 (e) *NOTICE.*—*Not later than 7 days after authorizing*
5 *insurance or establishing provisional standards under sub-*
6 *section (a), the Corporation shall submit to the Committee*
7 *on Banking, Housing, and Urban Affairs of the Senate and*
8 *the Committee on Financial Services of the House of Rep-*
9 *resentatives a report that includes—*

10 (1) *the justification for the exercise of authority*
11 *to provide such insurance or establish such provi-*
12 *sional standards;*

13 (2) *evidence that unusual and exigent cir-*
14 *cumstances have created or threatened to create an*
15 *anomalous lack of mortgage credit availability within*
16 *the single-family housing market, multifamily hous-*
17 *ing market, or entire United States housing market*
18 *that could materially and severely disrupt the func-*
19 *tioning of the housing finance system of the United*
20 *States; and*

21 (3) *evidence that failure to exercise such author-*
22 *ity would have undermined the safety and soundness*
23 *of the housing finance system.*

24 (f) *ADDITIONAL EXERCISE OF AUTHORITY.*—

1 (1) *IN GENERAL.*—Subject to the limitation
2 under subsection (g), the authority granted to the
3 Corporation under subsection (a) may be exercised for
4 2 additional 9-month periods within any given 3-
5 year period, provided that the Corporation, upon the
6 written agreement of the Chairman of the Board of
7 Governors of the Federal Reserve System and the Sec-
8 retary of the Treasury, and in consultation with the
9 Secretary of Housing and Urban Development—

10 (A) determines—

11 (i) for a second exercise of authority
12 under subsection (a), by an affirmative vote
13 of $\frac{2}{3}$ or more of the Board of Directors then
14 serving, that a second exercise of authority
15 under subsection (a) is necessary; or

16 (ii) for a third exercise of authority
17 under subsection (a), by an affirmative vote
18 of $\frac{2}{3}$ or more of the Board of Directors then
19 serving, and an affirmative vote of $\frac{2}{3}$ or
20 more of the Board of Governors of the Fed-
21 eral Reserve System then serving, that a
22 third exercise of authority under this section
23 is necessary; and

24 (B) provides notice to Congress, as provided
25 under subsection (e).

1 (2) *ORDER OF EXERCISE OF AUTHORITY.*—Any
 2 *additional exercise of authority under this subsection*
 3 *may occur consecutively or non-consecutively.*

4 (g) *LIMITATION.*—The authority granted to the Cor-
 5 poration under this section may not be exercised more than
 6 3 times in any given 3-year period, which 3-year period
 7 shall commence upon the initial exercise of authority under
 8 subsection (a).

9 (h) *NORMALIZATION AND REDUCTION OF RISK.*—Fol-
 10 *lowing any exercise of authority under this section, the Cor-*
 11 *poration shall—*

12 (1) *establish a timeline for approved entities to*
 13 *meet the approval standards set forth in this Act; and*

14 (2) *in a manner and pursuant to a timeline that*
 15 *will minimize losses to the Mortgage Insurance Fund,*
 16 *establish a program to either—*

17 (A) *sell, in whole or in part, the first loss*
 18 *position on covered securities issued pursuant to*
 19 *this section to private market holders; or*

20 (B) *transfer for value to approved entities,*
 21 *or work with approved entities to sell, in whole*
 22 *or in part, the first lost position on covered secu-*
 23 *rities issued pursuant to this section.*

24 (i) *AUTHORITY TO RESPOND TO SUSTAINED NATIONAL*
 25 *HOME PRICE DECLINE.*—

1 (1) *AUTHORITY.*—*In the event of a significant*
2 *decline of national home prices, in at least 2 consec-*
3 *utive calendar quarters, the Corporation, by an affirm-*
4 *ative vote of $\frac{2}{3}$ or more of the Board of Directors then*
5 *serving, may for a period of 6 months permit the*
6 *transfer of guarantees of eligible mortgage loans that*
7 *secure covered securities if such eligible mortgage*
8 *loans are refinanced, regardless of the value of the un-*
9 *derlying collateral securing such eligible mortgage*
10 *loans.*

11 (2) *ADDITIONAL EXERCISE OF AUTHORITY.*—*The*
12 *authority granted to the Corporation under para-*
13 *graph (1) may be exercised for additional 6-month*
14 *periods, if upon each additional extension of such au-*
15 *thority there is an affirmative vote of $\frac{2}{3}$ or more of*
16 *the Board of Directors then serving.*

17 (3) *LIMITATION.*—*The Corporation shall not pro-*
18 *vide insurance under this section to any covered secu-*
19 *rity that includes mortgage loans that do not meet the*
20 *definition of an eligible mortgage loan, as defined in*
21 *this Act, except for mortgage loans refinanced from el-*
22 *igible mortgage loans in covered securities.*

23 (4) *RULE OF CONSTRUCTION.*—*No provision in*
24 *this section shall be construed as permitting the Cor-*
25 *poration to lower any other requirement related to the*

1 *requirements set forth under the definition of an eligi-*
2 *ble mortgage loan.*

3 **SEC. 306. GENERAL POWERS.**

4 *(a) CORPORATE POWERS.—The Federal Mortgage In-*
5 *surance Corporation shall have the power—*

6 *(1) to adopt, alter, and use a corporate seal,*
7 *which shall be judicially noticed;*

8 *(2) to enter into, execute, and perform contracts,*
9 *leases, cooperative agreements, or other transactions,*
10 *on such terms as it may deem appropriate, with any*
11 *agency or instrumentality of the United States, or*
12 *with any political subdivision thereof, or with any*
13 *person, firm, association, or corporation;*

14 *(3) to execute, in accordance with its bylaws, all*
15 *instruments necessary or appropriate in the exercise*
16 *of any of its powers;*

17 *(4) in its corporate name, to sue and to be sued,*
18 *and to complain and to defend, in any court or tri-*
19 *bunal of competent jurisdiction, Federal or State, but*
20 *no attachment, injunction, or other similar process,*
21 *mesne or final, shall be issued against the property of*
22 *the Corporation;*

23 *(5) to conduct its business without regard to any*
24 *qualification or similar statute in any State of the*
25 *United States;*

1 (6) to lease, purchase, or acquire any property,
2 real, personal, or mixed, or any interest therein, to
3 hold, rent, maintain, modernize, renovate, improve,
4 use, and operate such property, and to sell, for cash
5 or credit, lease, or otherwise dispose of the same, at
6 such time and in such manner as and to the extent
7 that it may deem necessary or appropriate;

8 (7) to prescribe, repeal, and amend or modify,
9 rules, regulations, or requirements governing the
10 manner in which its general business may be con-
11 ducted;

12 (8) to accept gifts or donations of services, or of
13 property, real, personal, or mixed, tangible, or intan-
14 gible, in aid of any of its purposes;

15 (9) to appoint and supervise personnel employed
16 by the Corporation;

17 (10) to establish and maintain divisions, units,
18 or other offices within the Corporation, including
19 those established in sections 207, 208, 209, and 211
20 in order to carry out the responsibilities of this Act,
21 and to satisfy the requirements of other applicable
22 law; and

23 (11) to manage the affairs of the Corporation
24 and conduct the business of the Corporation, as nec-
25 essary.

1 (b) *LITIGATION AUTHORITY.*—

2 (1) *IN GENERAL.*—*In enforcing any provision of*
3 *this Act, any regulation or order prescribed under*
4 *this Act, or any other provision of law, rule, regula-*
5 *tion, or order, or in any other action, suit, or pro-*
6 *ceeding to which the Corporation is a party or in*
7 *which the Corporation is interested, and in the ad-*
8 *ministration of conservatorships and receiverships,*
9 *the Corporation may act in the Corporation's own*
10 *name and through attorneys or other agents acting on*
11 *behalf of the Corporation.*

12 (2) *SUBJECT TO SUIT.*—*Except as otherwise pro-*
13 *vided by law, the Corporation shall be subject to suit*
14 *(other than suits for claims for money damages) by*
15 *a regulated entity or market participant with respect*
16 *to any matter under this Act or any other applicable*
17 *provision of law, rule, order, or regulation under this*
18 *Act, in the United States district court for the judi-*
19 *cial district in which the regulated entity or market*
20 *participant has its principal place of business, or in*
21 *the United States District Court for the District of*
22 *Columbia, and the Corporation may be served with*
23 *process in the manner prescribed by the Federal Rules*
24 *of Civil Procedure.*

1 (c) *EXPENDITURES.*—*Except as may be otherwise pro-*
 2 *vided in this title, the Corporation shall determine the ne-*
 3 *cessity for, and the character and amount of its obligations*
 4 *and expenditures, and the manner in which they shall be*
 5 *incurred, allowed, paid, and accounted for.*

6 (d) *EXEMPTION FROM CERTAIN TAXES.*—*The Cor-*
 7 *poration, including its franchise, capital, reserves, surplus,*
 8 *mortgage loans or other security holdings, and income shall*
 9 *be exempt from all taxation now or hereafter imposed by*
 10 *the United States, by any territory, dependency, or posses-*
 11 *sion thereof, or by any State, county, municipality, or local*
 12 *taxing authority, except that any real property of the Cor-*
 13 *poration shall be subject to State, county, municipal, or*
 14 *local taxation to the same extent according to its value as*
 15 *other real property is taxed.*

16 (e) *EXCLUSIVE USE OF NAME.*—*No individual, asso-*
 17 *ciation, partnership, or corporation, except the body cor-*
 18 *porate named under section 201, shall hereafter use the*
 19 *words “Federal Mortgage Insurance Corporation” or any*
 20 *combination of such words, as the name or a part thereof*
 21 *under which such individual, association, partnership, or*
 22 *corporation shall do business. Violations of the foregoing*
 23 *sentence may be enjoined by any court of general jurisdic-*
 24 *tion at the suit of the proper body corporate named under*
 25 *section 201. In any such suit, the plaintiff may recover any*

1 *actual damages flowing from such violation, and, in addi-*
2 *tion, shall be entitled to punitive damages (regardless of the*
3 *existence or nonexistence of actual damages) of not exceed-*
4 *ing \$1,000 for each day during which such violation is com-*
5 *mitted or repeated.*

6 (f) *FISCAL AGENTS.—The Federal Reserve banks are*
7 *authorized and directed to act as depositories, custodians,*
8 *and fiscal agents for the Corporation, for its own account*
9 *or as fiduciary, and such banks shall be reimbursed for such*
10 *services in such manner as may be agreed upon, and the*
11 *Corporation may itself act in such capacities, for its own*
12 *account or as fiduciary, and for the account of others.*

13 (g) *OTHER POWERS.—The Corporation is authorized*
14 *to assess and collect fees on regulated entities and approved*
15 *entities, including for applications, examinations, and*
16 *other purposes, as authorized by this Act.*

17 (h) *FEDERAL HOME LOAN BANK ASSESSMENT.—The*
18 *Corporation shall have the authority to assess a fee on the*
19 *Federal Home Loan Banks to cover the necessary costs re-*
20 *lated to supervising the Federal Home Loan Banks. The*
21 *costs associated with the secondary market activities of the*
22 *Federal Home Loan Banks pursuant to section 312 shall*
23 *be covered by the fee charged pursuant to this subsection.*

24 (i) *RULE OF CONSTRUCTION RELATED TO FAIR HOUS-*
25 *ING.—Nothing in this Act shall be construed as authorizing*

1 *the Corporation to waive, repeal, amend, or modify require-*
 2 *ments relating to fair housing law, including those require-*
 3 *ments under the Fair Housing Act (42 U.S.C. 3601 et seq.)*
 4 *and the Equal Credit Opportunity Act (15 U.S.C. 1691 et*
 5 *seq.).*

6 **SEC. 307. EXEMPTIONS.**

7 (a) *SECURITIES EXEMPT FROM SECURITIES AND EX-*
 8 *CHANGE COMMISSION REGULATION.—*

9 (1) *COVERED SECURITIES.—*

10 (A) *IN GENERAL.—All securities insured or*
 11 *guaranteed by the Corporation shall, to the same*
 12 *extent as securities that are direct obligations of*
 13 *or obligations guaranteed as to principal or in-*
 14 *terest by the United States, be deemed to be ex-*
 15 *empt securities within the meaning of the laws*
 16 *administered by the Securities and Exchange*
 17 *Commission.*

18 (B) *CONFORMING AMENDMENT.—The first*
 19 *sentence of section 3(a)(2) of the Securities Act*
 20 *of 1933 (15 U.S.C. 77c(a)(2)) is amended by in-*
 21 *serting “or any security insured or guaranteed*
 22 *by the Federal Mortgage Insurance Corpora-*
 23 *tion;” after “Federal Reserve bank;”.*

1 (2) *CREDIT RISK-SHARING MECHANISMS.*—*Sec-*
 2 *tion 27B(c) of the Securities Act of 1933 (15 U.S.C.*
 3 *77z-2a(c)) is amended—*

4 *(A) in paragraph (1), by striking “or” at*
 5 *the end;*

6 *(B) in paragraph (2), by striking the period*
 7 *at the end and inserting “; or”; and*

8 *(C) by adding at the end the following:*

9 *“(3) purchases or sales of any asset-backed secu-*
 10 *rity that is a credit risk-sharing mechanism approved*
 11 *by the Federal Mortgage Insurance Corporation in*
 12 *accordance with section 302 or section 703(c) of the*
 13 *Housing Finance Reform and Taxpayer Protection*
 14 *Act of 2014, which credit risk-sharing mechanism is*
 15 *designed to be used or is used, as determined by the*
 16 *Federal Mortgage Insurance Corporation, by a pri-*
 17 *ivate market holder to assume losses and to reduce the*
 18 *specific risks arising from losses realized under such*
 19 *credit risk-sharing mechanism associated with any*
 20 *pool of eligible mortgage loans that collateralizes a*
 21 *covered security insured in accordance with section*
 22 *303 or 305 of that Act.”.*

23 (b) *QRM EXEMPTION.*—*Section 15G(e) of the Securi-*
 24 *ties Exchange Act of 1934 (15 U.S.C. 78o–11(e)) is amend-*
 25 *ed—*

1 (1) *in paragraph (3)(B)—*

2 (A) *by striking “Association, the” and in-*
3 *serting “Association and the”; and*

4 (B) *by striking “and the Federal home loan*
5 *banks”; and*

6 (2) *by adding at the end the following:*

7 “(7) *COVERED SECURITIES INSURED BY THE*
8 *FEDERAL MORTGAGE INSURANCE CORPORATION.—*
9 *Notwithstanding any other provision of this section,*
10 *the requirements of this section shall not apply to any*
11 *covered security, as such term is defined under section*
12 *2 of the Housing Finance Reform and Taxpayer Pro-*
13 *tection Act of 2014, insured or guaranteed by the Fed-*
14 *eral Mortgage Insurance Corporation or any institu-*
15 *tion that is subject to the supervision of the Federal*
16 *Mortgage Insurance Corporation.”.*

17 (c) *COUNTERPARTIES EXEMPT FROM THE COMMODITY*
18 *EXCHANGE ACT.—Section 1a(10) of the Commodity Ex-*
19 *change Act (7 U.S.C. 1a(10)) is amended by adding at the*
20 *end the following:*

21 “(C) *EXEMPTION.—Solely as it relates to*
22 *the specific role of a counterparty in connection*
23 *with the swap transaction described in this*
24 *paragraph, the term ‘commodity pool’ does not*
25 *include any counterparty that enters into any*

1 *swap for purposes of structuring a credit risk-*
 2 *sharing mechanism that is approved by the Fed-*
 3 *eral Mortgage Insurance Corporation in accord-*
 4 *ance with section 302 or section 703(c) of the*
 5 *Housing Finance Reform and Taxpayer Protec-*
 6 *tion Act of 2014, which credit risk-sharing mech-*
 7 *anism is designed to be used or is used, as deter-*
 8 *mined by the Federal Mortgage Insurance Cor-*
 9 *poration, by a private market holder to assume*
 10 *losses and to reduce the specific risks arising*
 11 *from losses realized under such credit risk-shar-*
 12 *ing mechanism associated with any pool of eligi-*
 13 *ble mortgage loans that collateralizes a covered*
 14 *security insured in accordance with section 303*
 15 *or 305 of that Act.”.*

16 **SEC. 308. REGULATORY CONSULTATION AND COORDINA-**
 17 **TION.**

18 (a) *CONSULTATION PERMITTED.*—*The Corporation*
 19 *may, in carrying out any duty, responsibility, requirement,*
 20 *or action authorized under this Act, consult with the Fed-*
 21 *eral regulatory agencies, any individual Federal regulatory*
 22 *agency, the Secretary of the Treasury, the Secretary of*
 23 *Housing and Urban Development, any State banking regu-*
 24 *lator, any State insurance regulator, and any other State*

1 agency, as the Corporation determines necessary and ap-
 2 propriate.

3 (b) *COORDINATION REQUIRED.*—The Corporation
 4 shall, as required by this Act, in carrying out any duty,
 5 responsibility, requirement, or action authorized under this
 6 Act, coordinate with the Federal regulatory agencies, any
 7 individual Federal regulatory agency, the Secretary of the
 8 Treasury, the Secretary of Housing and Urban Develop-
 9 ment, any State banking regulator, any State insurance
 10 regulator, and any other State agency.

11 (c) *AVOIDANCE OF DUPLICATION.*—To the fullest ex-
 12 tent possible, the Corporation shall—

13 (1) avoid duplication of examination activities,
 14 reporting requirements, and requests for information;

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

18 (3) ensure that approved entities are not subject
 19 to conflicting supervisory demands by the Corpora-
 20 tion and other Federal regulatory agencies.

21 (d) *PROTECTION OF PRIVILEGES.*—

22 (1) *IN GENERAL.*—Pursuant to the authorities
 23 provided under subsections (a) and (b), to facilitate
 24 the consultative process and coordination, the Cor-
 25 poration may share information with the Federal reg-

1 *ulatory agencies, any individual Federal regulatory*
 2 *agency, the Secretary of the Treasury, the Secretary*
 3 *of Housing and Urban Development, any State bank*
 4 *supervisor, any State insurance regulator, any other*
 5 *State agency, or any foreign banking authority, on a*
 6 *one-time, regular, or periodic basis, as determined by*
 7 *the Corporation, regarding the capital assets and li-*
 8 *abilities, financial condition, risk management prac-*
 9 *tices, or any other practice of any market partici-*
 10 *pant.*

11 (2) *PRIVILEGE PRESERVED.—Information*
 12 *shared by the Corporation pursuant to paragraph (1)*
 13 *shall not be construed as waiving, destroying, or oth-*
 14 *erwise affecting any privilege or confidential status*
 15 *that any market participant or any other person may*
 16 *claim with respect to such information under Federal*
 17 *or State law as to any person or entity other than*
 18 *such agencies, agency, supervisor, or authority.*

19 (3) *RULE OF CONSTRUCTION.—No provision of*
 20 *this subsection may be construed as implying or es-*
 21 *tablishing that—*

22 (A) *any person waives any privilege appli-*
 23 *cable to information that is shared or transferred*
 24 *under any circumstance to which this subsection*
 25 *does not apply; or*

1 (B) any person would waive any privilege
 2 applicable to any information by submitting the
 3 information directly to the Federal regulatory
 4 agencies, any individual Federal regulatory
 5 agency, any State bank supervisor, any State in-
 6 surance regulator, any other State agency, or
 7 any foreign banking authority, but for this sub-
 8 section.

9 (e) *FEDERAL AND STATE AUTHORITY PRESERVED.*—
 10 Unless otherwise expressly provided by this section, no pro-
 11 vision of this section shall limit or be construed to limit,
 12 in any way, the existing authority of any Federal agency
 13 or State regulatory authority.

14 **SEC. 309. AUTHORITY TO ISSUE REGULATIONS.**

15 (a) *GENERAL AUTHORITY.*—The Corporation may
 16 prescribe such regulations and issue such guidelines, orders,
 17 requirements, or standards as are necessary to—

18 (1) carry out this Act, or any amendment made
 19 by this Act; and

20 (2) ensure—

21 (A) competition among approved entities in
 22 the secondary mortgage market;

23 (B) liquidity in the secondary mortgage
 24 market and the forward execution market for eli-
 25 gible single-family mortgage loans and single-

1 *family covered securities, such as the To-Be-An-*
 2 *nounced market; and*

3 *(C) mitigation of systemic risk in the sec-*
 4 *ondary mortgage market.*

5 **(b) CAPITAL STANDARDS.—**

6 **(1) IN GENERAL.—***For each type of covered enti-*
 7 *ty the Corporation shall establish, by regulation, cap-*
 8 *ital standards and related solvency standards nec-*
 9 *essary to implement the provisions of this Act.*

10 **(2) DEFINITIONS.—**

11 **(A) IN GENERAL.—***The regulations required*
 12 *under this subsection shall define all such terms*
 13 *as are necessary to carry out the purposes of this*
 14 *subsection.*

15 **(B) CONSIDERATIONS IN DEFINING INSTRU-**
 16 **MENTS AND CONTRACTS THAT QUALIFY AS CAP-**
 17 **ITAL.—***In defining instruments and contracts*
 18 *that qualify as capital pursuant to subpara-*
 19 *graph (A), the Corporation—*

20 *(i) shall include such instruments and*
 21 *contracts that will absorb losses before the*
 22 *Mortgage Insurance Fund; and*

23 *(ii) may assign significance to those*
 24 *instruments and contracts based on the na-*

1 *ture and risks of such instruments and con-*
 2 *tracts.*

3 *(C) CONSIDERATIONS IN DEFINING CAPITAL*
 4 *RATIOS.—Solely for the purposes of calculating a*
 5 *capital ratio appropriate to the business model*
 6 *of the applicable entity pursuant to subpara-*
 7 *graph (A), the Corporation shall consider for the*
 8 *denominator—*

- 9 *(i) total assets;*
- 10 *(ii) total liabilities;*
- 11 *(iii) risk in force; or*
- 12 *(iv) unpaid principal balance.*

13 *(3) DESIGNED TO ENSURE SAFETY AND SOUND-*
 14 *NESS.—The capital and related solvency standards es-*
 15 *tablished under this subsection shall be designed to—*

16 *(A) ensure the safety and soundness of a*
 17 *covered entity;*

18 *(B) minimize the risk of loss to the Mort-*
 19 *gage Insurance Fund;*

20 *(C) in consultation and coordination with*
 21 *the Board of Governors of the Federal Reserve*
 22 *System, the Federal Deposit Insurance Corpora-*
 23 *tion, the Office of the Comptroller of the Cur-*
 24 *rency, and the National Credit Union Adminis-*
 25 *tration, reduce the potential for regulatory arbi-*

1 *trage between capital standards for covered enti-*
 2 *ties and capital standards promulgated by Fed-*
 3 *eral regulatory agencies for insured depository*
 4 *institutions and their affiliates; and*

5 *(D) be specifically tailored to accommodate*
 6 *a diverse range of business models that may be*
 7 *employed by covered entities.*

8 *(4) SUPPLEMENTAL CAPITAL REQUIREMENTS.—*

9 *In order to prevent or mitigate risks to the secondary*
 10 *mortgage market of the United States that could arise*
 11 *from the material financial distress or failure, or on-*
 12 *going activities, of covered entities that are large ap-*
 13 *proved aggregators or large approved guarantors that*
 14 *engage in covered guarantee transactions, the Cor-*
 15 *poration, by regulation—*

16 *(A) shall establish supplemental capital re-*
 17 *quirements for covered entities that are large ap-*
 18 *proved aggregators or large approved guarantors;*
 19 *and*

20 *(B) may establish such other standards for*
 21 *covered entities that are large approved*
 22 *aggregators or large approved guarantors that*
 23 *the Corporation determines necessary or appro-*
 24 *priate.*

1 (c) *MARKET SHARE LIMITATION FOR CERTAIN LARGE*
 2 *ENTITIES.*—*The Corporation shall establish, by regulation,*
 3 *market share limitations for large approved aggregators*
 4 *and large approved guarantors that would take effect only*
 5 *in the event the Corporation has reason to believe the sup-*
 6 *plemental standards established under subsection (b)(4) are*
 7 *insufficient to prevent or mitigate risks to the secondary*
 8 *mortgage market of the United States that could arise from*
 9 *the material financial distress or failure, or ongoing activi-*
 10 *ties, of such approved aggregators and approved guaran-*
 11 *tors.*

12 (d) *RECOGNITION OF DISTINCTIONS BETWEEN THE*
 13 *APPROVED ENTITIES AND THE FEDERAL HOME LOAN*
 14 *BANKS.*—

15 (1) *IN GENERAL.*—*Prior to promulgating any*
 16 *regulation or taking any other formal or informal ac-*
 17 *tion of general applicability and future effect relating*
 18 *to the Federal Home Loan Banks, including the*
 19 *issuance of an advisory document or examination*
 20 *guidance, the Chairperson, in consultation with the*
 21 *Office of Federal Home Loan Bank Supervision, shall*
 22 *consider the differences between the Federal Home*
 23 *Loan Banks and approved entities with respect to—*

24 (A) *the Banks’—*

25 (i) *cooperative ownership structure;*

1 (ii) mission of providing liquidity to
2 its members;

3 (iii) affordable housing and commu-
4 nity development mission;

5 (iv) capital structure; and

6 (v) joint and several liability; and

7 (B) any other differences that the Corpora-
8 tion considers appropriate.

9 (2) CAPITAL CONSIDERATIONS.—The Corpora-
10 tion, in coordination with the Office of Federal Home
11 Loan Bank Supervision, shall establish capital stand-
12 ards, as required under section 309(b), with respect to
13 a Federal Home Loan Bank, or subsidiary or joint
14 office thereof, that is approved as an aggregator under
15 section 312, that—

16 (A) are adequate to support the role of a
17 Federal Home Loan Bank as a covered entity,
18 consistent with the safe and sound operations of
19 the Bank or Banks involved; and

20 (B) do not adversely impact the traditional
21 liquidity and advance business of the Federal
22 Home Loan Bank System or the marketability
23 or creditworthiness of Federal Home Loan Bank
24 consolidated obligations.

1 (e) *REGULATIONS RELATING TO FORCE-PLACED IN-*
 2 *SURANCE.*—

3 (1) *IN GENERAL.*—*The Corporation shall, by reg-*
 4 *ulation, set standards for the purchase of force-placed*
 5 *insurance by market participants.*

6 (2) *LIMITATION.*—*No standards developed,*
 7 *adopted, or published under paragraph (1) shall con-*
 8 *cern the regulation of the business of insurance or*
 9 *preempt any State law, regulation, or procedure con-*
 10 *cerning the regulation of the business of insurance.*

11 (f) *USE AND PROTECTION OF PERSONALLY IDENTIFI-*
 12 *ABLE INFORMATION.*—

13 (1) *PRIVACY CONSIDERATIONS.*—*In collecting in-*
 14 *formation from any person, in publicly releasing in-*
 15 *formation held by the Corporation, or in requiring*
 16 *approved entities to publicly report information, the*
 17 *Corporation shall take steps to ensure that propri-*
 18 *etary, personal, or confidential consumer information*
 19 *that is protected from public disclosure under section*
 20 *552(b) or 552a of title 5, United States Code, or any*
 21 *other provision of law, is not made public.*

22 (2) *TREATMENT OF APPROVED ENTITIES.*—*With*
 23 *respect to the application of any provision of the*
 24 *Right to Financial Privacy Act of 1978 to a disclo-*
 25 *sure by an approved entity subject to this subsection,*

1 *the approved entity shall be treated as if it were a*
2 *“financial institution” as defined in section 1101 of*
3 *that Act (12 U.S.C. 3401).*

4 (3) *NON DISCLOSURE.—*

5 (A) *IN GENERAL.—Unless otherwise speci-*
6 *fied by this Act, any personally identifiable in-*
7 *formation obtained or maintained by the Cor-*
8 *poration in connection with any supervision or*
9 *enforcement authority or function, including the*
10 *Office of General Counsel and Office of the In-*
11 *spector General of the Federal Mortgage Insur-*
12 *ance Corporation, may not be disclosed to any*
13 *non supervisory or non enforcement office, divi-*
14 *sion, or employee of the Corporation, or to any*
15 *other Federal or State agency unless—*

16 (i) *the information is necessary and*
17 *appropriate for such office, division, or em-*
18 *ployee of the Corporation to comply with*
19 *this Act, and the office, division, or em-*
20 *ployee cannot reasonably obtain the infor-*
21 *mation through the normal course of busi-*
22 *ness of such office, division, or employee;*

23 (ii) *the other Federal or State agency*
24 *has satisfied any conditions of information*
25 *sharing that the Corporation may establish,*

1 including treatment of personally identifi-
2 able information and sharing of informa-
3 tion that shall conform to the standards for
4 protection of the confidentiality of person-
5 ally identifiable information and for data
6 integrity and security that are applicable to
7 Federal agencies; or

8 (iii) the records are relevant to a le-
9 gitimate law enforcement inquiry, or intel-
10 ligence or counterintelligence activity, inves-
11 tigation, or analysis related to inter-
12 national terrorism within the jurisdiction of
13 the receiving entity.

14 (B) *PROTECTION OF PERSONALLY IDENTIFI-*
15 *ABLE INFORMATION BY SPECIFIC OFFICES.*—Any
16 office created under section 207(a)(1)(B) shall—

17 (i) develop standards regarding treat-
18 ment and confidentiality of personally iden-
19 tifiable information and the collection and
20 sharing of information that are tailored to
21 the purpose or mission of the office; and

22 (ii) obtain approval from the Chair-
23 person of the standards developed under
24 clause (i) prior to the operation of the office.

1 (g) *CONSUMER PRIVACY.*—*The Corporation shall not*
 2 *obtain from an approved entity any personally identifiable*
 3 *financial information about a consumer from the financial*
 4 *records of the approved entity, except—*

5 (1) *if the financial records are reasonably de-*
 6 *scribed in a request by the Corporation and the con-*
 7 *sumer provides written permission for the disclosure*
 8 *of such information by an approved entity to the Cor-*
 9 *poration; or*

10 (2) *as may be specifically permitted or required*
 11 *under other applicable provisions of law and in ac-*
 12 *cordance with the Right to Financial Privacy Act of*
 13 *1978 (12 U.S.C. 3401 et seq.).*

14 (h) *OPTION FOR APPROVED GUARANTORS AND AP-*
 15 *PROVED AGGREGATORS.*—

16 (1) *ESTABLISHMENT OF PROCESS FOR AP-*
 17 *PROVAL.*—*The Corporation may, if it determines nec-*
 18 *essary or appropriate, establish a process and criteria*
 19 *for approved guarantors and approved aggregators to*
 20 *apply to the Corporation for approval to operate a*
 21 *cash window for the purchase of individual eligible*
 22 *single-family mortgage loans.*

23 (2) *REQUIREMENTS.*—*If the Corporation estab-*
 24 *lishes a process and criteria under paragraph (1), the*
 25 *Corporation—*

1 (A) may grant approval to an approved
 2 guarantor or an approved aggregator that ap-
 3 plies to operate a cash window for the purchase
 4 of individual eligible single-family mortgage
 5 loans only if the Corporation determines that—

6 (i) the approved guarantor or ap-
 7 proved aggregator meets the criteria estab-
 8 lished under paragraph (1); and

9 (ii) the operation of the cash window
 10 would not pose a risk to the Mortgage In-
 11 surance Fund; and

12 (B) to ensure the safety and soundness of
 13 each approved guarantor and approved
 14 aggregator, shall establish standards for the regu-
 15 lation, supervision, and operation of each cash
 16 window that an approved guarantor or approved
 17 aggregator is approved to operate under this
 18 paragraph.

19 **SEC. 310. EQUIVALENCY IN PROTECTION OF THE MORT-**
 20 **GAGE INSURANCE FUND.**

21 In order to protect the Mortgage Insurance Fund and
 22 promote multiple sources of first loss positions, the Corpora-
 23 tion shall seek to ensure equivalent loss absorption capacity
 24 between approved credit risk-sharing mechanisms pursuant

1 *to section 302 and capital standards for approved guaran-*
 2 *tors pursuant to section 311.*

3 ***Subtitle B—Approval and Super-***
 4 ***vision of Approved Entities for***
 5 ***Single-family Activities***

6 ***SEC. 311. APPROVAL AND SUPERVISION OF GUARANTORS.***

7 *(a) STANDARDS FOR APPROVAL OF GUARANTORS.—*

8 *(1) IN GENERAL.—The Corporation shall de-*
 9 *velop, adopt, and publish standards for the approval*
 10 *by the Corporation of guarantors to guarantee the*
 11 *timely payment of principal and interest on securi-*
 12 *ties collateralized by eligible single-family mortgage*
 13 *loans and insured by the Corporation.*

14 *(2) REQUIRED STANDARDS.—The standards re-*
 15 *quired under paragraph (1) shall include—*

16 *(A) the financial history and condition of*
 17 *the guarantor;*

18 *(B) a requirement that the guarantor main-*
 19 *tain capital levels as defined by the Corporation,*
 20 *pursuant to subsection (g);*

21 *(C) the capability of the management of the*
 22 *guarantor;*

23 *(D) the general character and fitness of the*
 24 *officers and directors of the guarantor, including*
 25 *the compliance history of the guarantor's officers*

1 *and directors with Federal and State laws and*
2 *the rules and regulations promulgated by self-*
3 *regulatory organizations (as defined in section*
4 *3(a)(26) of the Securities Exchange Act of 1934*
5 *(15 U.S.C. 78c(a)(26)), as applicable;*

6 *(E) the risk presented by the guarantor to*
7 *the Mortgage Insurance Fund;*

8 *(F) the adequacy of insurance and fidelity*
9 *coverage of the guarantor;*

10 *(G) the ability of the guarantor to—*

11 *(i) at the discretion of the guarantor,*
12 *transfer investment risk and credit risk to*
13 *private market holders in the single-family*
14 *market in accordance with the credit risk-*
15 *sharing mechanisms approved by the Cor-*
16 *poration under section 302;*

17 *(ii) create mechanisms to guarantee*
18 *multi-lender pools; and*

19 *(iii) ensure that eligible single-family*
20 *mortgage loans that collateralize a single-*
21 *family covered security insured under this*
22 *title are originated in compliance with the*
23 *requirements of this Act;*

24 *(H) the capacity of the guarantor to take*
25 *the first loss position;*

1 (I) that the guarantor has the capacity to
2 guarantee eligible single-family mortgage loans
3 in a manner that furthers the purposes of the
4 Corporation described in section 201(b)(5);

5 (J) a requirement that the guarantor timely
6 issue publicly available audited financial state-
7 ments on an annual basis prepared in accord-
8 ance with generally accepted accounting prin-
9 ciples used in the industry;

10 (K) that the guarantor is in compliance
11 with section 210(a)(3);

12 (L) that the guarantor has substantial ana-
13 lytical capabilities to effectively manage credit
14 risk;

15 (M) that the guarantor does not originate
16 eligible single-family mortgage loans and is not
17 an affiliate of a person that actively engages in
18 the business of originating eligible single-family
19 mortgage loans; and

20 (N) any other standard the Corporation de-
21 termines necessary to protect the Mortgage Insur-
22 ance Fund.

23 (3) *RULE OF CONSTRUCTION.*—Nothing in sub-
24 paragraph (I) of paragraph (2) shall be construed to
25 prevent the Corporation from approving a small or

1 *specialty guarantor, provided that the guarantor has*
 2 *the capacity to adequately diversify its risk to meet*
 3 *appropriate safety and soundness concerns.*

4 (4) *CONSULTATION AND COORDINATION.—To*
 5 *promote consistency and minimize regulatory conflict,*
 6 *the Corporation shall consult and coordinate with ap-*
 7 *propriate Federal and State regulators and officials*
 8 *when developing standards pursuant to this sub-*
 9 *section.*

10 (b) *APPLICATION AND APPROVAL.—*

11 (1) *APPLICATION PROCESS.—*

12 (A) *IN GENERAL.—The Corporation shall*
 13 *establish an application process, in such form*
 14 *and manner and requiring such information as*
 15 *the Corporation may require, for the approval of*
 16 *a guarantor under this section.*

17 (B) *APPLICATION REVIEW.—The Corpora-*
 18 *tion shall establish internal timelines for its*
 19 *processing of an application under this section,*
 20 *including timelines for any action to approve or*
 21 *to deny an application under this section.*

22 (C) *PROHIBITION ON CONTROL BY INSURED*
 23 *DEPOSITORY INSTITUTIONS OR AFFILIATES OF*
 24 *INSURED DEPOSITORY INSTITUTIONS.—*

1 (i) *IN GENERAL.*—*It shall be unlawful*
 2 *for an insured depository institution or an*
 3 *affiliate of an insured depository institution*
 4 *to control an approved guarantor.*

5 (ii) *RULE OF CONSTRUCTION REGARD-*
 6 *ING CONTROL.*—*For purposes of this sub-*
 7 *paragraph, any insured depository institu-*
 8 *tion or affiliate of an insured depository in-*
 9 *stitution has control over an approved*
 10 *guarantor if the company directly or indi-*
 11 *rectly or acting through 1 or more other*
 12 *persons owns, controls, or has power to vote*
 13 *10 percent or more of any class of voting*
 14 *shares of the approved guarantor.*

15 (2) *APPROVAL.*—*The Corporation may approve*
 16 *any application made pursuant to paragraph (1),*
 17 *provided the guarantor meets the standards estab-*
 18 *lished under subsection (a).*

19 (3) *DENIAL.*—*The Corporation shall have the au-*
 20 *thority to deny any application made pursuant to*
 21 *paragraph (1) if an officer or director of the guar-*
 22 *antor has, at any time prior to the date of the ap-*
 23 *proval of such application, been—*

1 (A) subject to a statutory disqualification
 2 pursuant to section 3(a)(39) of the Securities
 3 Exchange Act of 1934 (15 U.S.C. 78c(a)(39)); or

4 (B) suspended, removed, or prohibited from
 5 participation pursuant to section 8(g) of the
 6 Federal Deposit Insurance Act (12 U.S.C.
 7 1818(g)), prohibited from certain action pursu-
 8 ant to paragraphs (6) or (7) of section 8(e) of the
 9 Federal Deposit Insurance Act (12 U.S.C.
 10 1818(e)), subject to an action resulting in a
 11 written agreement or other written statement
 12 under section 8(u)(1) of the Federal Deposit In-
 13 surance Act (12 U.S.C. 1818(u)(1)), for which a
 14 violation may be enforced by an appropriate
 15 Federal banking agency, or subject to any final
 16 order issued with respect to any administrative
 17 enforcement proceeding initiated by such agency
 18 under section 8 of the Federal Deposit Insurance
 19 Act (12 U.S.C. 1818).

20 (4) NOTICE AND PUBLICATION.—The Corpora-
 21 tion shall—

22 (A) provide prompt notice to a guarantor of
 23 the approval or denial of any application of the
 24 guarantor to become an approved guarantor
 25 under this section;

1 (B) publish a notice in the *Federal Register*
 2 upon approval of any guarantor; and

3 (C) maintain an updated list of approved
 4 guarantors on the website of the Corporation.

5 (c) *REQUIREMENT TO MAINTAIN APPROVAL STATUS.*—

6 (1) *AUTHORITY TO ISSUE ORDER.*—If the Cor-
 7 poration determines that an approved guarantor no
 8 longer meets the standards for such approval or vio-
 9 lates a requirement under this Act, including any
 10 standard, regulation, or order promulgated in accord-
 11 ance with this Act, the Corporation may—

12 (A) suspend or revoke the approved status of
 13 the approved guarantor; or

14 (B) take any other action with respect to
 15 such approved guarantor as may be authorized
 16 under this Act.

17 (2) *RULE OF CONSTRUCTION.*—The suspension or
 18 revocation of the approved status of an approved
 19 guarantor under this section shall have no effect on
 20 the status as a covered security of any covered secu-
 21 rity collateralized by eligible mortgage loans with
 22 which the approved guarantor contracted prior to the
 23 suspension or revocation.

24 (3) *PUBLICATION.*—The Corporation shall—

1 (A) promptly publish a notice in the Fed-
 2 eral Register upon suspension or revocation of
 3 the approval of any approved guarantor; and

4 (B) maintain an updated list of such ap-
 5 proved guarantors on the website of the Corpora-
 6 tion.

7 (4) *DEFINITION.*—In this subsection, the term
 8 “violate” includes any action, taken alone or with
 9 others, for or toward causing, bringing about, partici-
 10 pating in, counseling, or aiding or abetting, a viola-
 11 tion of the requirements under this Act.

12 (d) *PRUDENTIAL STANDARDS FOR SUPERVISION.*—The
 13 Corporation shall prescribe prudential standards for ap-
 14 proved guarantors in order to—

15 (1) ensure—

16 (A) the safety and soundness of approved
 17 guarantors; and

18 (B) the maintenance of approval standards
 19 by approved guarantors; and

20 (2) minimize the risk presented to the Mortgage
 21 Insurance Fund.

22 (e) *REPORTS AND EXAMINATIONS.*—For purposes of
 23 determining whether an approved guarantor is fulfilling the
 24 requirements under this Act, the Corporation shall have the
 25 authority to require reports from and examine an approved

1 guarantor, in the same manner and to the same extent as
 2 the Federal Deposit Insurance Corporation has with respect
 3 to an insured depository institution under the provisions
 4 of subsection (a) of section 9 of the Federal Deposit Insur-
 5 ance Act (12 U.S.C. 1819).

6 (f) *ENFORCEMENT.*—The Corporation shall have the
 7 authority to enforce the provisions of this Act with respect
 8 to an approved guarantor, in the same manner and to the
 9 same extent as the Federal Deposit Insurance Corporation
 10 has with respect to an insured depository institution under
 11 the provisions of subsections (b) through (n) of section 8
 12 of the Federal Deposit Insurance Act (12 U.S.C. 1818).

13 (g) *CAPITAL STANDARDS.*—

14 (1) *IN GENERAL.*—Pursuant to the requirement
 15 to establish capital and related solvency standards
 16 under section 309(b), the Corporation shall establish
 17 standards for approved guarantors that require an
 18 approved guarantor to—

19 (A) hold 10 percent capital; and

20 (B) maintain solvency levels adequate for
 21 the approved guarantor to withstand losses that
 22 might be incurred by the approved guarantor in
 23 a period of economic stress, including national
 24 and regional home price declines, such as those

1 *observed during moderate to severe recessions in*
 2 *the United States.*

3 (2) *RISK-SHARING CONSIDERATIONS.*—*For pur-*
 4 *poses of paragraph (1), the Corporation shall consider*
 5 *the extent, amount, and form of risk-sharing and risk*
 6 *mitigation through the use by approved guarantors of*
 7 *credit risk-sharing mechanisms approved pursuant to*
 8 *section 302(b)(4). The Corporation shall allow such*
 9 *risk-sharing and risk mitigation to fulfill required*
 10 *amounts of capital to be held under paragraph (1)(A)*
 11 *such that it ensures an equivalent amount of loss ab-*
 12 *sorption capacity as required under section*
 13 *302(a)(1)(B) while maintaining an appropriate*
 14 *structure of capital as determined by the Corporation.*

15 (3) *STRESS TESTS.*—*The Corporation shall con-*
 16 *duct appropriate stress tests of each approved guar-*
 17 *antor that has total assets of more than*
 18 *\$10,000,000,000, provided that such stress tests shall*
 19 *be—*

20 (A) *specifically tailored to the business*
 21 *model of the approved guarantor; and*

22 (B) *utilized to—*

23 (i) *ensure the safety and soundness of*
 24 *the approved guarantor; and*

1 (ii) minimize the risk the approved
 2 guarantor may present to the Mortgage In-
 3 surance Fund.

4 (h) RESOLUTION AUTHORITY FOR FAILING GUARAN-
 5 TORS.—

6 (1) IN GENERAL.—Notwithstanding any other
 7 provision of Federal law, the law of any State, or the
 8 constitution of any State, the Corporation shall—

9 (A) have the authority to act, in the same
 10 manner and to the same extent, with respect to
 11 an approved guarantor as the Federal Deposit
 12 Insurance Corporation has with respect to an in-
 13 sured depository institution under subsections (c)
 14 through (s) of section 11 of the Federal Deposit
 15 Insurance Act (12 U.S.C. 1821), section 12 of the
 16 Federal Deposit Insurance Act (12 U.S.C. 1822),
 17 and section 13 of the Federal Deposit Insurance
 18 Act (12 U.S.C. 1823), while tailoring such ac-
 19 tions to the specific business model of the ap-
 20 proved guarantor, as may be necessary to prop-
 21 erly exercise such authority under this sub-
 22 section;

23 (B) in carrying out any authority provided
 24 in subparagraph (A), act, in the same manner
 25 and to the same extent, with respect to the Mort-

1 *gage Insurance Fund as the Federal Deposit In-*
2 *surance Corporation may act with respect to the*
3 *Deposit Insurance Fund under the provisions of*
4 *the Federal Deposit Insurance Act set forth in*
5 *subparagraph (A);*

6 *(C) prescribe regulations governing the ap-*
7 *plicable rights, duties, and obligations of an ap-*
8 *proved guarantor placed into resolution under*
9 *this subsection, its creditors, counterparties, and*
10 *other persons, as the Corporation deems nec-*
11 *essary to properly exercise the authority pro-*
12 *vided in subparagraph (A);*

13 *(D) consistent with the authorities provided*
14 *in subparagraph (A), immediately place an in-*
15 *solvent approved guarantor into receivership;*
16 *and*

17 *(E) upon placing an approved guarantor*
18 *into receivership, treat single-family covered se-*
19 *curities insured by the Corporation under section*
20 *303 in the same manner as the Federal Deposit*
21 *Insurance Corporation treats deposit liabilities*
22 *under section 11(d)(11)(A)(ii) of the Federal De-*
23 *posit Insurance Act and insured deposits under*
24 *section 11(f) of the Federal Deposit Insurance*
25 *Act, where the Corporation shall have the same*

1 *right of subrogation as the Federal Deposit In-*
2 *surance Corporation has under section 11(g) of*
3 *the Federal Deposit Insurance Act.*

4 (2) *LEAST-COST RESOLUTION REQUIRED.—The*
5 *Corporation may not exercise any authority under*
6 *paragraph (1) with respect to any approved guar-*
7 *antor unless the total amount of the expenditures by*
8 *the Corporation and obligations incurred by the Cor-*
9 *poration in connection with the exercise of any such*
10 *authority with respect to such approved guarantor is*
11 *the least costly to the Mortgage Insurance Fund, con-*
12 *sistent with the least cost approach specified in the*
13 *Federal Deposit Insurance Act (12 U.S.C. 1811 et*
14 *seq.), of all possible methods for meeting the Corpora-*
15 *tion's obligations under this Act and expeditiously*
16 *concluding its resolution activities, subject to section*
17 *13 of the Federal Deposit Insurance Act where the*
18 *Corporation and the Board of Directors shall have the*
19 *same authority as the Federal Deposit Insurance Cor-*
20 *poration and the Federal Deposit Insurance Corpora-*
21 *tion's board of directors.*

22 (3) *TAXPAYER PROTECTION.—The Corporation,*
23 *in carrying out any authority provided in this sub-*
24 *section, shall prescribe regulations to ensure that any*
25 *amounts owed to the United States, unless the United*

1 *States agrees or consents otherwise, shall have pri-*
 2 *ority following administrative expenses of the receiver*
 3 *when satisfying unsecured claims against an ap-*
 4 *proved guarantor, or the receiver therefor, that are*
 5 *proven to the satisfaction of the receiver.*

6 (i) *HEARING.*—*Upon notice of denial of an applica-*
 7 *tion for approval under subsection (b) or upon a notice of*
 8 *suspension or revocation of the approved status of an ap-*
 9 *proved guarantor under subsection (c), the applicant or ap-*
 10 *proved guarantor shall be afforded a hearing under sub-*
 11 *section (h) of section 8 of the Federal Deposit Insurance*
 12 *Act (12 U.S.C. 1818(h)), in the same manner and to the*
 13 *same extent as if the Corporation were the appropriate Fed-*
 14 *eral banking agency, provided that the approved guarantor*
 15 *submits a request to the Corporation for a hearing not later*
 16 *than 10 days after the date on which the notice is published*
 17 *under subsection (b)(3) or (c)(3).*

18 (j) *OTHER ACTIVITIES.*—*An approved guarantor shall*
 19 *be prohibited from being an approved aggregator.*

20 (k) *PROVISION OF POOL LEVEL INSURANCE.*—*Subject*
 21 *to such standards as the Corporation may provide, an ap-*
 22 *proved guarantor may provide insurance or other credit en-*
 23 *hancement on a pool of eligible single-family mortgage*
 24 *loans collateralizing a single-family covered security in-*
 25 *sured under this title.*

1 *(l) PROHIBITED ACTIVITY.—An approved guarantor*
 2 *may not—*

3 *(1) originate eligible single-family mortgage*
 4 *loans; or*

5 *(2) be an affiliate of a person that actively en-*
 6 *gages in the business of originating eligible single-*
 7 *family mortgage loans.*

8 *(m) GUARANTORS REQUIRED TO PAY CLAIMS.—Sub-*
 9 *ject to such standards as the Corporation may provide, an*
 10 *approved guarantor may not for any reason withhold pay-*
 11 *ment of funds that would ensure holders of single-family*
 12 *covered securities receive timely payment of principal and*
 13 *interest on single-family covered securities. The Corporation*
 14 *shall by regulation develop a process for the mediation and*
 15 *resolution of disputed payment amounts.*

16 **SEC. 312. APPROVAL AND SUPERVISION OF AGGREGATORS.**

17 *(a) STANDARDS FOR APPROVAL OF MORTGAGE*
 18 *AGGREGATORS.—*

19 *(1) IN GENERAL.—The Corporation shall de-*
 20 *velop, adopt, and publish standards for the approval*
 21 *by the Corporation of mortgage aggregators to deliver*
 22 *eligible single-family mortgage loans to the*
 23 *Securitization Platform for securitization by such*
 24 *aggregator as a single-family covered security.*

1 (2) *REQUIRED STANDARDS.*—*The standards re-*
2 *quired under paragraph (1) shall include standards*
3 *with respect to the ability of mortgage aggregator*
4 *to—*

5 (A) *aggregate eligible single-family mort-*
6 *gage loans into pools, including multi-lender*
7 *pools, as appropriate;*

8 (B) *transfer investment risk and credit risk*
9 *to private market participants in accordance*
10 *with the credit risk-sharing mechanisms ap-*
11 *proved by the Corporation under section 302;*

12 (C) *ensure equitable access to the secondary*
13 *mortgage market for single-family covered securi-*
14 *ties for all institutions regardless of size or geo-*
15 *graphic location; and*

16 (D) *ensure that eligible single-family mort-*
17 *gage loans that collateralize a single-family cov-*
18 *ered security insured under this title are origi-*
19 *nated in compliance with the requirements of*
20 *this Act.*

21 (3) *ADDITIONAL REQUIRED STANDARDS.*—*The*
22 *standards required under paragraph (1) shall also in-*
23 *clude—*

24 (A) *the financial history and condition of*
25 *the mortgage aggregator;*

1 (B) the adequacy of the capital structure of
2 the mortgage aggregator;

3 (C) the capability of the management of the
4 mortgage aggregator;

5 (D) the general character and fitness of the
6 officers and directors of the mortgage aggregator,
7 including the compliance history of the mortgage
8 aggregator's officers and directors with Federal
9 and State laws and the rules and regulations
10 promulgated by self-regulatory organizations (as
11 defined in section 3(a)(26) of the Securities Ex-
12 change Act of 1934 (15 U.S.C. 78c(a)(26)), as
13 applicable;

14 (E) the risk presented by the mortgage
15 aggregator to the Mortgage Insurance Fund;

16 (F) the adequacy of insurance and fidelity
17 coverage of the mortgage aggregator;

18 (G) a requirement that the mortgage
19 aggregator submit audited financial statements
20 to the Corporation;

21 (H) that the mortgage aggregator has the
22 capacity to aggregate mortgage loans in a man-
23 ner that furthers purposes of the Corporation de-
24 scribed in section 201(b)(5);

1 (I) that the mortgage aggregator is in com-
2 pliance with section 210(a)(3); and

3 (J) any other standard the Corporation de-
4 termines necessary to protect the Mortgage Insur-
5 ance Fund.

6 (4) *RULE OF CONSTRUCTION.*—Nothing in sub-
7 paragraph (H) of paragraph (3) shall be construed to
8 prevent the Corporation from approving a small or
9 specialty mortgage aggregator, provided that the
10 mortgage aggregator has the capacity to adequately
11 diversify its risk to meet appropriate safety and
12 soundness concerns of the Corporation.

13 (5) *CONSULTATION AND COORDINATION.*—To
14 promote consistency and minimize regulatory conflict,
15 the Corporation shall consult and coordinate with ap-
16 propriate Federal and State regulators and officials
17 when developing standards pursuant to this sub-
18 section.

19 (b) *APPLICATION AND APPROVAL.*—

20 (1) *APPLICATION PROCESS.*—

21 (A) *IN GENERAL.*—The Corporation shall
22 establish an application process, in such form
23 and manner and requiring such information as
24 the Corporation may require, for the approval of
25 a mortgage aggregator under this section.

1 (B) *APPLICATION REVIEW.*—*The Corpora-*
 2 *tion shall establish internal timelines for its*
 3 *processing of an application under this section,*
 4 *including timelines for any action to approve or*
 5 *to deny an application under this section.*

6 (2) *APPROVAL.*—*The Corporation may approve*
 7 *any application made pursuant to paragraph (1),*
 8 *provided the mortgage aggregator meets the standards*
 9 *established under subsection (a).*

10 (3) *DENIAL.*—*The Corporation shall have the au-*
 11 *thority to deny any application made pursuant to*
 12 *paragraph (1) if an officer or director of the mortgage*
 13 *aggregator has, at any time prior to the date of the*
 14 *approval of such application, been—*

15 (A) *subject to a statutory disqualification*
 16 *pursuant to section 3(a)(39) of the Securities*
 17 *Exchange Act of 1934 (15 U.S.C. 78c(a)(39)); or*

18 (B) *suspended, removed, or prohibited from*
 19 *participation pursuant to section 8(g) of the*
 20 *Federal Deposit Insurance Act (12 U.S.C.*
 21 *1818(g)), prohibited from certain action pursu-*
 22 *ant to paragraphs (6) or (7) of section 8(e) of the*
 23 *Federal Deposit Insurance Act (12 U.S.C.*
 24 *1818(e)), subject to an action resulting in a*
 25 *written agreement or other written statement*

1 *under section 8(u)(1) of the Federal Deposit In-*
 2 *surance Act (12 U.S.C. 1818(u)(1)), for which a*
 3 *violation may be enforced by an appropriate*
 4 *Federal banking agency, or subject to any final*
 5 *order issued with respect to any administrative*
 6 *enforcement proceeding initiated by such agency*
 7 *under section 8 of the Federal Deposit Insurance*
 8 *Act (12 U.S.C. 1818).*

9 (4) *NOTICE AND PUBLICATION.*—*The Corpora-*
 10 *tion shall—*

11 (A) *provide prompt notice to a mortgage*
 12 *aggregator of the approval or denial of any ap-*
 13 *plication of the mortgage aggregator to become*
 14 *an approved aggregator under this section;*

15 (B) *publish a notice in the Federal Register*
 16 *upon approval of any mortgage aggregator; and*

17 (C) *maintain an updated list of approved*
 18 *aggregators on the website of the Corporation.*

19 (c) *REQUIREMENT TO MAINTAIN APPROVAL STATUS.*—

20 (1) *AUTHORITY TO ISSUE ORDER.*—*If the Cor-*
 21 *poration determines that an approved aggregator no*
 22 *longer meets the standards for such approval or vio-*
 23 *lates a requirement under this Act, including any*
 24 *standard, regulation, or order promulgated in accord-*
 25 *ance with this Act, the Corporation may—*

1 (A) suspend or revoke the approved status of
2 the approved aggregator; or

3 (B) take any other action with respect to
4 such approved aggregator as may be authorized
5 under this Act.

6 (2) *RULE OF CONSTRUCTION.*—The suspension or
7 revocation of the approved status of an approved
8 aggregator under this section shall have no effect on
9 the status as a covered security of any covered secu-
10 rity collateralized by eligible mortgage loans with
11 which the approved aggregator contracted prior to the
12 suspension or revocation.

13 (3) *PUBLICATION.*—The Corporation shall—

14 (A) promptly publish a notice in the Fed-
15 eral Register upon suspension or revocation of
16 the approval of any approved aggregator; and

17 (B) maintain an updated list of such ap-
18 proved aggregators on the website of the Corpora-
19 tion.

20 (4) *DEFINITION.*—In this subsection, the term
21 “violate” includes any action, taken alone or with
22 others, for or toward causing, bringing about, partici-
23 pating in, counseling, or aiding or abetting, a viola-
24 tion of the requirements under this Act.

25 (d) *PRUDENTIAL STANDARDS FOR SUPERVISION.*—

1 (1) *IN GENERAL.*—Subject to subsection (k)(1),
 2 the Corporation shall prescribe prudential standards
 3 for approved aggregators in order to—

4 (A) ensure—

5 (i) the safety and soundness of ap-
 6 proved aggregators; and

7 (ii) the maintenance of approval
 8 standards by approved aggregators; and

9 (B) minimize the risk presented to the
 10 Mortgage Insurance Fund.

11 (2) *RECOGNITION OF DISTINCTIONS BETWEEN*
 12 *AGGREGATORS THAT ARE INSURED DEPOSITORY IN-*
 13 *STITUTIONS, AFFILIATES OF INSURED DEPOSITORY IN-*
 14 *STITUTIONS, AND THOSE THAT ARE NOT.*—In car-
 15 rying out the requirements under paragraph (1), the
 16 Corporation shall—

17 (A) distinguish between prudential stand-
 18 ards for approved aggregators that are insured
 19 depository institutions, approved aggregators
 20 that are affiliates of insured depository institu-
 21 tions, and approved aggregators that are neither
 22 insured depository institutions nor affiliates of
 23 insured depository institutions; and

24 (B) consult and coordinate with Federal
 25 and State banking agencies when establishing

1 *prudential standards for approved aggregators*
 2 *that are insured depository institutions and ap-*
 3 *proved aggregators that are affiliates of insured*
 4 *depository institutions, in order to minimize du-*
 5 *plication of and conflicts with the prudential*
 6 *standards set by the appropriate Federal or*
 7 *State banking agencies of insured depository in-*
 8 *stitutions or the affiliates of insured depository*
 9 *institutions.*

10 *(3) RULE OF CONSTRUCTION.—Nothing in this*
 11 *section shall supersede the prudential standards estab-*
 12 *lished by the appropriate Federal banking agencies.*

13 *(e) REPORTS AND EXAMINATIONS.—For purposes of*
 14 *gathering information to determine whether an approved*
 15 *aggregator is fulfilling the requirements under this Act, the*
 16 *Corporation shall have the authority to require reports from*
 17 *and examine an approved aggregator as follows:*

18 *(1) NOT INSURED DEPOSITORY INSTITUTIONS OR*
 19 *AFFILIATES.—For an approved aggregator that is*
 20 *neither an insured depository institution nor an affil-*
 21 *iate of an insured depository institution, the Corpora-*
 22 *tion shall have the authority to require reports from*
 23 *and examine an approved aggregator, in the same*
 24 *manner and to the same extent as the Federal Deposit*
 25 *Insurance Corporation has with respect to an insured*

1 *depository institution under the provisions of sub-*
 2 *section (a) of section 9 of the Federal Deposit Insur-*
 3 *ance Act (12 U.S.C. 1819).*

4 (2) *INSURED DEPOSITORY INSTITUTIONS AND AF-*
 5 *FILIATES.—For an approved aggregator that is an*
 6 *insured depository institution or an affiliate of an in-*
 7 *sured depository institutions:*

8 (A) *USE OF EXISTING REPORTS TO REDUCE*
 9 *EXAMINATIONS.—To the fullest extent possible,*
 10 *the Corporation shall—*

11 (i) *rely on the examinations, inspec-*
 12 *tions, and reports of the appropriate Fed-*
 13 *eral or State banking agencies;*

14 (ii) *avoid duplication of examination*
 15 *activities, reporting requirements, and re-*
 16 *quests for information; and*

17 (iii) *ensure that the depository institu-*
 18 *tion holding company and the subsidiaries*
 19 *of the depository institution holding com-*
 20 *pany are not subject to conflicting super-*
 21 *visory demands by the Corporation and ap-*
 22 *propriate Federal and State banking agen-*
 23 *cies.*

24 (B) *EXAMINATION AUTHORITY.—If the Cor-*
 25 *poration determines that the examinations, in-*

1 *spections, and reports obtained pursuant to sub-*
 2 *paragraph (A) are insufficient for the Corpora-*
 3 *tion to adequately supervise an approved*
 4 *aggregator for compliance with this Act, the Cor-*
 5 *poration shall have the authority to require re-*
 6 *ports from and examine the approved aggregator*
 7 *for compliance with this Act, in the same man-*
 8 *ner and to the same extent as the Board of Gov-*
 9 *ernors of the Federal Reserve System has with*
 10 *respect to a subsidiary of a bank holding*
 11 *company under the provisions of paragraphs (1)*
 12 *and (2) of subsection (c) of section 5 of the Bank*
 13 *Holding Company Act (12 U.S.C. 1844).*

14 (C) *REGULATORY NOTICE.*—

15 (i) *REGULATORY NOTICE.*—*Before com-*
 16 *mencing an examination of an approved*
 17 *aggregator under this paragraph, the Cor-*
 18 *poration shall provide reasonable notice to,*
 19 *and coordinate with, the appropriate Fed-*
 20 *eral or State banking agency or State regu-*
 21 *latory agency.*

22 (ii) *RULE OF CONSTRUCTION.*—*Noth-*
 23 *ing in this Act shall limit the authority of*
 24 *the Corporation to require reports of and*
 25 *examine an approved aggregator—*

1 (I) to verify the sale of, and funds
 2 received from, the first loss position;
 3 and

4 (II) when the Corporation becomes
 5 aware—

6 (aa) of a material threat to
 7 the safety and soundness of the
 8 approved aggregator;

9 (bb) that the approved
 10 aggregator is in material viola-
 11 tion of this Act or the rules pro-
 12 mulgated by the Corporation pur-
 13 suant to this Act; or

14 (cc) that the activities of the
 15 approved aggregator threaten the
 16 financial stability of the housing
 17 finance system or the Mortgage
 18 Insurance Fund.

19 (f) *ENFORCEMENT.*—The Corporation shall have the
 20 authority to enforce the provisions of this Act with respect
 21 to an approved aggregator, in the same manner and to the
 22 same extent as the Federal Deposit Insurance Corporation
 23 has with respect to an insured depository institution under
 24 the provisions of subsections (b) through (n) of section 8
 25 of the Federal Deposit Insurance Act (12 U.S.C. 1818), pro-

1 *vided that to the extent that the Corporation and an appro-*
 2 *priate Federal banking agency are each authorized to en-*
 3 *force prudential standards with respect to an approved*
 4 *aggregator that is an insured depository institution or an*
 5 *affiliate of an insured depository institution, the appro-*
 6 *priate Federal banking agency shall have primary author-*
 7 *ity to enforce such standards.*

8 *(g) CAPITAL STANDARDS.—For approved aggregators*
 9 *that are neither an insured depository institution nor an*
 10 *affiliate of an insured depository institution the following*
 11 *shall apply:*

12 *(1) IN GENERAL.—Pursuant to the requirement*
 13 *to establish capital and related solvency standards*
 14 *under section 309(b), the Corporation shall establish*
 15 *standards for approved aggregators that require an*
 16 *approved aggregator—*

17 *(A) to hold capital in an amount com-*
 18 *parable to that which is required to be held by*
 19 *insured depository institutions and their affili-*
 20 *ates with respect to their applicable aggregating*
 21 *activities; and*

22 *(B) to maintain solvency levels adequate for*
 23 *the approved aggregator to withstand losses that*
 24 *might be incurred by the approved aggregator in*
 25 *a period of economic stress, including national*

1 *and regional home price declines, such as those*
 2 *observed during moderate to severe recessions in*
 3 *the United States.*

4 (2) *STRESS TESTS.*—*The Corporation shall con-*
 5 *duct appropriate stress tests of each approved*
 6 *aggregator that has total assets of more than*
 7 *\$10,000,000,000, provided that such stress tests shall*
 8 *be—*

9 (A) *specifically tailored to the business*
 10 *model of the approved aggregator;*

11 (B) *utilized to—*

12 (i) *ensure the safety and soundness of*
 13 *the approved aggregator; and*

14 (ii) *minimize the risk the approved*
 15 *aggregator may present to the Mortgage In-*
 16 *surance Fund; and*

17 (C) *coordinated with the Board of Gov-*
 18 *ernors of the Federal Reserve System, if the ap-*
 19 *proved aggregator is an affiliate of an insured*
 20 *depository institution.*

21 (h) *RESOLUTION AUTHORITY FOR FAILING*
 22 *AGGREGATORS.*—

23 (1) *IN GENERAL.*—*Notwithstanding any other*
 24 *provision of Federal law, the law of any State, or the*
 25 *constitution of any State, the Corporation shall—*

1 (A) have the authority to act, in the same
2 manner and to the same extent, with respect to
3 an approved aggregator that is not an insured
4 depository institution as the Federal Deposit In-
5 surance Corporation has with respect to an in-
6 sured depository institution under subsections (c)
7 through (s) of section 11 of the Federal Deposit
8 Insurance Act (12 U.S.C. 1821), section 12 of the
9 Federal Deposit Insurance Act (12 U.S.C. 1822),
10 and section 13 of the Federal Deposit Insurance
11 Act (12 U.S.C. 1823), while tailoring such ac-
12 tions to the specific business model of the ap-
13 proved aggregator, as may be necessary to prop-
14 erly exercise such authority under this sub-
15 section;

16 (B) in carrying out any authority provided
17 under subparagraph (A), act, in the same man-
18 ner and to the same extent, with respect to the
19 Mortgage Insurance Fund as the Federal Deposit
20 Insurance Corporation may act with respect to
21 the Deposit Insurance Fund under the provisions
22 of the Federal Deposit Insurance Act set forth in
23 subparagraph (A);

24 (C) prescribe regulations governing the ap-
25 plicable rights, duties, and obligations of an ap-

proved aggregator that is not an insured depository institution placed into resolution under this subsection, its creditors, counterparties, and other persons, as the Corporation deems necessary to properly exercise the authority provided in subparagraph (A); and

(D) consistent with the authorities provided in subparagraph (A), immediately place an insolvent approved aggregator that is not an insured depository institution into receivership.

(2) *RULE OF CONSTRUCTION.*—If an insolvent approved aggregator is an insured depository institution, the Corporation shall recommend, in writing, to such approved aggregator’s appropriate Federal banking agency or State banking regulator to resolve such approved aggregator, which agency shall have sole authority to resolve such aggregator pursuant to section 11(c) of the Federal Deposit Insurance Act (12 U.S.C. 1821(c)) and other appropriate sections of the Federal Deposit Insurance Act (12 U.S.C. 1811 et seq.) or appropriate Federal or State law, as applicable.

(3) *LEAST-COST RESOLUTION REQUIRED.*—The Corporation may not exercise any authority under paragraph (1) with respect to any approved aggregator that is not an insured depository institu-

1 *tion unless the total amount of the expenditures by*
2 *the Corporation and obligations incurred by the Cor-*
3 *poration in connection with the exercise of any such*
4 *authority with respect to such approved aggregator is*
5 *the least costly to the Mortgage Insurance Fund, con-*
6 *sistent with the least cost approach specified in the*
7 *Federal Deposit Insurance Act (12 U.S.C. 1811 et*
8 *seq.), of all possible methods for meeting the Corpora-*
9 *tion's obligations under this Act and expeditiously*
10 *concluding its resolution activities, subject to section*
11 *13 of the Federal Deposit Insurance Act where the*
12 *Corporation and the Board of Directors shall have the*
13 *same authority as the Federal Deposit Insurance Cor-*
14 *poration and the Federal Deposit Insurance Corpora-*
15 *tion's board of directors.*

16 (4) *TAXPAYER PROTECTION.—The Corporation,*
17 *in carrying out any authority provided in this sub-*
18 *section, shall prescribe regulations to ensure that any*
19 *amounts owed to the United States, unless the United*
20 *States agrees or consents otherwise, shall have pri-*
21 *ority following administrative expenses of the receiver*
22 *when satisfying unsecured claims against an ap-*
23 *proved aggregator, or the receiver therefor, that are*
24 *proven to the satisfaction of the receiver.*

1 (i) *HEARING.*—Upon notice of denial of an applica-
 2 tion for approval under subsection (b) or upon a notice of
 3 suspension or revocation of the approved status of an ap-
 4 proved aggregator under subsection (c), the applicant or ap-
 5 proved aggregator shall be afforded a hearing under sub-
 6 section (h) of section 8 of the Federal Deposit Insurance
 7 Act (12 U.S.C. 1818(h)), in the same manner and to the
 8 same extent as if the Corporation were the appropriate Fed-
 9 eral banking agency, provided that the approved aggregator
 10 submits a request to the Corporation for a hearing not later
 11 than 10 days after the date on which the notice is published
 12 under subsection (b)(3) or (c)(3).

13 (j) *OTHER ACTIVITIES.*—An approved aggregator shall
 14 be prohibited from being an approved guarantor.

15 (k) *INFORMATION SHARING REGARDING INSURED DE-*
 16 *POSITORY INSTITUTIONS AND AFFILIATES OF INSURED DE-*
 17 *POSITORY INSTITUTIONS.*—

18 (1) *BY THE CORPORATION.*—To the extent the
 19 Corporation has relevant information indicating that
 20 an approved aggregator that is an insured depository
 21 institution or an affiliate of an insured depository in-
 22 stitution (A) faces a material threat to its safety and
 23 soundness, including insufficient capital, (B) may be
 24 in material violation of Federal banking law, or (C)
 25 may threaten the financial stability of the housing fi-

1 *nance system or the Mortgage Insurance Fund, the*
 2 *Corporation shall notify, in writing, such appropriate*
 3 *Federal banking agency that such conditions exist.*
 4 *The Corporation shall have no authority to enforce*
 5 *prudential standards established by an appropriate*
 6 *Federal banking agency pursuant to the appropriate*
 7 *Federal banking agency's authority.*

8 (2) *BY FEDERAL AND STATE BANKING AGEN-*
 9 *CIES.—To the extent an appropriate Federal banking*
 10 *agency or State banking agency has relevant informa-*
 11 *tion indicating that an approved aggregator that is*
 12 *an insured depository institution or an affiliate of an*
 13 *insured depository institution (A) faces a material*
 14 *threat to its safety and soundness, including insuffi-*
 15 *cient capital, (B) may be in material violation of this*
 16 *Act or the rules promulgated by the Corporation pur-*
 17 *suant to this Act, or (C) may threaten the financial*
 18 *stability of the housing finance system or the Mort-*
 19 *gage Insurance Fund, such appropriate Federal bank-*
 20 *ing agency or State banking agency shall notify, in*
 21 *writing, the Corporation that such conditions exist.*

22 (l) *RULE OF CONSTRUCTION REGARDING PRESERVA-*
 23 *TION OF CORPORATION AUTHORITY.—Nothing in this sec-*
 24 *tion limits, or shall be construed to limit, the authority of*
 25 *the Corporation to provide exemptions to, or adjustments*

1 *for, the provisions of this section based on the asset size of*
 2 *an approved aggregator, or other criteria, as the Corpora-*
 3 *tion deems appropriate, in order to reduce regulatory bur-*
 4 *dens while appropriately balancing protection of the Mort-*
 5 *gage Insurance Fund.*

6 *(m) FEDERAL HOME LOAN BANKS, JOINT OFFICES,*
 7 *AND BANK SUBSIDIARIES AS AGGREGATORS.—*

8 *(1) FEDERAL HOME LOAN BANK ACT.—*

9 *(A) ESTABLISHMENT OF JOINT OFFICES*
 10 *AND SUBSIDIARIES.—*

11 *(i) AMENDMENT.—Section 12 of the*
 12 *Federal Home Loan Bank Act (12 U.S.C.*
 13 *1432) is amended by adding at the end the*
 14 *following:*

15 *“(c) Subject to such regulations as may be prescribed*
 16 *by the Agency, in coordination with the Federal Mortgage*
 17 *Insurance Corporation, 1 or more Federal Home Loan*
 18 *Banks may establish a subsidiary or joint office in any*
 19 *form under the laws of any State, subject to the approval*
 20 *of the Corporation. Any subsidiary or joint office estab-*
 21 *lished under this subsection shall be restricted to engaging*
 22 *in activities related to being an approved aggregator, as*
 23 *that term is defined under section 2 of Housing Finance*
 24 *Reform and Taxpayer Protection Act of 2014.*

1 “(d) Subject to such regulations as may be prescribed
 2 by the Agency, in coordination with the Federal Mortgage
 3 Insurance Corporation, 1 or more Federal Home Loan
 4 Banks or any subsidiary or joint office of a Federal Home
 5 Loan Bank established under subsection (c) may apply to
 6 become, and may become, an approved aggregator, as that
 7 term is defined under section 2 of the Housing Finance Re-
 8 form and Taxpayer Protection Act of 2014.”.

9 (ii) *EFFECTIVE DATE.*—The amend-
 10 ments made by clause (i) shall take effect on
 11 the system certification date.

12 (B) *CDFIS.*—

13 (i) *AMENDMENT.*—Section 10(a) of the
 14 Federal Home Loan Bank Act (12 U.S.C.
 15 1430(a)) is amended—

16 (I) in paragraph (2)(B), by in-
 17 serting “or community development fi-
 18 nancial institution (as defined in sec-
 19 tion 103 of the Riegle Community De-
 20 velopment and Regulatory Improve-
 21 ment Act of 1994 (12 U.S.C. 4702))”
 22 after “community financial institu-
 23 tion”; and

24 (II) in paragraph (3)(E), by in-
 25 serting “or community development fi-

1 *nancial institution (as defined in sec-*
 2 *tion 103 of the Riegle Community De-*
 3 *velopment and Regulatory Improve-*
 4 *ment Act of 1994 (12 U.S.C. 4702))”*
 5 *after “community financial institu-*
 6 *tion”.*

7 *(ii) EFFECTIVE DATE.—The amend-*
 8 *ment made by clause (i) shall take effect on*
 9 *the agency transfer date.*

10 *(2) NOT CONSOLIDATED DEBT.—Notwithstanding*
 11 *section 11 of the Federal Home Loan Bank Act (12*
 12 *U.S.C. 1431), any covered security secured by eligible*
 13 *mortgage loans transferred to the Platform by a Fed-*
 14 *eral Home Loan Bank or subsidiary or joint office*
 15 *thereof, acting as an approved aggregator, shall not be*
 16 *designated as, or considered to be the joint and sev-*
 17 *eral obligations of the Federal Home Loan Banks.*

18 **SEC. 313. APPROVAL OF PRIVATE MORTGAGE INSURERS.**

19 *(a) STANDARDS FOR APPROVAL OF PRIVATE MORT-*
 20 *GAGE INSURERS.—*

21 *(1) IN GENERAL.—The Corporation shall de-*
 22 *velop, adopt, and publish standards for the approval*
 23 *by the Corporation of private mortgage insurers to*
 24 *provide private mortgage loan insurance on eligible*

1 *single-family mortgage loans that collateralize single-*
2 *family covered securities.*

3 (2) *REQUIRED STANDARDS.—The standards re-*
4 *quired under paragraph (1) shall include—*

5 (A) *the financial history and current finan-*
6 *cial condition, including capital and loss re-*
7 *serves to comply with any applicable State law*
8 *or regulation, of the private mortgage insurer;*

9 (B) *the capability of the management of the*
10 *private mortgage insurer;*

11 (C) *the general character and fitness of the*
12 *officers and directors of the private mortgage in-*
13 *surer, including the compliance history of the*
14 *private mortgage insurer's officers and directors*
15 *with Federal and State laws and the rules and*
16 *regulations promulgated by self-regulatory orga-*
17 *nizations (as defined in section 3(a)(26) of the*
18 *Securities Exchange Act of 1934 (15 U.S.C.*
19 *78c(a)(26)), as applicable;*

20 (D) *that the private mortgage insurer has*
21 *the capacity to insure eligible single-family*
22 *mortgage loans in a manner to comply with any*
23 *applicable State law or regulation and that fur-*
24 *thers the purposes of the Corporation as de-*
25 *scribed in section 201(b)(5);*

1 (E) the risk presented by the private mort-
 2 gage insurer to the Mortgage Insurance Fund;

3 (F) the adequacy of insurance and fidelity
 4 coverage of the private mortgage insurer;

5 (G) a requirement that the private mortgage
 6 insurer submit audited financial statements to
 7 the Corporation; and

8 (H) any other standard the Corporation,
 9 after notice and public comment, determines nec-
 10 essary to avoid significant risk to the Mortgage
 11 Insurance Fund, provided the standard does not
 12 materially conflict with State law.

13 (3) *RULE OF CONSTRUCTION.*—Nothing in sub-
 14 paragraph (D) of paragraph (2) shall be construed to
 15 prevent the Corporation from approving a small or
 16 specialty private mortgage insurer, provided that the
 17 private mortgage insurer has the capacity to ade-
 18 quately diversify its risk to meet solvency standards
 19 required by any applicable State law or regulation.

20 (4) *CONSULTATION AND COORDINATION.*—To
 21 promote consistency and minimize regulatory conflict,
 22 the Corporation shall consult and coordinate with ap-
 23 propriate Federal regulators and State regulators and
 24 officials when developing standards pursuant to this
 25 subsection.

1 (b) *APPLICATION AND APPROVAL.*—

2 (1) *APPLICATION PROCESS.*—

3 (A) *IN GENERAL.*—*The Corporation shall*
4 *establish an application process, in such form*
5 *and manner and requiring such information as*
6 *the Corporation may require, for the approval of*
7 *a private mortgage insurer under this section.*

8 (B) *APPLICATION REVIEW.*—*The Corpora-*
9 *tion shall establish internal timelines for its*
10 *processing of an application under this section,*
11 *including timelines for any action to approve or*
12 *to deny an application under this section.*

13 (C) *NOTIFICATION.*—*The Corporation shall*
14 *notify the appropriate State insurance regulator*
15 *upon receipt of any application by a private*
16 *mortgage insurer to become an approved private*
17 *mortgage insurer under this section.*

18 (2) *APPROVAL.*—*The Corporation may approve*
19 *any application made pursuant to paragraph (1),*
20 *provided the private mortgage insurer meets the*
21 *standards established under subsection (a).*

22 (3) *DENIAL.*—*The Corporation shall have the au-*
23 *thority to deny any application made pursuant to*
24 *paragraph (1) if an officer or director of the private*

1 mortgage insurer has, at any time prior to the date
2 of the approval of such application, been—

3 (A) subject to a statutory disqualification
4 pursuant to section 3(a)(39) of the Securities
5 Exchange Act of 1934 (15 U.S.C. 78c(a)(39)); or

6 (B) suspended, removed, or prohibited from
7 participation pursuant to section 8(g) of the
8 Federal Deposit Insurance Act (12 U.S.C.
9 1818(g)), prohibited from certain action pursu-
10 ant to paragraphs (6) or (7) of section 8(e) of the
11 Federal Deposit Insurance Act (12 U.S.C.
12 1818(e)), subject to an action resulting in a
13 written agreement or other written statement
14 under section 8(u)(1) of the Federal Deposit In-
15 surance Act (12 U.S.C. 1818(u)(1)), for which a
16 violation may be enforced by an appropriate
17 Federal banking agency, or subject to any final
18 order issued with respect to any administrative
19 enforcement proceeding initiated by such agency
20 under section 8 of the Federal Deposit Insurance
21 Act (12 U.S.C. 1818).

22 (4) NOTICE AND PUBLICATION.—The Corpora-
23 tion shall—

24 (A) provide prompt notice to a private
25 mortgage insurer of the approval or denial of

1 *any application of the private mortgage insurer*
2 *to become an approved private mortgage insurer*
3 *under this section;*

4 *(B) publish a notice in the Federal Register*
5 *upon approval of any private mortgage insurer;*

6 *(C) maintain an updated list of approved*
7 *private mortgage insurers on the website of the*
8 *Corporation; and*

9 *(D) provide prompt notice to the appro-*
10 *priate State insurance regulator upon the ap-*
11 *proval or denial of any application of a private*
12 *mortgage insurer to become an approved private*
13 *mortgage insurer under this section.*

14 *(5) GRANDFATHERED INSURERS OF THE ENTER-*
15 *PRISES.—Any private mortgage insurer who was ap-*
16 *proved to insure mortgage loans for an enterprise on*
17 *the date that is 1 day before the date the Corporation*
18 *publishes the provisional standards for the approval*
19 *of private mortgage insurers required under section*
20 *607(a)(2), and was in good standing as of such*
21 *date—*

22 *(A) shall be deemed conditionally approved*
23 *for a period of 1 year from the date on which*
24 *the Corporation publishes the provisional stand-*

ards for the approval of private mortgage insurers required under section 607(a)(2);

(B) shall, not later than the date which is 6 months after date on which the Corporation publishes the standards required under subsection (a), apply for approved status via the application process described in this subsection to be eligible for approved status; and

(C) shall, provided the private mortgage insurer has complied with subparagraph (B), receive a determination from the Corporation as to the approval or denial of its application to become an approved private mortgage insurer prior to the expiration of the 1-year period described under subparagraph (A).

(c) *REQUIREMENT TO MAINTAIN APPROVAL STATUS.*—

(1) *AUTHORITY TO ISSUE ORDER.*—If the Corporation determines that an approved private mortgage insurer no longer meets the standards for such approval or violates a requirement under this section, including any standard, regulation, or order promulgated in accordance with this Act, the Corporation may—

(A) provide prompt notice to the appropriate State insurance regulator that the Cor-

poration determines that an approved private mortgage insurer no longer meets the standard for such approval;

(B) suspend or revoke the approved status of the approved private mortgage insurer; or

(C) take any other action with respect to such approved private mortgage insurer as may be authorized under this Act.

(2) *RULE OF CONSTRUCTION.*—The suspension or revocation of the approved status of an approved private mortgage insurer under this section shall have no effect on the status as a covered security of any covered security collateralized by eligible mortgage loans with which the approved private mortgage insurer contracted prior to the suspension or revocation.

(3) *PUBLICATION.*—The Corporation shall—

(A) promptly publish a notice in the Federal Register upon suspension or revocation of the approval of any approved private mortgage insurer; and

(B) maintain an updated list of such approved private mortgage insurers on the website of the Corporation.

(4) *DEFINITION.*—In this subsection, the term “violate” includes any action, taken alone or with

1 *others, for or toward causing, bringing about, partici-*
 2 *pating in, counseling, or aiding or abetting, a viola-*
 3 *tion of the requirements under this Act.*

4 *(d) STATE REGULATION.—The appropriate State in-*
 5 *surance regulator of an approved private mortgage insurer*
 6 *has primary authority to examine and supervise the ap-*
 7 *proved private mortgage insurer.*

8 *(e) REPORTS AND EXAMINATIONS.—*

9 *(1) IN GENERAL.—For purposes of determining*
 10 *whether an approved private mortgage insurer is ful-*
 11 *filling the requirements under this Act, the Corpora-*
 12 *tion may, in coordination with the appropriate State*
 13 *insurance regulator of the approved private mortgage*
 14 *insurer, including providing the appropriate State*
 15 *insurance regulator the opportunity to join the Cor-*
 16 *poration in an on-site examination, examine or re-*
 17 *view any approved private mortgage insurer if the*
 18 *Corporation has substantial reason to believe—*

19 *(A) that an approved private mortgage in-*
 20 *surer has engaged in a material violation or pat-*
 21 *tern of violations of this Act or the rules promul-*
 22 *gated pursuant to this Act; or*

23 *(B) that the activities of an approved pri-*
 24 *vate mortgage insurer may threaten the finan-*

1 *cial stability of the housing finance system or the*
2 *Mortgage Insurance Fund.*

3 (2) *3-YEAR COMPLIANCE EXAMINATION.—In ad-*
4 *dition to the authority under paragraph (1), the Cor-*
5 *poration shall conduct an examination of an ap-*
6 *proved private mortgage insurer once, but not more*
7 *than once, every 3 years, provided the approved pri-*
8 *vate mortgage insurer has not been examined on-site*
9 *by an appropriate State insurance regulator.*

10 (3) *COORDINATION.—In conducting an exam or*
11 *review authorized pursuant to paragraph (1) or para-*
12 *graph (2), the Corporation shall—*

13 (A) *provide reasonable notice to, and co-*
14 *ordinate with, the appropriate State insurance*
15 *regulator for an approved private mortgage in-*
16 *surer before commencing an examination of the*
17 *approved private mortgage insurer under this*
18 *section;*

19 (B) *to the fullest extent possible, avoid du-*
20 *plication of examination activities, reporting re-*
21 *quirements, and requests for information, includ-*
22 *ing by relying on existing examinations, inspec-*
23 *tions, and reports of the appropriate State in-*
24 *surance regulator; and*

1 (C) ensure that the approved private mort-
 2 gage insurer is not subject to conflicting super-
 3 visory demands by the Corporation and State
 4 insurance regulators, as appropriate.

5 (4) NOTICE OF DETERMINATION.—The State in-
 6 surance regulator of an approved private mortgage
 7 insurer shall notify the Corporation if there has been
 8 a final determination that the approved private mort-
 9 gage insurer is in a hazardous financial condition
 10 provided that the Corporation agrees to maintain the
 11 confidentiality or privileged status of the document,
 12 material, or other information received from the State
 13 insurance regulator of the approved private mortgage
 14 insurer.

15 (f) ENFORCEMENT.—

16 (1) IN GENERAL.—The Corporation shall have
 17 the authority to enforce the provisions of this section
 18 with respect to a private mortgage insurer, in the
 19 same manner and to the same extent as the Federal
 20 Deposit Insurance Corporation has with respect to an
 21 insured depository institution under the provisions of
 22 subsections (b) through (n) of section 8 of the Federal
 23 Deposit Insurance Act (12 U.S.C. 1818), provided the
 24 Corporation demonstrates that such enforcement ac-

1 *tion is necessary to avoid significant risk to the Mort-*
2 *gage Insurance Fund.*

3 (2) *NOTIFICATION.—Prior to taking any enforce-*
4 *ment action against an approved private mortgage*
5 *insurer, the Corporation shall promptly notify, con-*
6 *sult, and coordinate with the appropriate State insur-*
7 *ance regulator.*

8 (g) *RESOLUTION AUTHORITY.—*

9 (1) *IN GENERAL.—For any approved private*
10 *mortgage insurer that the Corporation has substantial*
11 *reason to believe is insolvent, as defined by applicable*
12 *State law, and would otherwise be subject to receiver-*
13 *ship proceedings under such applicable State law, the*
14 *Corporation shall recommend, in writing, that the*
15 *State insurance regulator for such approved private*
16 *mortgage insurer take such actions as are necessary*
17 *and authorized under applicable State law to resolve*
18 *such approved private mortgage insurer.*

19 (2) *BACKUP AUTHORITY.—Notwithstanding the*
20 *requirement under paragraph (1), if, after the end of*
21 *the 60-day period beginning on the date on which the*
22 *Corporation provides its written recommendation*
23 *pursuant to paragraph (1), the appropriate State in-*
24 *surance regulator has not filed the appropriate judi-*
25 *cial action in the appropriate State court to place*

1 *such approved private mortgage insurer into receiver-*
2 *ship under the laws and requirements of the State, the*
3 *Corporation shall have the authority to stand in the*
4 *place of the appropriate regulatory agency and file*
5 *the appropriate judicial action in the appropriate*
6 *State court to place such approved private mortgage*
7 *insurer into receivership under the laws and require-*
8 *ments of the State.*

9 *(h) HEARING.—Upon notice of denial of an applica-*
10 *tion for approval under subsection (b) or upon a notice of*
11 *suspension or revocation of the approved status of an ap-*
12 *proved private mortgage insurer under subsection (c), the*
13 *applicant or approved private mortgage insurer shall be af-*
14 *forded a hearing under subsection (h) of section 8 of the*
15 *Federal Deposit Insurance Act (12 U.S.C. 1818(h)), in the*
16 *same manner and to the same extent as if the Corporation*
17 *were the appropriate Federal banking agency, provided that*
18 *the approved private mortgage insurer submits a request*
19 *to the Corporation for a hearing not later than 10 days*
20 *after the date on which the notice is published under sub-*
21 *section (b)(3) or (c)(3).*

22 *(i) RULE OF CONSTRUCTION REGARDING PRESERVA-*
23 *TION OF CORPORATION AUTHORITY.—Nothing in this sec-*
24 *tion limits, or shall be construed to limit, the authority of*
25 *the Corporation to provide exemptions to, or adjustments*

1 *for, the provisions of this section based on the asset size of*
 2 *approved private mortgage insurers, or other criteria, as*
 3 *the Corporation deems appropriate, in order to reduce regu-*
 4 *latory burdens while appropriately balancing the protection*
 5 *of the Mortgage Insurance Fund.*

6 **SEC. 314. APPROVAL OF SERVICERS.**

7 *(a) STANDARDS FOR APPROVAL OF SERVICERS.—*

8 *(1) IN GENERAL.—The Corporation shall, by reg-*
 9 *ulation, establish standards for the approval by the*
 10 *Corporation of servicers to administer eligible single-*
 11 *family mortgage loans, including standards with re-*
 12 *spect to—*

13 *(A) the collection and forwarding of prin-*
 14 *cipal and interest payments;*

15 *(B) the maintenance of escrow accounts;*

16 *(C) the collection and payment of taxes and*
 17 *bona fide insurance premiums;*

18 *(D) the maintenance of records on eligible*
 19 *single-family mortgage loans;*

20 *(E) the establishment of loss mitigation op-*
 21 *tions that seek to enhance value and prevent, to*
 22 *greatest extent possible, the need to trigger a*
 23 *claim on insurance offered by the Corporation*
 24 *pursuant to this title, including by—*

1 (i) establishing, by rule, a consistent
2 process through which borrowers, who have
3 submitted an initial loan modification re-
4 quest, will be evaluated by servicers and the
5 securitization trust for an affordable loan
6 modification; and

7 (ii) providing clear guidance regarding
8 the treatment of second lien holders, taking
9 into consideration the priority and subordi-
10 nation of liens under Federal and State
11 laws;

12 (F) the advancement of principal and inter-
13 est payments to investors in the case of a delin-
14 quency by a borrower until such time as the bor-
15 rower has made all payments in arrears, the bor-
16 rower has entered into a repayment plan or
17 modification, an approved entity or regulated
18 entity has purchased the loan, or the property se-
19 curing the eligible single-family mortgage loan
20 has been liquidated, including specification that
21 the servicer shall recover advances upon perma-
22 nent modification of a borrower's mortgage loan;

23 (G) the establishment of procedures under
24 which the servicer may initiate or continue a

1 *foreclosure, in accordance with applicable Fed-*
2 *eral and State laws and regulations that—*

3 *(i) take into account—*

4 *(I) the servicer's evaluation of,*
5 *and agreements with, borrowers for loss*
6 *mitigation options pursuant to sub-*
7 *paragraph (E);*

8 *(II) potential losses caused by*
9 *delays in collateral recovery; and*

10 *(III) the need to minimize risks to*
11 *the Mortgage Insurance Fund; and*

12 *(ii) provide the borrower, upon request,*
13 *documentation establishing the right of the*
14 *mortgagee to foreclose;*

15 *(H) the provision of eligible single-family*
16 *mortgage loan information to borrowers, upon*
17 *request, including a copy of the pooling and*
18 *servicing agreement and securitization trust re-*
19 *quirements that address the ability of the*
20 *servicer to offer loss mitigation options; and*

21 *(I) implementing the terms of any loss miti-*
22 *gation and foreclosure prevention as required by*
23 *any uniform securitization agreement developed*
24 *under section 326.*

1 (2) *ADDITIONAL REQUIRED STANDARDS.—The*
2 *standards required under paragraph (1) shall also in-*
3 *clude—*

4 (A) *the financial history and condition of*
5 *the servicer;*

6 (B) *the capability of the management of the*
7 *servicer;*

8 (C) *the general character and fitness of the*
9 *officers and directors of the servicer, including*
10 *the compliance history of the servicer's officers*
11 *and directors with Federal and State laws and*
12 *the rules and regulations promulgated by self-*
13 *regulatory organizations (as defined in section*
14 *3(a)(26) of the Securities Exchange Act of 1934*
15 *(15 U.S.C. 78c(a)(26)), as applicable;*

16 (D) *the risk presented by such servicer to*
17 *the Mortgage Insurance Fund; and*

18 (E) *minimum operational and management*
19 *standards for the servicer, including with respect*
20 *to—*

21 (i) *internal controls;*

22 (ii) *recordkeeping;*

23 (iii) *internal audit systems;*

24 (iv) *the maintenance of adequate li-*
25 *quidity and reserves; and*

1 (v) reporting standards to the Corpora-
 2 tion and investors, including audited finan-
 3 cial statements.

4 (3) COORDINATION, CONSISTENCY, AND COM-
 5 PARABILITY.—To promote consistency and minimize
 6 regulatory conflict, the Comptroller of the Currency,
 7 the Board of Governors of the Federal Reserve System,
 8 the Federal Deposit Insurance Corporation, the Bu-
 9 reau of Consumer Financial Protection, the National
 10 Credit Union Administration, and the Corporation
 11 shall—

12 (A) consult and coordinate with each other
 13 in developing and issuing regulations with re-
 14 spect to the rules and standards for the servicing
 15 of eligible single-family mortgage loans; and

16 (B) review existing regulations with respect
 17 to mortgage loan servicing rules and standards.

18 (4) CONSULTATION AND COORDINATION WITH
 19 STATE REGULATORS.—To promote consistency and
 20 minimize regulatory conflict, the Corporation shall
 21 consult and coordinate with appropriate State regu-
 22 lators in developing and issuing regulations with re-
 23 spect to the rules and standards for the servicing of
 24 eligible single-family mortgage loans.

25 (b) APPLICATION AND APPROVAL.—

1 (1) *APPLICATION PROCESS.*—*The Corporation*
 2 *shall establish an application process—*

3 (A) *in such form and manner and requir-*
 4 *ing such information as the Corporation may re-*
 5 *quire, for the approval of a servicer under this*
 6 *section; and*

7 (B) *that does not discriminate against or*
 8 *otherwise disadvantage small servicers.*

9 (2) *APPROVAL.*—

10 (A) *IN GENERAL.*—*The Corporation may*
 11 *approve any application made pursuant to*
 12 *paragraph (1) provided the servicer meets the*
 13 *standards adopted under subsection (a).*

14 (B) *PROMPT NOTICE.*—*The Corporation*
 15 *shall notify any applicant seeking to become an*
 16 *approved servicer under this section of the deci-*
 17 *sion of the Corporation with respect to such ap-*
 18 *proval as promptly as practicable.*

19 (3) *DENIAL.*—*The Corporation shall have the au-*
 20 *thority to deny any application made pursuant to*
 21 *paragraph (1) if an officer or director of the servicer*
 22 *has, at any time prior to the date of the approval of*
 23 *such application, been—*

1 (A) subject to a statutory disqualification
 2 pursuant to section 3(a)(39) of the Securities
 3 Exchange Act of 1934 (15 U.S.C. 78c(a)(39)); or

4 (B) suspended, removed, or prohibited from
 5 participation pursuant to section 8(g) of the
 6 Federal Deposit Insurance Act (12 U.S.C.
 7 1818(g)), prohibited from certain action pursu-
 8 ant to paragraphs (6) or (7) of section 8(e) of the
 9 Federal Deposit Insurance Act (12 U.S.C.
 10 1818(e)), subject to an action resulting in a
 11 written agreement or other written statement
 12 under section 8(u)(1) of the Federal Deposit In-
 13 surance Act (12 U.S.C. 1818(u)(1)), for which a
 14 violation may be enforced by an appropriate
 15 Federal banking agency, or subject to any final
 16 order issued with respect to any administrative
 17 enforcement proceeding initiated by such agency
 18 under section 8 of the Federal Deposit Insurance
 19 Act (12 U.S.C. 1818).

20 (4) GRANDFATHERED SERVICERS OF THE EN-
 21 TERPRISES.—Any servicer who was approved to serv-
 22 ice mortgage loans for an enterprise on the date that
 23 is 1 day before the date of enactment of this Act, and
 24 was in good standing as of such date, shall be deemed
 25 to be an approved servicer for purposes of initial

1 *servicer approval by the Corporation and thereafter*
 2 *subject to the requirements of this section as an ap-*
 3 *proved servicer.*

4 (5) *SMALL SERVICER EXEMPTION.—*

5 (A) *IN GENERAL.—The Corporation shall,*
 6 *by regulation, provide exemptions to, or adjust-*
 7 *ments for, the provisions of this section for ap-*
 8 *proved servicers that service 7,500 or fewer eligi-*
 9 *ble single-family mortgage loans, in order to re-*
 10 *duce regulatory burdens while appropriately bal-*
 11 *ancing protection of the Mortgage Insurance*
 12 *Fund.*

13 (B) *LIMITATION OF EXEMPTION ELIGI-*
 14 *BILITY.—An approved servicer and its subsidi-*
 15 *aries and affiliates shall be considered a single*
 16 *entity for purposes of the exemption under sub-*
 17 *paragraph (A).*

18 (6) *RESPA AMENDMENT.—Section 6 of the Real*
 19 *Estate Settlement Procedures Act of 1974 (12 U.S.C.*
 20 *2605) is amended by adding at the end the following:*

21 “(n) *SMALL SERVICER EXEMPTION.—*

22 “(1) *IN GENERAL.—The Bureau shall, by regula-*
 23 *tion, provide exemptions to, or adjustments for, the*
 24 *provisions of this section for servicers that service*
 25 *7,500 or fewer mortgage loans, in order to reduce reg-*

1 *ulatory burdens while appropriately balancing con-*
 2 *sumer protections.*

3 “(2) *LIMITATION OF EXEMPTION ELIGIBILITY.*—
 4 *An approved servicer and its subsidiaries and affili-*
 5 *ates shall be considered a single entity for purposes*
 6 *of the exemption under paragraph (1).”.*

7 (7) *PUBLICATION.*—*The Corporation shall—*

8 (A) *publish a notice in the Federal Register*
 9 *upon approving any servicer under this section;*
 10 *and*

11 (B) *maintain an updated list of approved*
 12 *servicers on the website of the Corporation.*

13 (c) *REVIEW, SUSPENSION, AND REVOCATION OF AP-*
 14 *PROVED STATUS.*—

15 (1) *REVIEW.*—

16 (A) *IN GENERAL.*—*The Corporation may*
 17 *examine or review any approved servicer if the*
 18 *Corporation has substantial reason to believe*
 19 *that a servicer has engaged in a material viola-*
 20 *tion or pattern of violations of this Act or the*
 21 *rules promulgated pursuant to this Act, includ-*
 22 *ing—*

23 (i) *any failure by an approved servicer*
 24 *to comply with terms set forth in any uni-*

1 *form securitization agreement developed*
2 *under section 326; or*

3 (ii) *through the identification of any*
4 *information indicating abnormal eligible*
5 *single-family mortgage loan performance*
6 *within the loan portfolio of the approved*
7 *servicer.*

8 (B) *2-YEAR COMPLIANCE EXAMINATION.—In*
9 *addition to the authority under subparagraph*
10 *(A), the Corporation shall conduct an examina-*
11 *tion or review of an approved servicer once, but*
12 *not more than once, every 2 years, provided how-*
13 *ever that such examination or review shall be*
14 *limited to compliance with this Act or regula-*
15 *tions promulgated under this Act.*

16 (C) *COORDINATION.—In conducting an*
17 *exam or review authorized pursuant to subpara-*
18 *graph (A) or subparagraph (B), the Corporation*
19 *shall—*

20 (i) *provide reasonable notice to, and*
21 *coordinate with, the appropriate Federal*
22 *banking agency, the Bureau of Consumer*
23 *Financial Protection, or State regulatory*
24 *agency, as appropriate, for an approved*
25 *servicer that is regulated by such Federal*

1 *banking agency, the Bureau of Consumer*
2 *Financial Protection, or State regulatory*
3 *agency before commencing an examination*
4 *of the approved servicer under this section;*
5 *and*

6 *(ii) to the fullest extent possible—*

7 *(I) rely on the examinations, in-*
8 *spections, and reports of the appro-*
9 *priate Federal banking agency, the Bu-*
10 *reau of Consumer Financial Protec-*
11 *tion, or State regulatory agency, as*
12 *appropriate, for an approved servicer*
13 *that is regulated by such Federal bank-*
14 *ing agency, the Bureau of Consumer*
15 *Financial Protection, or State regu-*
16 *latory agency;*

17 *(II) avoid duplication of exam-*
18 *ination activities, reporting require-*
19 *ments, and requests for information;*
20 *and*

21 *(III) ensure that approved*
22 *servicers are not subject to conflicting*
23 *supervisory demands by the Corpora-*
24 *tion, appropriate Federal banking*
25 *agencies, the Bureau of Consumer Fi-*

1 *nancial Protection, or State regulatory*
 2 *agencies, as appropriate.*

3 *(D) SELF CERTIFICATION.—*

4 *(i) IN GENERAL.—To facilitate any*
 5 *exam or review authorized pursuant to sub-*
 6 *paragraph (A) or subparagraph (B), each*
 7 *approved servicer shall, on an annual basis*
 8 *and in accordance with such requirements*
 9 *as the Corporation may establish, certify in*
 10 *writing to the Corporation that the ap-*
 11 *proved servicer is in compliance with the*
 12 *standards identified under paragraphs (1)*
 13 *and (2) of subsection (a), all other require-*
 14 *ments of this Act, and any rules promul-*
 15 *gated pursuant to this Act.*

16 *(ii) PENALTY FOR FALSE OR MIS-*
 17 *LEADING CERTIFICATIONS.—*

18 *(I) ENFORCEMENT.—The Cor-*
 19 *poration shall have the authority to*
 20 *impose enforcement penalties with re-*
 21 *spect to an approved servicer who sub-*
 22 *mits a certification under clause (i)*
 23 *that contains false or misleading infor-*
 24 *mation, in the same manner and to the*
 25 *same extent as the Federal Deposit In-*

1 *urance Corporation has with respect*
 2 *to insured depository institutions*
 3 *under the provisions of subsections (b)*
 4 *through (n) of section 8 of the Federal*
 5 *Deposit Insurance Act (12 U.S.C.*
 6 *1818), except that the penalties under*
 7 *subsection (j) of such section 8 shall*
 8 *not apply.*

9 (II) NOTIFICATION.—*If the Cor-*
 10 *poration takes any enforcement action*
 11 *against an approved servicer, the Cor-*
 12 *poration shall notify the approved*
 13 *servicer’s appropriate Federal banking*
 14 *agency, the Bureau of Consumer Fi-*
 15 *nancial Protection, or State regulator,*
 16 *if applicable.*

17 (2) SUSPENSION OR REVOCATION.—

18 (A) CORPORATION AUTHORITY.—*If the Cor-*
 19 *poration determines, in any exam or review au-*
 20 *thorized pursuant to paragraph (1), that an ap-*
 21 *proved servicer no longer meets the standards for*
 22 *approval, the Corporation may suspend or re-*
 23 *voke the approved status of such servicer.*

24 (B) RULE OF CONSTRUCTION.—*The suspen-*
 25 *sion or revocation of an approved servicer’s ap-*

1 *proved status under this paragraph shall have no*
 2 *effect on the status of any covered security.*

3 (3) *PUBLICATION.—The Corporation shall—*

4 (A) *publish in the Federal Register a list of*
 5 *any approved servicers who have their approved*
 6 *status suspended or revoked; and*

7 (B) *maintain an updated list of such*
 8 *servicers on the website of the Corporation.*

9 (d) *APPEALS.—*

10 (1) *IN GENERAL.—*

11 (A) *APPEALS OF DENIALS OF APPLICA-*
 12 *TION.—A servicer who submits an application*
 13 *under subsection (b)(1) to become an approved*
 14 *servicer may appeal a decision of the Corpora-*
 15 *tion denying such application.*

16 (B) *APPEALS OF DENIALS OF BENEFITS OR*
 17 *SUSPENSIONS OF PARTICIPATION.—An approved*
 18 *servicer may appeal a decision of the Corpora-*
 19 *tion suspending or revoking the approved status*
 20 *of such servicer.*

21 (2) *FILING OF APPEAL.—Any servicer who files*
 22 *an appeal under paragraph (1) shall file the appeal*
 23 *with the Corporation not later than 90 days after the*
 24 *date on which the person receives notice of the deci-*
 25 *sion of the Corporation being appealed.*

1 (3) *FINAL DETERMINATION.*—*The Corporation*
 2 *shall make a final determination with respect to an*
 3 *appeal under paragraph (1) not later than 180 days*
 4 *after the date on which the appeal is filed under*
 5 *paragraph (2).*

6 (e) *TRANSFER OF MORTGAGE SERVICING DUTIES.*—

7 (1) *IN GENERAL.*—*For any eligible single-family*
 8 *mortgage loan or pool of eligible single-family mort-*
 9 *gage loans collateralizing a single-family covered se-*
 10 *curity insured by the Corporation under this title and*
 11 *in accordance with rules promulgated by the Corpora-*
 12 *tion, the Corporation may require the approved*
 13 *servicer of any such eligible single-family mortgage*
 14 *loan or pool of eligible single-family mortgage loans*
 15 *to enter into a subservicing arrangement with any*
 16 *independent specialty servicer approved by the Cor-*
 17 *poration.*

18 (2) *RULES.*—*The rules required under para-*
 19 *graph (1) shall—*

20 (A) *set forth with clarity the performance*
 21 *conditions of an approved servicer that would*
 22 *warrant or necessitate the use of the authority*
 23 *granted to the Corporation under this subsection;*

24 (B) *require that the performance condition*
 25 *warranting or necessitating the use of such au-*

1 *thority be of such type or character so as to ma-*
2 *terially and adversely affect the ability of the*
3 *Corporation to recover any amounts owed to the*
4 *Corporation;*

5 *(C) for purposes of subparagraph (B), de-*
6 *fine the term “materially and adversely affect”;*

7 *(D) require that any approved servicer*
8 *whose servicing duties are subject to this sub-*
9 *section be provided a reasonable amount of time,*
10 *provided that such time does not present a risk*
11 *to the Mortgage Insurance Fund, to rebut, ad-*
12 *dress, or correct any determination of the Cor-*
13 *poration regarding a performance condition de-*
14 *scribed under subparagraph (A);*

15 *(E) only permit the Corporation to carry*
16 *out the authority granted under this subsection*
17 *upon expiration of the time-period allowed under*
18 *subparagraph (D);*

19 *(F) limit the scope of any such authority to*
20 *eligible single-family mortgage loans that share*
21 *similar underwriting, borrower, and perform-*
22 *ance characteristics;*

23 *(G) ensure that the scope of any such au-*
24 *thority is not applied broadly and without fur-*
25 *ther limitation; and*

(H) notwithstanding subparagraphs (B) through (G), provide that an approved servicer may be subject to more extensive programmatic discipline or correction measures, as determined by the Corporation, if, during any 5-year period—

(i) the servicing duties that are the subject of the current use of the Corporation's authority under this subsection marks the third instance of the use of such authority with respect to the same approved servicer; and

(ii) with respect to the prior 2 separate and individual instances of the use of such authority, the same approved servicer failed to cure any identified performance conditions or implement corrective measures as determined by the Corporation pursuant to subparagraph (D).

(3) CESSATION OF COMPENSATION.—If a transfer of servicing duties occurs under paragraph (1), the approved servicer from whom such servicing duties are extinguished shall cease to receive compensation for any such servicing activities related to those duties.

1 (4) *SERVICER SUCCESSION PLANS.*—

2 (A) *IN GENERAL.*—*The Corporation may es-*
 3 *tablish a succession plan for each approved*
 4 *servicer, including provisions for—*

5 (i) *a specialized servicer to replace the*
 6 *approved servicer if the performance of the*
 7 *eligible single-family mortgage loan pool*
 8 *serviced by such approved servicer deterio-*
 9 *rates to specified levels; and*

10 (ii) *a plan to achieve continuity of*
 11 *contact for borrowers upon the replacement*
 12 *of the approved servicer.*

13 (B) *RULE OF CONSTRUCTION.*—*Nothing in*
 14 *this paragraph shall be construed as authorizing*
 15 *the Corporation to circumvent, evade, or other-*
 16 *wise disregard the rules established in para-*
 17 *graphs (1) and (2) when facilitating a transfer*
 18 *of servicing rights.*

19 (f) *PETITIONS FOR CHANGE OF SERVICER BY PRIVATE*
 20 *MARKET HOLDERS.*—

21 (1) *DEVELOPMENT OF PROCESS.*—*The Corpora-*
 22 *tion shall develop a process by which private market*
 23 *holders of the first loss position in a single-family*
 24 *covered security may petition the Corporation for a*
 25 *change in approved servicers, including specialized*

1 servicers for individual eligible single-family mort-
 2 gage loans, if the private market holders can dem-
 3 onstrate that its investment was not appropriately
 4 protected by the current approved servicer, including
 5 by failing to meet any standard or requirement iden-
 6 tified under paragraphs (1) and (2) of subsection (a).

7 (2) CESSATION OF COMPENSATION.—If a change
 8 in approved servicers is approved under paragraph
 9 (1)—

10 (A) the change must occur within 30 days
 11 after the petition is approved by the Corpora-
 12 tion; and

13 (B) once the change required under sub-
 14 paragraph (A) has occurred, the approved
 15 servicer from whom such servicing rights are ex-
 16 tinguished shall cease to receive compensation for
 17 any such servicing activities related to those
 18 rights.

19 (g) NOTICE OF TRANSFER OF SERVICING RIGHTS BY
 20 CURRENT SERVICER.—

21 (1) NOTICE TO FMIC.—The Corporation shall de-
 22 velop a process by which an approved servicer shall
 23 provide notice to the Corporation of any transfer of
 24 any servicing rights of such approved servicer to an-
 25 other approved servicer.

1 (2) *AUTHORITY OF FMIC TO PREVENT, HALT, OR*
 2 *RESCIND A TRANSFER.*—*The process required to be de-*
 3 *veloped under paragraph (1) shall include the devel-*
 4 *opment of procedures to permit the Corporation to*
 5 *prevent, halt, or rescind any transfer of servicing*
 6 *rights from an approved servicer to a servicer that is*
 7 *not approved to service eligible single-family mortgage*
 8 *loans under this section or to any servicer whose ap-*
 9 *proved status has been suspended or revoked pursuant*
 10 *to subsection (c)(2).*

11 (h) *GENERAL AUTHORITY WITH RESPECT TO THE*
 12 *TRANSFER OF SERVICING RIGHTS.*—*The Corporation may*
 13 *develop such other standards with respect to the transfer*
 14 *of servicing rights by approved servicers as the Corporation*
 15 *determines necessary and appropriate to facilitate an or-*
 16 *derly transfer of servicing rights after the suspension or rev-*
 17 *ocation of the approved status of a servicer pursuant to sub-*
 18 *section (c)(2).*

19 (i) *STUDY OF SERVICER COMPENSATION RELATED TO*
 20 *NON-PERFORMING SINGLE-FAMILY MORTGAGE LOANS.*—

21 (1) *IN GENERAL.*—*The Corporation shall carry*
 22 *out a study of servicing compensation for non-per-*
 23 *forming single-family mortgage loans, including al-*
 24 *ternatives to existing servicing compensation struc-*
 25 *tures.*

1 (2) *RECOMMENDATIONS.*—*The study required*
 2 *under paragraph (1) shall include recommendations*
 3 *for the optimal structure of servicer compensation, in*
 4 *order to—*

5 (A) *improve service for borrowers;*

6 (B) *reduce financial risk to servicers; and*

7 (C) *provide flexibility for guarantors to bet-*
 8 *ter manage non-performing single-family mort-*
 9 *gage loans.*

10 (3) *REPORT.*—*Not later than 1 year after the*
 11 *date of enactment of this Act, the Chairperson shall*
 12 *issue a report to the Congress containing any findings*
 13 *and determinations made in carrying out the study*
 14 *required under paragraph (1).*

15 (j) *RULE OF CONSTRUCTION.*—*Nothing in this section*
 16 *shall prohibit a mortgage originator from retaining rights*
 17 *to service the eligible single-family mortgage loans it origi-*
 18 *nated, provided that the mortgage originator—*

19 (1) *meets the standards to be an approved*
 20 *servicer under subsection (a); or*

21 (2) *qualifies for an exemption under subsection*
 22 *(b)(5).*

23 **SEC. 315. AUTHORITY TO ESTABLISH AND APPROVE SMALL**
 24 **LENDER MUTUALS.**

25 (a) *ESTABLISHMENT OF SMALL LENDER MUTUALS.*—

1 (1) *IN GENERAL.*—*The Corporation shall estab-*
 2 *lish 1 entity known as the “Small Lender Mutual”,*
 3 *which shall be an approved small lender mutual,*
 4 *owned by and operated for the benefit of its members,*
 5 *for the purposes of subsection (b).*

6 (2) *APPROVAL OF OTHER SMALL LENDER*
 7 *MUTUALS.*—*The Corporation shall, by regulation, es-*
 8 *tablish standards for the approval by the Corporation*
 9 *of such other small lender mutuals as may be nec-*
 10 *essary to facilitate the purposes described in sub-*
 11 *section (b).*

12 (b) *PURPOSES.*—*The purpose of the Small Lender Mu-*
 13 *tual established under subsection (a)(1) and any small lend-*
 14 *er mutual approved under subsection (a)(2) (in this section*
 15 *collectively referred to as a “small lender mutual”) shall*
 16 *be as follows:*

17 (1) *To address the needs of small mortgage lend-*
 18 *ers with respect to covered securities.*

19 (2) *To purchase eligible mortgage loans to*
 20 *securitize a covered security from its member partici-*
 21 *pants—*

22 (A) *for cash, on a single loan basis; or*

23 (B) *through the sale of a portion of a multi-*
 24 *lender pool or multi-guarantor pool collateralized*

1 *by eligible mortgage loans securitized in a cov-*
 2 *ered security.*

3 *(3) To obtain all necessary and appropriate*
 4 *credit enhancements for covered securities to support*
 5 *the lending activities of small mortgage lenders.*

6 *(4) To implement policies and procedures that*
 7 *ensure that the access rules and fees of any small*
 8 *lender mutual are not prohibitive and do not dis-*
 9 *criminate against originators of eligible mortgage*
 10 *loans or any entity that aggregates eligible mortgage*
 11 *loans on the basis of size, composition, business line,*
 12 *or loan volume.*

13 *(5) To appropriately manage the risk of the*
 14 *Small Lender Mutual to ensure the continued safety*
 15 *and soundness of such mutual.*

16 *(c) PROVISIONS TO ENSURE THE EFFECTIVE OPER-*
 17 *ATIONS OF SMALL LENDER MUTUALS.—*

18 *(1) REQUIREMENT TO ASSESS NEEDS OF SMALL*
 19 *LENDER MUTUAL.—Not later than 1 year after the*
 20 *date of enactment of this Act, the Federal Housing*
 21 *Finance Agency shall conduct an assessment of the*
 22 *intellectual property, technology, infrastructure, and*
 23 *processes of the enterprises relating to the operation*
 24 *and maintenance of the systems needed to ensure*
 25 *small mortgage lender access to the secondary mort-*

1 *gage market to determine the needs of the Small*
 2 *Lender Mutual established under subsection (a)(1).*
 3 *The assessment required under this paragraph shall*
 4 *be submitted to the Transition Committee established*
 5 *under section 404, or the Board if confirmed pursu-*
 6 *ant to section 404(d), and included in the transition*
 7 *plan required under section 602.*

8 (2) *AUTHORITY TO MANAGE DISPOSITION OF EN-*
 9 *TERPRISE INFRASTRUCTURE.*—*After the agency trans-*
 10 *fer date and before the system certification date, the*
 11 *Federal Housing Finance Agency, consistent with*
 12 *title VI—*

13 (A) *shall dispose of the intellectual prop-*
 14 *erty, technology, infrastructure, and processes of*
 15 *the enterprises relating to the operation and*
 16 *maintenance of the systems needed for small*
 17 *mortgage lenders to access the secondary mort-*
 18 *gage market; and*

19 (B) *may manage such disposition through*
 20 *the sale, transfer, licensing, or leasing of such in-*
 21 *tellectual property, technology, infrastructure,*
 22 *and processes of an enterprise to the Small Lend-*
 23 *er Mutual established under subsection (a)(1) to*
 24 *ensure that the Small Lender Mutual can access*

1 *the secondary mortgage market and fulfill the*
2 *purposes of the section.*

3 (3) *TRANSFER OF NECESSARY TECHNOLOGY.—*

4 *After the agency transfer date and before the system*
5 *certification date, the Federal Housing Finance Agen-*
6 *cy, consistent with section 604(h), may transfer to a*
7 *subsidiary or subsidiaries of the enterprises any func-*
8 *tion, activity, infrastructure, property, including in-*
9 *tellectual property, technology, or any other object or*
10 *service of an enterprise that the Corporation deter-*
11 *mines is necessary and available for the Small Lender*
12 *Mutual established under subsection (a)(1) to carry*
13 *out its activities and operations.*

14 (4) *INITIAL CAPITALIZATION.—*

15 (A) *IN GENERAL.—The initial capital nec-*
16 *essary for the Small Lender Mutual to be estab-*
17 *lished under subsection (a)(1) to purchase a sub-*
18 *sidiary established under paragraph (3) or to*
19 *purchase, lease, or license the systems under*
20 *paragraph (2)(B), and to perform all other ac-*
21 *tivities and functions of the Small Lender Mu-*
22 *tual, including the ability of the Small Lender*
23 *Mutual to operate a cash window for the pur-*
24 *chase of individual eligible mortgage loans, shall*
25 *be provided by the enterprises.*

1 (B) *DETERMINATION OF AMOUNT.*—The
 2 amount of any initial capital required to be pro-
 3 vided by the enterprises under subparagraph (A)
 4 shall be determined by the Corporation based on
 5 the needs of the Small Lender Mutual to carry
 6 out its activities and functions, as well as by the
 7 current volume of business from the enterprise-
 8 approved sellers that are eligible to participate,
 9 pursuant to subsection (e), as a member of the
 10 Small Lender Mutual.

11 (C) *REPAYMENT.*—

12 (i) *IN GENERAL.*—The amount of any
 13 initial capital required to be provided by
 14 the enterprises under subparagraph (A)
 15 shall be repaid by the Small Lender Mutual
 16 established under subsection (a)(1) on a
 17 schedule jointly agreed to by the Small
 18 Lender Mutual and the Corporation.

19 (ii) *REPAYMENT PERIOD.*—

20 (I) *IN GENERAL.*—The repayment
 21 of any amounts required under clause
 22 (i) shall be completed within 7 years
 23 from the system certification date.

24 (II) *AUTHORITY TO EXTEND RE-*
 25 *PAYMENT PERIOD.*—The Corporation,

1 *after consultation with the mutual*
 2 *board of the Small Lender Mutual es-*
 3 *tablished under subsection (a)(1), may*
 4 *extend the repayment period set forth*
 5 *under subclause (I) for an additional 3*
 6 *years, if, in the sole discretion of the*
 7 *Corporation, the Corporation deems*
 8 *such extension necessary.*

9 (d) *ENSURING FAIR COMPETITION.—The Federal*
 10 *Housing Finance Agency may, consistent with the public*
 11 *interest, for the maintenance of fair competition among all*
 12 *small lender mutuals, and for the purposes set forth in this*
 13 *section, provide, through a licensing agreement or other*
 14 *agreement, access to any technology or platform transferred*
 15 *pursuant to subsection (c)(3).*

16 (e) *ELIGIBILITY.—*

17 (1) *IN GENERAL.—Eligibility to participate as a*
 18 *member in any small lender mutual shall be limited*
 19 *to any—*

20 (A) *insured depository institution having*
 21 *less than \$500,000,000,000 in total consolidated*
 22 *assets at the time of the initial participation of*
 23 *the institution in the small lender mutual;*

24 (B) *non-depository mortgage originator*
 25 *that—*

1 (i) has a minimum net worth of
2 \$2,500,000;

3 (ii) has annual eligible mortgage loan
4 production of less than \$100,000,000,000;
5 and

6 (iii)(I) prior to the system certification
7 date, was approved to sell mortgage loans to
8 an enterprise on the date that is 1 day
9 prior to the establishment or approval of the
10 small lender mutual, provided that such
11 originator was in good standing as of such
12 date; or

13 (II) meets the standards established by
14 the small lender mutual pursuant to sub-
15 section (l);

16 (C) Community Development Financial In-
17 stitution that meets the standards established by
18 the small lender mutual pursuant to subsection
19 (l);

20 (D) mission-based nonprofit lender that
21 meets the standards established by the small
22 lender mutual pursuant to subsection (l);

23 (E) housing finance agency that meets the
24 standards established by the small lender mutual
25 pursuant to subsection (l); and

1 (F) *Federal Home Loan Bank.*

2 (2) *ACCESS OF ORIGINATORS.*—*An entity eligible*
 3 *to participate as a member of a small lender mutual*
 4 *may not be required to become an approved entity*
 5 *under this Act to access any function or operation of*
 6 *a small lender mutual.*

7 (3) *RULE OF CONSTRUCTION.*—*Each entity eligi-*
 8 *ble to participate as a member of a small lender mu-*
 9 *tual under this section shall meet all applicable*
 10 *standards and requirements under this Act.*

11 (f) *REPORT.*—*Not later than 2 years after the date on*
 12 *which the Small Lender Mutual is established under sub-*
 13 *section (a)(1), the Corporation shall—*

14 (1) *conduct and complete a study evaluating the*
 15 *criteria for eligibility as a member of the Small*
 16 *Lender Mutual under subparagraphs (A) and (B) of*
 17 *subsection (e)(1); and*

18 (2) *submit a report to Congress, which shall in-*
 19 *clude an evaluation of—*

20 (A) *whether the participation levels of mem-*
 21 *bers of the Small Lender Mutual under subpara-*
 22 *graphs (A) and (B) of subsection (e)(1) are suffi-*
 23 *cient to create the economies of scale and liquid-*
 24 *ity necessary for competitive pricing in the sec-*
 25 *ondary mortgage market;*

1 (B) the ability of the Small Lender Mutual
2 to ensure access for small mortgage lenders to the
3 secondary mortgage market;

4 (C) the impact of the asset and net worth
5 eligibility criteria established in subparagraphs
6 (A) and (B) of subsection (e)(1) on the size, com-
7 petitiveness, and membership of the Small Lend-
8 er Mutual;

9 (D) whether the eligibility thresholds estab-
10 lished in subparagraphs (A) and (B) of sub-
11 section (e)(1) are facilitating or impeding the
12 creation of a robust market for approved guaran-
13 tors;

14 (E) whether the establishment of other eligi-
15 bility criteria in subparagraphs (A) and (B) of
16 subsection (e)(1) would better serve members of
17 the Small Lender Mutual, including such other
18 criteria as—

19 (i) a different asset threshold;

20 (ii) an annual mortgage loan origina-
21 tion threshold; or

22 (iii) a mortgage loan production cap;

23 (F) whether the Small Lender Mutual is
24 fully meeting the cash window needs of small
25 mortgage lenders; and

1 (G) *whether the Small Lender Mutual is*
2 *adequately capitalized to meet the needs of mem-*
3 *bers of the Small Lender Mutual and protect the*
4 *Mortgage Insurance Fund.*

5 (g) *ELIGIBILITY THRESHOLDS.—Beginning on the*
6 *date on which the Corporation submits the report required*
7 *under subsection (f), the Corporation may adjust the eligi-*
8 *bility thresholds established in subparagraphs (A) and (B)*
9 *of subsection (e)(1) if the Corporation, in consultation with*
10 *the mutual board of a small lender mutual, determines*
11 *that—*

12 (1) *the thresholds do not facilitate the purposes*
13 *of the small lender mutual as described in subsection*
14 *(b);*

15 (2) *the thresholds restrict small multifamily*
16 *lenders' participation in the small lender mutual;*

17 (3) *the thresholds do not foster competition in the*
18 *secondary mortgage market; or*

19 (4) *the thresholds pose a risk to the Mortgage In-*
20 *surance Fund.*

21 (h) *REASSESSMENT.—Beginning on the date on which*
22 *the Corporation submits the report required under sub-*
23 *section (f), the Corporation shall, on an annual basis, reas-*
24 *sess the Small Lender Mutual's eligibility thresholds.*

1 (i) *PLATFORM MEMBERSHIP*.—Each small lender mu-
 2 tual shall be a member of the Securitization Platform.

3 (j) *FUNDING AUTHORITY*.—

4 (1) *AUTHORITY TO ESTABLISH MEMBERSHIP*
 5 *FEES*.—The mutual board of each small lender mu-
 6 tual shall charge and collect fees from its member
 7 participants—

8 (A) for membership in the small lender mu-
 9 tual; and

10 (B) to cover the costs of—

11 (i) in the case of the Small Lender Mu-
 12 tual established under subsection (a)(1)—

13 (I) the purchase of any function,
 14 activity, infrastructure, property, in-
 15 cluding intellectual property, tech-
 16 nology, or any other object or service
 17 from an enterprise pursuant to sub-
 18 section (c);

19 (II) any initial capital for the es-
 20 tablishment of a cash window; and

21 (III) the repayment of amounts
 22 required under subsection (c)(4)(C),
 23 provided that any fee charged to cover
 24 such repayment amounts is applicable
 25 only to those member participants

1 *identified and approved after the estab-*
 2 *lishment date of the Small Lender Mu-*
 3 *tual and before the repayment date es-*
 4 *tablished under subsection*
 5 *(c)(4)(C)(ii); and*
 6 *(ii) the continued operation of the*
 7 *small lender mutual, including to build*
 8 *capital reserves and to manage risks.*

9 (2) *EQUITABLE COMPENSATION OF CERTAIN*
 10 *MEMBER PARTICIPANTS OF SMALL LENDER MU-*
 11 *TUAL.—The mutual board of the Small Lender Mu-*
 12 *tual established under subsection (a)(1) may, in addi-*
 13 *tion to any fee required under paragraph (1), charge*
 14 *and collect a fee from member participants identified*
 15 *and approved after the repayment date established*
 16 *under subsection (c)(4)(C)(ii) to compensate member*
 17 *participants identified and approved prior to such re-*
 18 *payment date for the share of the fees paid by such*
 19 *member participants to cover the cost of repayment*
 20 *amounts pursuant to paragraph (1)(B)(i)(III).*

21 (3) *AUTHORITY TO INCREASE OR DECREASE*
 22 *FEEES.—The mutual board of each small lender mu-*
 23 *tual may, in its discretion and upon consultation*
 24 *with the Corporation, increase or decrease any fee au-*
 25 *thorized under paragraph (1).*

1 (4) *PROVISION OF FEE SCHEDULE TO FMIC.*—

2 *The mutual board of each small lender mutual shall,*
 3 *on an annual basis and upon any increase or de-*
 4 *crease of any fee authorized under paragraph (1),*
 5 *provide the Corporation with a schedule of the fees*
 6 *charged by the small lender mutual to its member*
 7 *participants.*

8 (5) *LIMITATION.*—*The fees authorized under*
 9 *paragraph (1)—*

10 (A) *shall be equitably assessed; and*

11 (B) *shall not discriminate against origina-*
 12 *tors of eligible mortgage loans or any entity that*
 13 *aggregates eligible mortgage loans on the basis of*
 14 *size, composition, business line, or loan volume.*

15 (6) *AUTHORITY TO REDUCE FEES.*—

16 (A) *IN GENERAL.*—*If a small lender mu-*
 17 *tual, in consultation with the Corporation, deter-*
 18 *mines that any fee or fees authorized under this*
 19 *subsection are prohibitive or discriminatory, the*
 20 *small lender mutual may, in the interest of*
 21 *building the membership of the small lender mu-*
 22 *tual, lower any such fee or fees.*

23 (B) *REASONABLENESS AND CONSIDER-*
 24 *ATIONS.*—*Each small lender mutual shall, in*
 25 *consultation with the Corporation, set reasonable*

1 *criteria for any determination authorized under*
 2 *subparagraph (A). The criteria required to be set*
 3 *forth under this subparagraph shall consider the*
 4 *potential impact on the financial safety and*
 5 *soundness of the small lender mutual.*

6 (k) *GOVERNANCE.—*

7 (1) *RECOGNITION OF IMPORTANT ROLE OF*
 8 *SMALLER INSTITUTIONS.—The mutual board of each*
 9 *small lender mutual, in consultation with the Cor-*
 10 *poration, shall take all reasonable steps necessary to*
 11 *establish governance provisions that reflect the impor-*
 12 *tant role in the mortgage market played by the mem-*
 13 *ber participants of small lender mutuals.*

14 (2) *MUTUAL BOARD.—*

15 (A) *IN GENERAL.—The management of each*
 16 *small lender mutual shall be vested in a board*
 17 *of 15 directors (in this section referred to as the*
 18 *“mutual board”), which shall include representa-*
 19 *tives of approved member participants of the*
 20 *small lender mutual.*

21 (B) *APPOINTMENT OF MUTUAL BOARD OF*
 22 *SMALL LENDER MUTUAL.—*

23 (i) *INITIAL APPOINTMENT.—The Cor-*
 24 *poration shall make initial appointments of*
 25 *the members of the mutual board for the*

1 *Small Lender Mutual established under sub-*
 2 *section (a)(1). Each such initial appoint-*
 3 *ment shall be for a term of 1 year.*

4 (ii) *APPOINTMENTS.*—*Upon expiration*
 5 *of the 1-year period set forth under clause*
 6 *(i), the member participants of the Small*
 7 *Lender Mutual established under subsection*
 8 *(a)(1) shall elect the members of the mutual*
 9 *board of the Small Lender Mutual from*
 10 *within the membership of the Small Lender*
 11 *Mutual.*

12 (C) *INDEPENDENT DIRECTORS.*—*The mu-*
 13 *tual board of each small lender mutual shall*
 14 *have at least 1 independent director to serve the*
 15 *public interest. The independent director re-*
 16 *quired under this subparagraph shall have a his-*
 17 *tory of representing consumer or community in-*
 18 *terests on banking services, credit needs, housing,*
 19 *or financial consumer protections.*

20 (D) *REPRESENTATION ON BOARD.*—*No*
 21 *more than $\frac{1}{3}$ of the directors of the mutual*
 22 *board of the Small Lender Mutual may be held*
 23 *by a single category of member participants,*
 24 *which shall be defined for purposes of this sub-*
 25 *section as community banks, credit unions, non-*

1 *depository mortgage originators, Federal Home*
2 *Loan Banks, housing finance agencies, Commu-*
3 *nity Development Financial Institutions, and*
4 *mission-based nonprofit lenders.*

5 (3) *REPRESENTATION TO THE PLATFORM.—The*
6 *mutual board of the Small Lender Mutual shall select,*
7 *on a rotating basis from representative of its direc-*
8 *tors, an individual to serve as a Platform Director*
9 *under section 322.*

10 (4) *REPRESENTATION OF MULTIPLE SMALL*
11 *LENDER MUTUALS.—If more than 1 small lender mu-*
12 *tual is approved under this section, each small lender*
13 *mutual shall rotate the representation position under*
14 *section 322.*

15 (5) *NO PREFERENCES FOR SIZE.—Member par-*
16 *ticipants of each small lender mutual shall have equal*
17 *voting rights on any matters before the small lender*
18 *mutual of which it is a member, regardless of the size*
19 *of the individual member participant.*

20 (6) *RULE OF CONSTRUCTION.—For purposes of*
21 *this subsection, a member participant and its subsidi-*
22 *aries, joint offices, and affiliates shall be treated as a*
23 *single entity and shall be entitled to cast a single vote*
24 *on any matters before the small lender mutual of*
25 *which it is a member.*

1 *(l) APPROVAL OF MEMBER PARTICIPANTS.—*

2 *(1) IN GENERAL.—Each mutual board estab-*
 3 *lished under subsection (k) shall develop standards*
 4 *and procedures to approve the application of member*
 5 *participants in the small lender mutual.*

6 *(2) CONTENT OF STANDARDS.—The standards re-*
 7 *quired under paragraph (1) shall include standards*
 8 *relating to the—*

9 *(A) prospective members' compliance his-*
 10 *tory with Federal and State law;*

11 *(B) safety and soundness of prospective*
 12 *member participants; and*

13 *(C) mortgage underwriting practices of the*
 14 *prospective member.*

15 *(3) COORDINATION WITH OTHER REGULATORS.—*

16 *(A) CONSULTATION.—In approving any*
 17 *prospective member to become a member partici-*
 18 *pant in a small lender mutual, the mutual board*
 19 *of that small lender mutual may consult and*
 20 *share information with—*

21 *(i) the appropriate Federal banking*
 22 *agency and State regulator of the prospec-*
 23 *tive member; or*

24 *(ii) the Bureau of Consumer Financial*
 25 *Protection, if the Bureau of Consumer Fi-*

1 nancial Protection has supervisory author-
2 ity over the prospective member.

3 (B) *PRIVILEGE PRESERVED.*—Information
4 shared pursuant to subparagraph (A) shall not
5 be construed as waiving, destroying, or otherwise
6 affecting any privilege or confidential status that
7 a prospective member may claim with respect to
8 such information under Federal or State law as
9 to any person or entity other than the board of
10 directors or its appropriate Federal banking
11 agency.

12 (C) *RULE OF CONSTRUCTION.*—No provi-
13 sion of this subsection may be construed as im-
14 plying or establishing that—

15 (i) any prospective member waives any
16 privilege applicable to information that is
17 shared or transferred under any cir-
18 cumstance to which this subsection does not
19 apply; or

20 (ii) any prospective would waive any
21 privilege applicable to any information by
22 submitting the information directly to its
23 primary Federal or State regulator, but for
24 this subsection.

1 (4) *STREAMLINING FOR EXISTING LENDERS AP-*
 2 *PROVED BY THE ENTERPRISES.*—*Each mutual board*
 3 *established under subsection (k) shall develop stream-*
 4 *lined membership standards and procedures for any*
 5 *lender who was approved to sell mortgage loans to an*
 6 *enterprise on the date that is 1 day before the date*
 7 *of enactment of this Act, and was in good standing*
 8 *as of such date.*

9 (m) *CASH WINDOW.*—

10 (1) *REQUIREMENT FOR SMALL LENDER*
 11 *MUTUALS.*—*Each small lender mutual shall have the*
 12 *ability to operate a cash window for the purchase of*
 13 *individual eligible single-family mortgage loans.*

14 (2) *STANDARDS TO ENSURE SAFETY AND SOUND-*
 15 *NESS.*—*To ensure the safety and soundness of each*
 16 *small lender mutual, the Corporation shall establish*
 17 *standards for the regulation, supervision, and oper-*
 18 *ation of each cash window required under paragraph*
 19 *(1).*

20 (3) *LICENSING OF CASH WINDOW TECH-*
 21 *NOLOGY.*—*The Federal Housing Finance Agency may,*
 22 *consistent with the public interest and for the mainte-*
 23 *nance of fair competition among entities providing*
 24 *cash window services, provide, through a licensing*
 25 *agreement or other agreement, access to any tech-*

1 *nology or platform relating to a cash window trans-*
 2 *ferred under paragraph (3) of subsection (c).*

3 *(n) RECOGNITION OF DISTINCTION BETWEEN SMALL*
 4 *LENDER MUTUAL COMPANIES AND OTHER*
 5 *AGGREGATORS.—Prior to promulgating any regulation or*
 6 *taking any other formal or informal action of general appli-*
 7 *cability, including the issuance of an advisory document*
 8 *or examination guidance, the Corporation shall consider the*
 9 *differences between small lender mutuals and other ap-*
 10 *proved aggregators with respect to—*

11 *(1) the cooperative ownership structure of small*
 12 *lender mutuals;*

13 *(2) the purposes of small lender mutuals as set*
 14 *forth in subsection (b);*

15 *(3) the capital structure of small lender mutuals;*
 16 *and*

17 *(4) any other differences that the Corporation*
 18 *considers appropriate.*

19 *(o) COORDINATION OF SERVICER APPROVAL.—Each*
 20 *mutual board established under subsection (k) may coordi-*
 21 *nate with the Corporation to facilitate the application proc-*
 22 *ess for its member participants to become approved servicers*
 23 *of the Corporation pursuant to section 314.*

1 (p) *MULTIFAMILY STUDY*.—Not later than 1 year after
 2 the agency transfer date, the Corporation shall conduct and
 3 complete a study to determine—

4 (1) *the access needs of small multifamily mort-*
 5 *gage lenders to the secondary multifamily mortgage*
 6 *market; and*

7 (2) *whether the Small Lender Mutual established*
 8 *under subsection (a)(1) can meet the access needs of*
 9 *small multifamily mortgage lenders.*

10 (q) *PROHIBITED ACTIVITIES*.—A small lender mutual
 11 may not guarantee any mortgage loans or mortgage-backed
 12 securities.

13 **SEC. 316. SUPERVISORY ACTIONS RELATED TO CAPITAL**
 14 **AND SOLVENCY.**

15 (a) *CAPITAL CLASSIFICATIONS*.—

16 (1) *ESTABLISHMENT*.—The Corporation shall es-
 17 *tablish, by regulation, capital classifications regard-*
 18 *ing the levels of capital maintained by each type of*
 19 *covered entity.*

20 (2) *CLASSES*.—In carrying out the requirement
 21 under paragraph (1), the Corporation shall classify
 22 covered entities according to the following capital
 23 classifications:

24 (A) *WELL CAPITALIZED*.—A covered entity
 25 shall be classified as well capitalized if the entity

1 *meets or exceeds all of the capital and solvency*
 2 *standards required under section 309(b).*

3 (B) *ADEQUATELY CAPITALIZED.*—*A covered*
 4 *entity shall be classified as adequately capital-*
 5 *ized if the entity meets or exceeds some, but not*
 6 *all, of the capital and solvency standards re-*
 7 *quired under section 309(b).*

8 (C) *UNDERCAPITALIZED.*—*A covered entity*
 9 *shall be classified as undercapitalized if the enti-*
 10 *ty fails to meet any of the capital and solvency*
 11 *standards required under section 309(b).*

12 (D) *SIGNIFICANTLY UNDERCAPITALIZED.*—
 13 *A covered entity shall be classified as signifi-*
 14 *cantly undercapitalized if the entity is signifi-*
 15 *cantly below any of the capital and solvency*
 16 *standards required under section 309(b).*

17 (E) *CRITICALLY UNDERCAPITALIZED.*—*A*
 18 *covered entity shall be classified as critically*
 19 *undercapitalized if the entity is critically below*
 20 *any of the capital and solvency standards re-*
 21 *quired under section 309(b).*

22 (3) *DISCRETIONARY CLASSIFICATION.*—

23 (A) *GROUND FOR RECLASSIFICATION.*—
 24 *The Corporation may reclassify the capital clas-*
 25 *sification of a covered entity if—*

1 (i) at any time, the Corporation deter-
2 mines, in writing, that the covered entity is
3 engaging in conduct that could result in a
4 rapid depletion of capital held by the cov-
5 ered entity;

6 (ii) after notice and an opportunity for
7 hearing, the Corporation determines that
8 the covered entity is in an unsafe or un-
9 sound condition;

10 (iii) pursuant to the requirements of
11 this title, the Corporation deems the covered
12 entity to be engaging in an unsafe or un-
13 sound practice;

14 (iv) the covered entity does not submit
15 a capital restoration plan within the appli-
16 cable time period that is substantially in
17 compliance with regulations for such plans
18 adopted by the Corporation;

19 (v) the Corporation does not approve
20 the capital restoration plan submitted by
21 the covered entity; or

22 (vi) the Corporation determines that
23 the covered entity has failed to comply with
24 the capital restoration plan and fulfill the

1 *schedule for the plan approved by the Cor-*
 2 *poration in any material respect.*

3 (B) *RECLASSIFICATION.*—*In addition to*
 4 *any other action authorized under this title, in-*
 5 *cluding the reclassification of a covered entity for*
 6 *any reason not specified in this subsection, if the*
 7 *Corporation takes any action described in sub-*
 8 *paragraph (A), the Corporation may classify a*
 9 *covered entity as appropriate.*

10 (4) *RESTRICTION ON CAPITAL DISTRIBUTIONS.*—

11 (A) *IN GENERAL.*—*A covered entity shall*
 12 *make no capital distribution if, after making the*
 13 *distribution, the covered entity would be classi-*
 14 *fied as anything other than well capitalized or*
 15 *adequately capitalized.*

16 (B) *EXCEPTION.*—*Notwithstanding sub-*
 17 *paragraph (A), the Corporation may permit a*
 18 *covered entity, to the extent appropriate or ap-*
 19 *plicable, to repurchase, redeem, retire, or other-*
 20 *wise acquire shares or ownership interests if the*
 21 *repurchase, redemption, retirement, or other ac-*
 22 *quisition—*

23 (i) *is made in connection with the*
 24 *issuance of additional shares or obligations*

1 of the covered entity in at least an equiva-
2 lent amount;

3 (ii) will reduce the financial obliga-
4 tions of the covered entity or otherwise im-
5 prove the financial condition of the covered
6 entity;

7 (iii) will enhance the ability of the cov-
8 ered entity to promptly meet the minimum
9 capital level for the covered entity;

10 (iv) contributes to the long-term finan-
11 cial safety and soundness of the covered en-
12 tity; or

13 (v) furthers the public interest.

14 (b) *ADEQUATELY CAPITALIZED.*—If a covered entity is
15 classified as adequately capitalized:

16 (1) *MANDATORY CAPITAL RESTORATION PLAN.*—

17 The Corporation shall require the covered entity to—

18 (A) submit to the Corporation a capital res-
19 toration plan; and

20 (B) implement the plan after approval.

21 (2) *DISCRETIONARY SAFEGUARDS.*—The Cor-
22 poration may take, with respect to an adequately cap-
23 italized covered entity, any of the actions authorized
24 to be taken under subsection (c) with respect to an
25 undercapitalized covered entity, if the Corporation de-

1 *termines that such actions are necessary to carry out*
 2 *the purposes of this subtitle.*

3 *(c) UNDERCAPITALIZED.—If a covered entity is classi-*
 4 *fied as undercapitalized:*

5 *(1) MANDATORY CAPITAL RESTORATION PLAN.—*

6 *The Corporation shall require the covered entity to—*

7 *(A) submit to the Corporation a capital res-*
 8 *toration plan; and*

9 *(B) implement the plan after approval.*

10 *(2) RESTRICTION ON ASSET GROWTH.—An*
 11 *undercapitalized covered entity shall not permit its*
 12 *average total assets during any calendar quarter to*
 13 *exceed its average total assets during the preceding*
 14 *calendar quarter, unless—*

15 *(A) the Corporation has accepted the capital*
 16 *restoration plan of the covered entity;*

17 *(B) any increase in total assets is consistent*
 18 *with the capital restoration plan; and*

19 *(C) the ratio of capital to total assets of the*
 20 *covered entity increases during the calendar*
 21 *quarter at a rate sufficient to enable the covered*
 22 *entity to become adequately capitalized within a*
 23 *reasonable time.*

24 *(3) PRIOR APPROVAL OF ACQUISITIONS AND NEW*
 25 *ACTIVITIES.—An undercapitalized covered entity shall*

1 *not, directly or indirectly, acquire any interest in*
 2 *any entity or engage in a new activity, unless—*

3 *(A) the Corporation has accepted the capital*
 4 *restoration plan of the covered entity, the covered*
 5 *entity is implementing the plan, and the Cor-*
 6 *poration determines that the proposed action is*
 7 *consistent with and will further the achievement*
 8 *of the plan; or*

9 *(B) the Corporation determines that the*
 10 *proposed action will further the purpose of this*
 11 *section.*

12 *(4) REQUIRED MONITORING.—The Corporation*
 13 *shall—*

14 *(A) closely monitor the condition of any*
 15 *undercapitalized covered entity;*

16 *(B) closely monitor compliance with the*
 17 *capital restoration plan, restrictions, and re-*
 18 *quirements imposed on an undercapitalized cov-*
 19 *ered entity under this section; and*

20 *(C) periodically review the capital restora-*
 21 *tion plan, restrictions, and requirements appli-*
 22 *cable to an undercapitalized covered entity to de-*
 23 *termine whether the plan, restrictions, and re-*
 24 *quirements are achieving the purpose of this sec-*
 25 *tion.*

1 (5) *DISCRETIONARY SAFEGUARDS.*—*The Cor-*
 2 *poration may take, with respect to an undercapital-*
 3 *ized covered entity, any of the actions authorized to*
 4 *be taken under subsection (d) with respect to a sig-*
 5 *nificantly undercapitalized covered entity, if the Cor-*
 6 *poration determines that such actions are necessary to*
 7 *carry out the purpose of this subtitle.*

8 (d) *SIGNIFICANTLY UNDERCAPITALIZED.*—*If a covered*
 9 *entity is classified as significantly undercapitalized:*

10 (1) *MANDATORY CAPITAL RESTORATION PLAN.*—

11 *The Corporation shall require the covered entity to—*

12 (A) *submit to the Corporation a capital res-*
 13 *toration plan; and*

14 (B) *implement the plan after approval.*

15 (2) *DISCRETIONARY SUPERVISORY ACTIONS FOR*

16 *SIGNIFICANTLY UNDERCAPITALIZED COVERED ENTI-*

17 *TIES.*—*In addition to any other actions taken by the*

18 *Corporation, the Corporation may, at any time, take*

19 *any of the following actions with respect to a covered*

20 *entity that is classified as significantly undercapital-*

21 *ized:*

22 (A) *LIMITATION ON OBLIGATIONS.*—*Limit*

23 *any increase in, or order the reduction of, any*

24 *obligations of the covered entity, including off-*

25 *balance sheet obligations.*

1 (B) *LIMITATION ON GROWTH.*—*Limit or*
 2 *prohibit the growth of the assets of the covered*
 3 *entity, or require reduction of the assets of the*
 4 *covered entity.*

5 (C) *ACQUISITION OF NEW CAPITAL.*—*Re-*
 6 *quire the covered entity to raise new capital in*
 7 *a form and amount determined by the Corpora-*
 8 *tion.*

9 (D) *RESTRICTION ON ACTIVITIES.*—*Require*
 10 *the covered entity to terminate, reduce, or modify*
 11 *any activity that creates excessive risk to the cov-*
 12 *ered entity, as determined by the Corporation.*

13 (E) *IMPROVEMENT OF MANAGEMENT.*—*Take*
 14 *1 or more of the following actions:*

15 (i) *NEW ELECTION OF BOARD.*—*Order*
 16 *or hold a new election for the board of di-*
 17 *rectors of the covered entity.*

18 (ii) *DISMISSAL OF DIRECTORS OR EX-*
 19 *ECUTIVE OFFICERS.*—*Require the covered*
 20 *entity to dismiss from office any director or*
 21 *executive officer who had held office for*
 22 *more than 180 days immediately before the*
 23 *date on which the covered entity became*
 24 *undercapitalized.*

1 (iii) *EMPLOY QUALIFIED EXECUTIVE*
 2 *OFFICERS.—Require the covered entity to*
 3 *employ qualified executive officers (who, if*
 4 *the Corporation so specifies, shall be subject*
 5 *to approval by the Corporation).*

6 (e) *CRITICALLY UNDERCAPITALIZED.—*

7 (1) *REGULATED ENTITY.—The Corporation shall*
 8 *have the authority to resolve a critically under-*
 9 *capitalized regulated entity pursuant to section 1367*
 10 *of the Safety and Soundness Act (12 U.S.C. 4617), as*
 11 *amended by this Act.*

12 (2) *COVERED ENTITY.—The Corporation shall*
 13 *have the authority to resolve a covered entity that is*
 14 *classified as failing or critically undercapitalized*
 15 *pursuant to the resolution authority granted to the*
 16 *Corporation under section 311(h), section 312(h), sec-*
 17 *tion 313(g), and section 703(i), as applicable.*

18 **SEC. 317. OWNERSHIP, ACQUISITIONS, AND OPERATIONS OF**
 19 **COVERED ENTITIES.**

20 (a) *OWNERSHIP AND ACQUISITIONS OF COVERED EN-*
 21 *TITIES.—It shall be unlawful, except with the prior ap-*
 22 *proval of the Corporation, for any person to—*

23 (1) *directly or indirectly own, control, or have*
 24 *power to vote 10 percent of any class of voting shares*
 25 *of any covered entity (except to the extent that voting*

1 *stock is required to be purchased by Federal statute*
 2 *as a condition to participate in the programs of the*
 3 *covered entity);*

4 *(2) control in any manner the election of a ma-*
 5 *jority of the directors or trustees of any covered enti-*
 6 *ty;*

7 *(3) exercise a controlling influence over the man-*
 8 *agement or policies of any covered entity;*

9 *(4) merge or consolidate with any covered entity;*

10 *or*

11 *(5) divest a covered entity, or any substantial*
 12 *line of business of a covered entity, into any sur-*
 13 *viving entity.*

14 ***(b) APPLICATION AND APPROVAL PROCESS.—***

15 ***(1) IN GENERAL.—****The Corporation shall estab-*
 16 *lish, by regulation, an application, in such form and*
 17 *manner and requiring such information as the Cor-*
 18 *poration may require, for the approval of acquisi-*
 19 *tions, mergers, consolidations, or divestitures under*
 20 *subsection (a).*

21 ***(2) APPLICATION REVIEW.—****The Corporation*
 22 *shall—*

23 ***(A) establish internal timelines for its proc-***
 24 *essing of applications under this section, includ-*

1 *ing timelines for any action to approve or to*
 2 *deny an application under this section; and*

3 *(B) notify any applicant seeking to under-*
 4 *take an action described under subsection (a) of*
 5 *the decision of the Corporation to approve or to*
 6 *deny their application as promptly as prac-*
 7 *ticable.*

8 *(c) STANDARDS FOR APPROVAL OF APPLICATION.—*
 9 *The Corporation shall establish, by regulation, standards*
 10 *for the approval by the Corporation of acquisitions, merg-*
 11 *ers, consolidations, or divestitures under subsection (a). The*
 12 *standards required under this subsection shall, at a min-*
 13 *imum, be based on—*

14 *(1) the application process established by the*
 15 *Corporation under subsection (b)(1);*

16 *(2) the financial history and condition of the ap-*
 17 *plicant;*

18 *(3) the capability of the management of the ap-*
 19 *plicant;*

20 *(4) the general character and fitness of the offi-*
 21 *cers and directors of the applicant, including the com-*
 22 *pliance history of the applicant's officers and direc-*
 23 *tors with Federal and State laws and the rules and*
 24 *regulations promulgated by self-regulatory organiza-*
 25 *tions (as defined in section 3(a)(26) of the Securities*

1 *Exchange Act of 1934 (15 U.S.C. 78c(a)(26)), as ap-*
2 *plicable;*

3 *(5) the risk presented by such acquisition, merg-*
4 *er, consolidation, or divestiture to the Mortgage In-*
5 *surance Fund;*

6 *(6) any other standard the Corporation deter-*
7 *mines necessary to promote competition and mitigate*
8 *market dislocations among covered entities in the sec-*
9 *ondary mortgage market; and*

10 *(7) any other standard the Corporation deter-*
11 *mines necessary or appropriate.*

12 *(d) APPROVAL.—The Corporation—*

13 *(1) may approve any application made pursu-*
14 *ant to this section if the applicant meets the stand-*
15 *ards established under subsection (c);*

16 *(2) may not approve—*

17 *(A) any application under this section*
18 *which would result in a monopoly; or*

19 *(B) any other proposed acquisition or merg-*
20 *er or consolidation under this section whose effect*
21 *in any area of the United States may be sub-*
22 *stantially to lessen competition, or to tend to cre-*
23 *ate a monopoly, or which in any other manner*
24 *would be in restraint of trade, unless the Cor-*
25 *poration finds that the anticompetitive effects of*

1 *the proposed transaction are clearly outweighed*
2 *in the public interest by the probable effect of the*
3 *transaction in meeting the needs of consumers*
4 *and the communities served; and*

5 *(3) shall have the authority to deny any applica-*
6 *tion made pursuant to paragraph (1) if an officer or*
7 *director of the applicant has, at any time prior to the*
8 *date of the approval of such application, been—*

9 *(A) subject to a statutory disqualification*
10 *pursuant to section 3(a)(39) of the Securities*
11 *Exchange Act of 1934 (15 U.S.C. 78c(a)(39)); or*

12 *(B) suspended, removed, or prohibited from*
13 *participation pursuant to section 8(g) of the*
14 *Federal Deposit Insurance Act (12 U.S.C.*
15 *1818(g)), prohibited from certain action pursu-*
16 *ant to paragraphs (6) or (7) of section 8(e) of the*
17 *Federal Deposit Insurance Act (12 U.S.C.*
18 *1818(e)), subject to an action resulting in a*
19 *written agreement or other written statement*
20 *under section 8(u)(1) of the Federal Deposit In-*
21 *surance Act (12 U.S.C. 1818(u)(1)), for which a*
22 *violation may be enforced by an appropriate*
23 *Federal banking agency, or subject to any final*
24 *order issued with respect to any administrative*
25 *enforcement proceeding initiated by such agency*

1 *under section 8 of the Federal Deposit Insurance*
 2 *Act (12 U.S.C. 1818).*

3 *(e) RESTRICTIONS ON ENGAGING IN OTHER LINES OF*
 4 *BUSINESS.—*

5 *(1) FOR APPROVED GUARANTORS AND APPROVED*
 6 *MULTIFAMILY GUARANTORS.—An approved guarantor*
 7 *or approved multifamily guarantor may not engage*
 8 *in any activity relating to the business of insurance,*
 9 *other than any activity carried out by an approved*
 10 *guarantor or approved multifamily guarantor and*
 11 *approved by the Corporation pursuant to sections 311*
 12 *or 703.*

13 *(2) OTHER ACTIVITIES.—An approved guarantor*
 14 *or approved multifamily guarantor may engage in*
 15 *any business activity unrelated to the business of in-*
 16 *surance, subject to—*

17 *(A) the prior approval of the Corporation;*
 18 *and*

19 *(B) any terms and conditions set forth by*
 20 *the Corporation.*

21 *(3) RULE OF CONSTRUCTION.—Nothing in para-*
 22 *graph (1) or (2) shall be construed to prevent an ap-*
 23 *proved guarantor from being an affiliate of a private*
 24 *mortgage insurer if approved by the Corporation.*

1 (f) *LIMITS ON SUPPORT OR GUARANTEE ARRANGE-*
 2 *MENT.—*

3 (1) *IN GENERAL.—An approved guarantor or*
 4 *approved multifamily guarantor may not enter into*
 5 *any agreement, covenant, or other arrangement (in-*
 6 *cluding any credit risk-sharing arrangement) with an*
 7 *affiliate or other person to support, guarantee, or fi-*
 8 *nance any operation or activity of that affiliate.*

9 (2) *SUPPORT.—Subject to any terms and condi-*
 10 *tions established by the Corporation, by regulation or*
 11 *order, an approved guarantor or approved multi-*
 12 *family guarantor may enter into an agreement, cov-*
 13 *enant, or other arrangement with an affiliate solely*
 14 *for the purpose of supporting, guaranteeing, or fi-*
 15 *nancing an operation or activity of the approved*
 16 *guarantor or approved multifamily guarantor.*

17 (3) *RULE OF CONSTRUCTION.—Nothing in this*
 18 *section shall supersede the requirements under sec-*
 19 *tions 23A and 23B of the Federal Reserve Act (12*
 20 *U.S.C. 371c, 371c-1).*

21 (g) *ANTI-STEERING REQUIREMENT.—*

22 (1) *IN GENERAL.—The Corporation shall, by reg-*
 23 *ulation, prohibit discounts made by an approved*
 24 *guarantor for any mortgage originator that is an in-*
 25 *vestor, or an affiliate of an investor, in the approved*

1 *guarantor that are not otherwise available to other*
 2 *similar mortgage originators.*

3 (2) *REPORT.—The Office of the Inspector Gen-*
 4 *eral of the Federal Mortgage Insurance Corporation*
 5 *shall, on an annual basis, submit a report to the Cor-*
 6 *poration and to Congress on the practices and inter-*
 7 *nal controls of approved guarantors with respect to*
 8 *steering or preferential treatment for their investors*
 9 *prohibited by this section.*

10 ***Subtitle C—Securitization Platform***
 11 ***and Transparency in Market Op-***
 12 ***erations***

13 ***PART I—SECURITIZATION PLATFORM***

14 ***SEC. 321. ESTABLISHMENT OF THE SECURITIZATION PLAT-***
 15 ***FORM.***

16 (a) *IN GENERAL.—The Corporation shall establish an*
 17 *entity known as the “Securitization Platform” (in this part*
 18 *referred to as the “Platform”) that shall be a utility owned*
 19 *by and operated for the benefit of its members as—*

20 (1) *a nonprofit cooperative; or*

21 (2) *a cooperative entity other than as described*
 22 *under paragraph (1) that—*

23 (A) *best achieves the purposes and obliga-*
 24 *tions of the Platform under section 325; and*

25 (B) *serves the public interest.*

1 (b) *REGULATED BY THE CORPORATION.*—*The Plat-*
 2 *form shall be regulated and supervised by the Corporation.*

3 (c) *INCORPORATION.*—

4 (1) *NON FEDERAL STATUS.*—*The Platform shall*
 5 *not be an agency or instrumentality of the Federal*
 6 *Government.*

7 (2) *DISCRETION AS TO LEGAL FORM.*—*The Cor-*
 8 *poration shall determine the legal form of incorpora-*
 9 *tion of the Platform.*

10 (3) *SITUS OF INCORPORATION.*—*The Corporation*
 11 *shall—*

12 (A) *determine in which of the several States*
 13 *to incorporate the Platform; and*

14 (B) *have the authority to amend the State*
 15 *of incorporation to best effectuate the purposes*
 16 *and obligations of this part and other provisions*
 17 *of this Act.*

18 (4) *TIMING OF INCORPORATION.*—*Not later than*
 19 *1 year after the agency transfer date, the Corporation*
 20 *shall file and submit the necessary documents to in-*
 21 *corporate the Platform in the State determined under*
 22 *paragraph (3)(A).*

23 (d) *FUNDING BY THE CORPORATION AND TRANSFER*
 24 *OF PROPERTY.*—

1 (1) *TRANSFER OF FUNDS FROM THE CORPORA-*
2 *TION.—At a time established by the Corporation, the*
3 *Corporation shall transfer to the Platform such funds*
4 *as the Corporation, in consultation with the Platform*
5 *Directors, determines may be reasonably necessary for*
6 *the Platform to begin carrying out the activities and*
7 *operations of the Platform.*

8 (2) *TRANSFER OF PROPERTY.—*

9 (A) *IN GENERAL.—Consistent with title VI,*
10 *the Federal Housing Finance Agency, in con-*
11 *sultation with the Corporation and, as appro-*
12 *priate, the enterprises, may direct the enterprises*
13 *to transfer or sell to the Platform any property,*
14 *including but not limited to, intellectual prop-*
15 *erty, technology, systems, and infrastructure (in-*
16 *cluding technology, systems, and infrastructure*
17 *developed by the enterprises for the CSP), as well*
18 *as any other legacy systems, infrastructure, and*
19 *processes that may be necessary for the Platform*
20 *to carry out the functions and operations of the*
21 *Platform.*

22 (B) *CONTRACTUAL AND OTHER LEGAL OBLI-*
23 *GATIONS.—As may be necessary for the Corpora-*
24 *tion, the Federal Housing Finance Agency, and*
25 *the enterprises to comply with legal, contractual,*

1 *or other obligations, the Federal Housing Fi-*
 2 *nance Agency shall have the authority to require*
 3 *that any transfer authorized pursuant to sub-*
 4 *paragraph (A) occurs as an exchange for value,*
 5 *including through the provision of appropriate*
 6 *compensation to the enterprises (including as*
 7 *provided in subparagraphs (C) and (D)), or*
 8 *other entities responsible for creating, or con-*
 9 *tracting with, the CSP.*

10 (C) *MAXIMUM RETURN TO SENIOR PRE-*
 11 *FERRED SHAREHOLDERS OF THE ENTER-*
 12 *PRISES.—The transfer or sale of property to the*
 13 *Platform under this paragraph shall, as appro-*
 14 *priate, be managed by the Federal Housing Fi-*
 15 *nance Agency to obtain resolutions that maxi-*
 16 *mize the return for the senior preferred share-*
 17 *holders of the enterprises to the extent that such*
 18 *resolutions—*

19 *(i) are consistent with facilitating—*

20 *(I) a deep, liquid, and resilient*
 21 *secondary mortgage market for single-*
 22 *family and multifamily mortgage-*
 23 *backed securities to support access to*
 24 *mortgage credit in the primary mort-*
 25 *gage market; and*

1 (II) *an orderly transition from*
 2 *housing finance markets facilitated by*
 3 *the enterprises to housing finance mar-*
 4 *kets facilitated by the Corporation with*
 5 *minimum disruption in the avail-*
 6 *ability of loan credit;*

7 (ii) *are consistent with applicable Fed-*
 8 *eral and State law;*

9 (iii) *comply with the requirements of*
 10 *this Act and the amendments made by this*
 11 *Act; and*

12 (iv) *protect the taxpayer from having*
 13 *to absorb losses incurred in the secondary*
 14 *mortgage market.*

15 (D) *REQUIRED DETERMINATIONS FOR SALE*
 16 *OF ASSETS TO THE PLATFORM.—The Federal*
 17 *Housing Finance Agency may not require the*
 18 *enterprises to make a sale to the Platform under*
 19 *subparagraph (A) that involves the disposition of*
 20 *the property or assets of the enterprises unless*
 21 *the Federal Housing Finance Agency determines*
 22 *that the sale—*

23 (i) *is consistent with an orderly transi-*
 24 *tion from housing finance markets facili-*
 25 *tated by the enterprises to efficient housing*

1 *finance markets facilitated by the Corpora-*
 2 *tion with minimum disruption in the avail-*
 3 *ability of loan credit;*

4 *(ii) does not impede or otherwise inter-*
 5 *fere with the ability of the Federal Housing*
 6 *Finance Agency or the Corporation to carry*
 7 *out the functions and requirements of this*
 8 *Act;*

9 *(iii) does not transfer, convey, or au-*
 10 *thorize any guarantee or Federal support,*
 11 *assistance, or backing, implicit or explicit,*
 12 *related to any such property or assets being*
 13 *sold; and*

14 *(iv) will maximize the return for the*
 15 *senior preferred shareholders as required*
 16 *under subparagraph (C).*

17 *(e) PLATFORM OPERABILITY.—The Corporation shall*
 18 *establish sufficient redundancies in the Platform so that in*
 19 *the event of operational disruption of the Platform, there*
 20 *is sufficient back-up capacity to—*

21 *(1) process payments on existing securities*
 22 *issued through the Platform; and*

23 *(2) structure, form, and issue new securities*
 24 *through the Platform.*

1 (f) *USE BY OTHER ENTITIES IN EXIGENT CIR-*
2 *CUMSTANCE.*—

3 (1) *IN GENERAL.*—*On and after the system cer-*
4 *tification date, if the Corporation determines that*
5 *operational or other problems with the Platform do*
6 *not permit the Platform to operate in a manner that*
7 *allows the Platform to achieve the purposes and obli-*
8 *gations of the Platform under section 325, the Cor-*
9 *poration shall have the authority to permit the Plat-*
10 *form Directors to use entities other than the Platform*
11 *to perform the issuance functions required to be per-*
12 *formed through the Platform and that are necessary*
13 *for the proper functioning of the secondary mortgage*
14 *market.*

15 (2) *RULE OF CONSTRUCTION.*—*Any entity per-*
16 *mitted to perform issuance functions that would ordi-*
17 *narily be expected to be performed by the Platform*
18 *under paragraph (1) shall be regulated and super-*
19 *vised, as appropriate, by the Corporation as if such*
20 *entity were the Platform itself.*

21 **SEC. 322. MANAGEMENT OF THE PLATFORM.**

22 (a) *PLATFORM DIRECTORS.*—

23 (1) *AUTHORITY OF THE BOARD.*—

24 (A) *IN GENERAL.*—*The Platform Directors*
25 *shall have all the powers necessary to carry out*

1 *the purposes, powers, and functions of the Plat-*
 2 *form, and in the exercise of such purposes, pow-*
 3 *ers, and functions, and upon approval of the*
 4 *Corporation, shall adopt such rules and guidance*
 5 *and issue such orders as the Platform Directors*
 6 *deem necessary and appropriate.*

7 (B) *CONFLICTS OF INTEREST.—The Plat-*
 8 *form Directors shall develop policies and proce-*
 9 *dures to monitor and mitigate potential conflicts*
 10 *of interest in carrying out the purposes, powers,*
 11 *and functions of the Platform.*

12 (2) *INITIAL BOARD.—*

13 (A) *COMPOSITION.—The initial Platform*
 14 *Directors shall be comprised of 5 directors, each*
 15 *of whom shall be appointed by the Board of Di-*
 16 *rectors but none of whom shall be a member of*
 17 *the Board of Directors.*

18 (B) *TIMING OF APPOINTMENT OF INITIAL*
 19 *PLATFORM DIRECTORS.—The initial Platform*
 20 *Directors shall be appointed pursuant to sub-*
 21 *paragraph (A) not later than 180 days after the*
 22 *later of—*

23 (i) *the filing of the necessary docu-*
 24 *ments to incorporate the Platform as re-*
 25 *quired under section 321(c); or*

1 (ii) the approval of the incorporation
2 of the Platform by the relevant State.

3 (C) *TERM.*—

4 (i) *IN GENERAL.*—Each initial Plat-
5 form Director appointed pursuant to sub-
6 paragraph (A) shall serve for a term of 1
7 year.

8 (ii) *AUTHORITY TO EXTEND TERM.*—
9 The Board of Directors may—

10 (I) in its discretion, extend for an
11 additional year the term of each initial
12 Platform Director appointed pursuant
13 to subparagraph (A); and

14 (II) upon a determination by the
15 Corporation that the Platform member-
16 ship does not reflect the diversity or
17 variety of market participants required
18 to conduct the election of the Platform
19 Directors under paragraph (3), extend
20 for an additional 2 years the term of
21 each initial Platform Director ap-
22 pointed pursuant to subparagraph (A).

23 (D) *PURPOSE OF THE INITIAL PLATFORM*
24 *DIRECTORS.*—The initial Platform Directors
25 shall—

1 (i) draft and enact initial bylaws and
 2 other governance documents for the oper-
 3 ation of the Platform, including policies
 4 and procedures pursuant to paragraph
 5 (1)(B);

6 (ii) establish criteria for membership
 7 in the Platform consistent with the require-
 8 ments of section 323;

9 (iii) establish any necessary initial fee
 10 structures or usage fee structures under sec-
 11 tion 324; and

12 (iv) organize and conduct the election
 13 of the Platform Directors from the Platform
 14 members as required by paragraph (3).

15 (3) *ELECTED BOARD.*—

16 (A) *REQUIRED ELECTION; TIMING OF ELEC-*
 17 *TION.*—Upon the expiration of the term of the
 18 members of the initial Platform Directors, the
 19 members of the Platform shall, in accordance
 20 with subparagraphs (B) through (F), elect new
 21 Platform Directors.

22 (B) *COMPOSITION.*—

23 (i) *DIVERSITY.*—The Platform Direc-
 24 tors elected pursuant to this paragraph
 25 shall reflect the diverse range of Platform

1 *members, including large, mid-size, and*
 2 *small business members.*

3 (ii) *MEMBERS.—*

4 (I) *IN GENERAL.—The Platform*
 5 *Directors elected pursuant to this*
 6 *paragraph shall be comprised of 9 di-*
 7 *rectors as follows:*

8 (aa) *8 member directors, in-*
 9 *cluding—*

10 (AA) *7 member directors*
 11 *who shall be elected from*
 12 *among representatives of the*
 13 *members in the Platform, at*
 14 *least 1 of whom shall rep-*
 15 *resent the interests of small*
 16 *mortgage lenders; and*

17 (BB) *1 member director*
 18 *who shall be a representative*
 19 *of a small lender mutual, as*
 20 *established under section*
 21 *315(k).*

22 (bb) *1 independent director.*

23 (II) *INDEPENDENT DIRECTOR.—*
 24 *The independent director elected pursu-*
 25 *ant to this paragraph—*

1 (aa) shall not be an affiliate
2 of any member in the Platform;
3 and

4 (bb) shall have demonstrated
5 knowledge of, or experience in, fi-
6 nancial management, financial
7 services, risk management, infor-
8 mation technology, or housing fi-
9 nance, which may include afford-
10 able housing finance.

11 (C) CHAIRPERSON.—The Chairperson of the
12 Platform Directors shall be elected from among
13 the Platform Directors elected under this para-
14 graph.

15 (D) TERM.—

16 (i) IN GENERAL.—Each Platform Di-
17 rector elected under this paragraph shall
18 serve for a term of 2 years.

19 (ii) STAGGERED TERMS.—Notwith-
20 standing clause (i)—

21 (I) the first elected chairperson of
22 the Platform Directors shall be elected
23 to serve for a term of 2 years; and

1 (II) of the first 8 other Platform
2 Directors not elected to serve as chair-
3 person:

4 (aa) 4 shall be elected to
5 serve for a term of 2 years.

6 (bb) 4 shall be elected to serve
7 an initial term of 1 year.

8 (E) EQUAL VOTES.—Platform Directors
9 shall have equal voting rights on any matters be-
10 fore the Platform Directors.

11 (F) NOMINATION AND ELECTION PROCE-
12 DURES.—Procedures for the nomination and
13 election of Platform Directors shall be prescribed
14 by the bylaws adopted by the Platform Directors
15 in a manner consistent with the purposes and
16 provisions of this part.

17 (G) RESTRUCTURING OF PLATFORM DIREC-
18 TORS.—The Platform Directors elected under
19 this paragraph, with approval from the Corpora-
20 tion, may choose to restructure or reorganize the
21 Platform Directors in a manner different than
22 what is specified under this paragraph following
23 a determination by the Platform Directors and
24 the Corporation that a different Platform board
25 structure or Platform board composition would

1 *better achieve the purposes and obligations of*
 2 *this Act, or better serve the owners of the Plat-*
 3 *form in a manner consistent with the public in-*
 4 *terest.*

5 **(b) EXECUTIVE OFFICERS.**—*The Platform Directors*
 6 *shall appoint a chief executive officer, chief financial officer,*
 7 *comptroller, chief regulatory officer, and any other officers*
 8 *as the Platform Directors deem necessary to carry out the*
 9 *management and administration of the functions and oper-*
 10 *ations of the Platform.*

11 **SEC. 323. MEMBERSHIP IN THE PLATFORM.**

12 **(a) APPLICATION.**—

13 **(1) IN GENERAL.**—*A person seeking to become a*
 14 *member in the Platform, or to be reinstated as a*
 15 *member in the Platform, shall file an application*
 16 *with the Platform Directors.*

17 **(2) STANDARDS.**—*Consistent with achieving a*
 18 *broad membership that includes small mortgage lend-*
 19 *ers, as well as large, mid-size, and small business*
 20 *members, the Platform Directors shall develop proce-*
 21 *dures and standards for—*

22 **(A)** *the application of persons seeking to be-*
 23 *come members in the Platform; and*

24 **(B)** *the approval of applicants for member-*
 25 *ship in the Platform.*

1 (3) *ADDITIONAL STANDARDS FOR APPROVED EN-*
 2 *TITIES.*—*The standards for the approval by the Plat-*
 3 *form Directors of an approved entity as a member in*
 4 *the Platform shall be consistent with and supplement*
 5 *any standards, requirements, and obligations applica-*
 6 *ble to the approved entity under subtitle B of this*
 7 *title, or any other provision of this Act.*

8 (b) *MEMBERS.*—*The Platform Directors may approve*
 9 *as a member of the Platform any person that applies for*
 10 *membership in the Platform pursuant to subsection (a) that*
 11 *is—*

12 (1) *a mortgage aggregator;*

13 (2) *a mortgage guarantor;*

14 (3) *a mortgage originator;*

15 (4) *a Federal Home Loan Bank or a subsidiary*
 16 *or joint office approved under section 312 of one or*
 17 *more Federal Home Loan Banks;*

18 (5) *a small lender mutual established or ap-*
 19 *proved under section 315; or*

20 (6) *any other market participant, provided that*
 21 *in the sole determination of the Platform Directors,*
 22 *having such market participant as a member of the*
 23 *Platform is necessary or helpful to fulfilling the pur-*
 24 *poses and obligations of the Platform under section*
 25 *325.*

1 (c) *TERMINATION.*—*The Platform Directors may ter-*
 2 *minate membership in the Platform of any member for fail-*
 3 *ure to adhere to any standards established by the Platform*
 4 *Directors.*

5 **SEC. 324. FEES.**

6 (a) *IN GENERAL.*—*The Platform Directors may assess*
 7 *and collect fees, and may, in their discretion, increase or*
 8 *decrease such fees, from the members in the Platform—*

9 (1) *for initial membership in the Platform, con-*
 10 *sistent with the requirements of subsection (b);*

11 (2) *to maintain ongoing membership in the Plat-*
 12 *form;*

13 (3) *for use of the Platform, consistent with the*
 14 *requirements of subsection (c); and*

15 (4) *to cover the ongoing costs of the functions*
 16 *and operations of the Platform, including—*

17 (A) *the purchase of property, technology,*
 18 *and systems developed by either enterprise or*
 19 *others;*

20 (B) *to develop and invest in new technology;*

21 (C) *to build a capital base that would be*
 22 *able to offset, or otherwise mitigate, losses that*
 23 *might occur due to the potential operational fail-*
 24 *ure of the Platform; and*

1 (D) to conduct any other activities ap-
2 proved by the Platform Directors.

3 (b) *INITIAL FEE.*—Upon approval of its application
4 to become a member in the Platform, each new approved
5 member shall pay to the Platform a fee in an amount to
6 be determined by the Platform Directors, provided that such
7 fee amount is consistent with obtaining a broad member-
8 ship in the Platform that includes small mortgage lenders,
9 as well as large, mid-size, and small business members.

10 (c) *USAGE FEES.*—

11 (1) *ESTABLISHMENT.*—Each member in the
12 Platform shall pay usage fees, as such fees are deter-
13 mined by the Platform Directors.

14 (2) *REVIEW OF FEES.*—The Platform Directors
15 shall, not less than annually, review the fee structure
16 established under this subsection and submit any re-
17 sulting recommendations to amend the fee structure to
18 the Corporation.

19 (3) *ASSESSMENT AND MEASUREMENT.*—

20 (A) *IN GENERAL.*—Except as otherwise pro-
21 vided under subparagraphs (B) and (C), usage
22 fees charged and collected under this subsection
23 shall be equitably assessed and based upon the
24 member's use of the services offered by the Plat-
25 form, as such use is to be measured by the total

1 *principal balance of the mortgage loans or mort-*
2 *gage-backed securities securitized for the member*
3 *through the Platform.*

4 (B) *TIERED FEE OPTIONS.—If the Platform*
5 *Directors determine that certain entities face a*
6 *barrier to use the Platform, the Platform Direc-*
7 *tors may adopt a tiered usage fee structure to*
8 *promote greater access and a more competitive*
9 *market for the Platform that may include dif-*
10 *ferential fee structures for usage fee charges in-*
11 *curring by housing finance agencies, small mort-*
12 *gage lenders, Community Development Financial*
13 *Institutions, mission-based nonprofit lenders,*
14 *community land trusts, permanently affordable*
15 *homeownership programs, or other organizations*
16 *selected by the Corporation.*

17 (C) *TIERED FEE OPTION FOR COVERED AND*
18 *NONCOVERED SECURITIES.—The Platform Direc-*
19 *tors may adopt a tiered usage fee structure*
20 *under this subsection that may include differen-*
21 *tial fee structures for usage fee charges for the*
22 *issuance of noncovered securities that differ from*
23 *the usage fees charged for the issuance of covered*
24 *securities.*

1 (4) *PAYMENT.*—*Usage fees charged under this*
 2 *subsection shall be paid by the member at the time the*
 3 *mortgage loans or mortgage-backed securities are de-*
 4 *livered by the member to the Platform.*

5 (d) *CORPORATION REVIEW OF INITIAL FEES AND*
 6 *USAGE FEES.*—

7 (1) *IN GENERAL.*—*The Platform Directors shall*
 8 *submit any fee structure proposal for initial fees or*
 9 *usage fees under subsection (b) or (c) to the Corpora-*
 10 *tion. The Corporation shall approve any initial fee or*
 11 *usage fee structure proposed by the Platform Directors*
 12 *unless the Corporation determines that the fee struc-*
 13 *ture is not consistent with—*

14 (A) *facilitating, a deep, liquid, and resilient*
 15 *secondary mortgage market for mortgage-backed*
 16 *securities; and*

17 (B) *the purposes and obligations of the*
 18 *Platform under section 325.*

19 (2) *AUTOMATIC ESTABLISHMENT OF FEES AB-*
 20 *SENT CORPORATION DISAPPROVAL.*—*If the Corpora-*
 21 *tion does not issue an order of disapproval of an ini-*
 22 *tial fee or usage fee structure proposed by the Plat-*
 23 *form Directors within 60 days following the submis-*
 24 *sion of the proposed initial fee or usage fee structure*
 25 *to the Corporation, the proposed initial fee or usage*

1 *fee structure shall automatically go into effect for the*
 2 *Platform and its members.*

3 (3) *IMPACT OF CORPORATION DISAPPROVAL.—If*
 4 *the Corporation disapproves an initial fee or usage*
 5 *fee structure proposed by the Platform Directors pur-*
 6 *suant to this subsection, the Platform Directors*
 7 *may—*

8 (A) *submit to the Corporation a revised fee*
 9 *or usage fee structure for approval; or*

10 (B) *if applicable, use the existing approved*
 11 *fee or usage fee structure.*

12 **SEC. 325. PURPOSES AND OBLIGATIONS OF THE PLATFORM.**

13 (a) *PURPOSE.—The purposes of the Platform estab-*
 14 *lished under section 321 are to—*

15 (1) *purchase and receive from its members eligi-*
 16 *ble mortgage loans or securities collateralized by eligi-*
 17 *ble mortgage loans for securitization by issuers as*
 18 *covered securities;*

19 (2) *issue through the Platform to its members*
 20 *standardized covered securities, or other covered secu-*
 21 *rities, insured by the Corporation pursuant to this*
 22 *Act;*

23 (3) *purchase and receive from its members non-*
 24 *eligible mortgage loans or securities not collateralized*
 25 *by eligible mortgage loans for securitization as non-*

1 *covered securities, to the extent desired or requested by*
 2 *its members; and*

3 *(4) issue to its members standardized noncovered*
 4 *securities, or other noncovered securities, that are not*
 5 *insured by the Corporation pursuant to this Act, to*
 6 *the extent desired or requested by its members.*

7 ***(b) POWERS AND FUNCTIONS.***—*The powers and func-*
 8 *tions of the Platform are to—*

9 *(1) develop the ability to issue, and to issue,*
 10 *standardized covered securities, insured by the Cor-*
 11 *poration pursuant to this Act, in accordance with*
 12 *subsection (e);*

13 *(2) develop, adopt, and publish standardized*
 14 *securitization documents and agreements (including,*
 15 *but not limited to, uniform pooling, trust, and custo-*
 16 *dial agreements)—*

17 *(A) required for all covered securities issued*
 18 *by or through the Platform in accordance with*
 19 *section 326(a) (and which shall be made optional*
 20 *for all noncovered securities issued through the*
 21 *Platform); and*

22 *(B) which—*

23 *(i) shall be drafted in consultation*
 24 *with the Corporation, the Bureau of Con-*
 25 *sumer Financial Protection, the Depart-*

1 *ment of Housing and Urban Development,*
 2 *and such other Federal regulatory agencies*
 3 *as the Platform Directors determine appro-*
 4 *priate;*

5 *(ii) may rely upon existing docu-*
 6 *mentation and forms required by the enter-*
 7 *prises or other Federal regulatory agencies,*
 8 *to the extent determined by the Platform*
 9 *Directors to be practical or appropriate;*
 10 *and*

11 *(iii) before being issued through the*
 12 *Platform, shall be approved by the Corpora-*
 13 *tion as being consistent with—*

14 *(I) the requirements under section*
 15 *326(a); and*

16 *(II) facilitating a deep, liquid,*
 17 *and resilient secondary mortgage mar-*
 18 *ket for mortgage-backed securities;*

19 *(3) develop standardized documents approved by*
 20 *the Corporation for servicing and loss mitigation*
 21 *standards pursuant to section 314 for eligible mort-*
 22 *gage loans that collateralize the covered securities*
 23 *issued through the Platform to its members, which*
 24 *shall be based on standards set by the Corporation*
 25 *and which may rely upon existing documentation*

1 *and forms required by the enterprises or other Federal*
 2 *or State regulatory agencies, to the extent determined*
 3 *by the Platform Directors to be practical or appro-*
 4 *priate;*

5 *(4) as expressly provided in section 326(b)(2)(F),*
 6 *develop, adopt, and publish the required contractual*
 7 *terms for contracts for noncovered securities issued*
 8 *through the Platform, which shall be—*

9 *(A) developed in consultation with the Cor-*
 10 *poration, the Bureau of Consumer Financial*
 11 *Protection, the Department of Housing and*
 12 *Urban Development, and such other Federal reg-*
 13 *ulatory agencies as the Platform Directors deter-*
 14 *mine appropriate; and*

15 *(B) before being issued through the Plat-*
 16 *form, approved by the Corporation as being con-*
 17 *sistent with—*

18 *(i) the requirements under section*
 19 *326(b); and*

20 *(ii) facilitating a deep, liquid, and re-*
 21 *silient secondary mortgage market for mort-*
 22 *gage-backed securities;*

23 *(5) develop, adopt, and publish optional stand-*
 24 *ardized securitization documents and agreements (in-*
 25 *cluding, but not limited to, uniform pooling, trust,*

1 *and custodial agreements) tailored for noncovered se-*
2 *curities issued through the Platform, and which may*
3 *be used as desired or requested by the members of the*
4 *Platform, in accordance with section 326(c), and*
5 *which standardized securitization documents and*
6 *agreements—*

7 *(A) shall be drafted in consultation with the*
8 *Corporation, the Bureau of Consumer Financial*
9 *Protection, the Department of Housing and*
10 *Urban Development, and such other Federal reg-*
11 *ulatory agencies as the Platform Directors deter-*
12 *mine appropriate;*

13 *(B) may rely upon existing documentation*
14 *and forms required by the enterprises or other*
15 *Federal or State regulatory agencies, to the ex-*
16 *tent determined by the Platform Directors to be*
17 *practical or appropriate; and*

18 *(C) before being issued through the Plat-*
19 *form, shall be approved by the Corporation as*
20 *being consistent with—*

21 *(i) the requirements under section*
22 *326(c); and*

23 *(ii) facilitating a deep, liquid, and re-*
24 *silient secondary mortgage market for mort-*
25 *gage-backed securities;*

1 (6) *the extent not otherwise provided in para-*
2 *graphs (2), (3), and (5), to endeavor to use or rely*
3 *upon existing documentation and forms required by*
4 *the enterprises or other Federal or State regulatory*
5 *agencies, to the extent determined by the Platform Di-*
6 *rectors to be practical or appropriate;*

7 (7) *establish a strong business continuity plan*
8 *that meets industry best practices and establish suffi-*
9 *cient redundancies so that in the event of an oper-*
10 *ational failure of the Platform there is sufficient back-*
11 *up capacity to process payments and issue covered*
12 *and noncovered securities;*

13 (8) *verify that the eligible mortgage loans and se-*
14 *curities collateralized by eligible mortgage loans pur-*
15 *chased and received by the Platform, including from*
16 *any small lender mutual established or approved*
17 *under section 315, for securitization as covered securi-*
18 *ties, meet the requirements for covered securities*
19 *under this Act and any regulations adopted by the*
20 *Corporation pursuant thereto;*

21 (9) *verify that the noneligible mortgage loans*
22 *and securities not collateralized by eligible mortgage*
23 *loans purchased and received by the Platform, includ-*
24 *ing from any small lender mutual established or ap-*
25 *proved under section 315, for securitization as non-*

1 *covered securities, meet the requirements for non-*
2 *covered securities under this Act and any regulations*
3 *adopted by the Corporation pursuant thereto;*

4 *(10) for the purpose of securitization, purchase*
5 *or receive from members of the Platform—*

6 *(A) eligible mortgage loans, pools of eligible*
7 *mortgage loans, securities collateralized by eligi-*
8 *ble mortgage loans, or outstanding mortgage-*
9 *backed securities issued by the enterprises for*
10 *securitization as covered securities; and*

11 *(B) noneligible mortgage loans, pools of*
12 *noneligible mortgage loans, or securities*
13 *collateralized by noneligible mortgage loans for*
14 *securitization as noncovered securities, to the ex-*
15 *tent desired or requested by members of the Plat-*
16 *form;*

17 *(11) for the purpose of securitization, facilitate*
18 *the issuance of—*

19 *(A) all covered securities of members of the*
20 *Platform that are collateralized by eligible mort-*
21 *gage loans, or outstanding mortgage-backed secu-*
22 *rities issued by the enterprises;*

23 *(B) all covered securities of members of the*
24 *Platform that are pooled from—*

1 (i) a single mortgage originator, mort-
 2 gage aggregator, approved entity, or regu-
 3 lated entity; or

4 (ii) multiple mortgage originators,
 5 mortgage aggregators, approved entities, or
 6 regulated entities;

7 (C) noncovered securities collateralized by
 8 noneligible mortgage loans received from mem-
 9 bers of the Platform; and

10 (D) noncovered securities collateralized by
 11 noneligible mortgage loans received from mem-
 12 bers of the Platform that are pooled from—

13 (i) a single mortgage originator, mort-
 14 gage aggregator, or regulated entity; or

15 (ii) multiple mortgage originators,
 16 mortgage aggregators, or regulated entities;

17 (12) perform bond administration, data valida-
 18 tion, and reporting for all covered and noncovered se-
 19 curities issued through the Platform, including those
 20 issued on behalf of any small lender mutual estab-
 21 lished or approved under section 315;

22 (13) facilitate systems to lower barriers to entry
 23 for new mortgage originators and approved entities or
 24 access to membership in the Platform;

1 (14) provide essential functions necessary to
2 issue standardized securities which may be compatible
3 with the To-Be-Announced market, for covered securi-
4 ties and, if appropriate, noncovered securities;

5 (15) manage operational and systems related
6 risks associated with delivering covered and non-
7 covered securities and receiving eligible and non-
8 eligible mortgage loans;

9 (16) develop the capability to offer securitization
10 services to private label issuers;

11 (17) require the servicing documentation used for
12 mortgage loans that collateralize securities issued
13 through the Platform to provide a standard method
14 (which may include the use of a single electronic
15 verification system) for a mortgagor who has been de-
16 nied a loan modification to verify such denial at no
17 cost to the mortgagor;

18 (18) facilitate the issuance of securitizations for
19 multifamily loans, establish common documentation,
20 or develop other requirements necessary to permit the
21 Platform, or a subsidiary or affiliate thereof, to be
22 used for multifamily loan securitizations if the Plat-
23 form Directors issue a determination that it would be
24 desirable and practical for the Platform, or a sub-

1 *sidiary or affiliate thereof, to be used to issue or oth-*
 2 *erwise facilitate multifamily loan securitizations; and*

3 *(19) establish, not later than the system certifi-*
 4 *cation date, a Collateral Valuation Advisory Com-*
 5 *mittee—*

6 *(A) which shall be comprised of 9 members*
 7 *appointed by the Platform Directors, including*
 8 *representatives of appraisers, appraisal manage-*
 9 *ment companies, mortgage originators (including*
 10 *small mortgage lenders), investors, real estate*
 11 *professionals, homebuilding professionals, con-*
 12 *sumer advocates, as well as Federal and State*
 13 *appraisal regulatory organizations;*

14 *(B) the purpose of which shall be to—*

15 *(i) provide recommendations to the*
 16 *Platform and the Corporation regarding*
 17 *secondary mortgage market residential ap-*
 18 *praisal guidelines, standards, and reporting*
 19 *formats consistent with the Real Estate Set-*
 20 *tlement Procedures Act (12 U.S.C. 2603),*
 21 *the Truth in Lending Act (15 U.S.C. 1631*
 22 *et seq.), and all other applicable Federal*
 23 *and State laws; and*

24 *(ii) make recommendations regarding*
 25 *the continuation of a repository for valu-*

1 *ation reports, taking into account existing*
 2 *operational structures and contractual ar-*
 3 *rangements; and*

4 *(C) which, in fulfilling its purpose under*
 5 *this paragraph, shall, as appropriate, consult*
 6 *and coordinate with the Appraisal Subcommittee*
 7 *of the Federal Financial Institutions Examina-*
 8 *tions Council established under title XI of the*
 9 *Financial Institutions Reform, Recovery, and*
 10 *Enforcement Act of 1989 (12 U.S.C. 3331 et*
 11 *seq.).*

12 *(c) PROHIBITED ACTIVITIES.—The Platform may*
 13 *not—*

14 *(1) guarantee any mortgage loans or mortgage-*
 15 *backed securities;*

16 *(2) assume or hold mortgage loan credit risk;*

17 *(3) purchase any mortgage loans for cash on a*
 18 *single loan basis for the purpose of securitization;*

19 *(4) undertake the issuance of any covered securi-*
 20 *ties through the Platform unless the first loss position*
 21 *is already held by a private entity;*

22 *(5) own or hold any mortgage loans or mortgage-*
 23 *backed securities for investment purposes;*

24 *(6) make or be a party to any representation*
 25 *and warranty agreement on any mortgage loans; or*

1 (7) *take lender representation and warranty*
 2 *risk.*

3 (d) *INTEROPERABILITY WITH MULTIFAMILY LOAN*
 4 *SECURITIZATION ISSUANCE.*—*The Platform shall be devel-*
 5 *oped in a manner that may permit, and would not pre-*
 6 *clude, the Platform, or any subsidiary or affiliate thereof,*
 7 *to be used for the issuance of multifamily loan*
 8 *securitizations, provided that the development of this vehicle*
 9 *for multifamily loan securitizations does not delay the abil-*
 10 *ity of the Platform to perform its obligations under this*
 11 *section with respect to single-family securities by the system*
 12 *certification date.*

13 (e) *TIMING OF PLATFORM CAPACITY TO DEVELOP AND*
 14 *TO ISSUE STANDARDIZED SECURITIES FOR THE SINGLE-*
 15 *FAMILY COVERED SECURITIES.*—*Not later than 2 years fol-*
 16 *lowing the election of the Platform Directors under section*
 17 *322(a)(3), or as otherwise permitted under section 601, the*
 18 *Platform shall develop the Platform’s ability to issue, and*
 19 *issue, standardized securities for single-family covered secu-*
 20 *rities.*

21 (f) *DISCRETION FOR PLATFORM DIRECTORS TO ISSUE*
 22 *STANDARDIZED SECURITIES FOR SINGLE-FAMILY NON-*
 23 *COVERED SECURITIES.*—*The Platform Directors may de-*
 24 *velop an ability for the Platform to issue standardized secu-*
 25 *rities for single-family noncovered securities, if the Platform*

1 *Directors determine that sufficient demand exists among the*
 2 *Platform members for the Platform to issue such a product.*

3 **SEC. 326. UNIFORM SECURITIZATION AGREEMENTS FOR**
 4 **COVERED SECURITIES AND REQUIRED CON-**
 5 **TRACTUAL TERMS FOR NONCOVERED SECU-**
 6 **RITIES.**

7 *(a) REQUIRED UNIFORM SECURITIZATION AGREE-*
 8 *MENTS FOR COVERED SECURITIES ISSUED THROUGH THE*
 9 *PLATFORM.—*

10 *(1) IN GENERAL.—The Platform Directors shall*
 11 *develop standard uniform securitization agreements*
 12 *for all covered securities to be issued through the Plat-*
 13 *form, as required pursuant to section 325(b)(2).*

14 *(2) REQUIRED TERMS.—The standard uniform*
 15 *securitization agreements required to be developed*
 16 *under paragraph (1) shall include terms relating to—*

17 *(A) pooling and servicing, including the de-*
 18 *velopment of uniform standards and practices*
 19 *consistent with the standards specified by the*
 20 *Corporation pursuant to section 314;*

21 *(B) loss mitigation procedures consistent*
 22 *with those specified by the Corporation pursuant*
 23 *to section 314;*

24 *(C) minimum representations and warran-*
 25 *ties;*

1 (D) indemnification and remedies, includ-
 2 ing for the restitution or indemnification of the
 3 Corporation with respect to early term delin-
 4 quencies of eligible mortgage loans that
 5 collateralize a covered security;

6 (E) the requirements of the indenture for
 7 mortgage-backed securities that are exempt from
 8 the Trust Indenture Act of 1939 (15 U.S.C.
 9 77aaa et seq.) and the requirements, responsibil-
 10 ities, and duties of trustees, as set forth in the
 11 indenture or pooling and servicing agreement;

12 (F) the qualification, responsibilities, and
 13 duties of trustees; and

14 (G) any other terms or standards the Plat-
 15 form Directors, with approval of the Corpora-
 16 tion, determine to be necessary or appropriate.

17 (3) *DEFINING REPRESENTATION AND WARRANTY*
 18 *VIOLATIONS.*—In developing the uniform
 19 securitization agreements required under paragraph
 20 (1), the Platform Directors shall also develop, adopt,
 21 and publish, upon approval by the Corporation, clear
 22 and uniform standards that define and illustrate
 23 what actions, or omissions to act, comprise a viola-
 24 tion of the representations and warranties clauses
 25 that are made a part of such agreements.

1 ***(b) REQUIRED CONTRACTUAL TERMS FOR CONTRACTS***
 2 ***FOR ALL NONCOVERED SECURITIES ISSUED THROUGH THE***
 3 ***PLATFORM.—***

4 ***(1) IN GENERAL.—****All contracts for noncovered*
 5 *securities issued through the Platform shall include a*
 6 *set of required contractual terms relating to the obli-*
 7 *gations of the parties to each contract.*

8 ***(2) REQUIRED CONTRACTUAL TERMS.—****The re-*
 9 *quired contractual terms for agreements for all non-*
 10 *covered securities issued through the Platform shall*
 11 *provide the obligations of the parties to a contract in-*
 12 *cluding the following considerations:*

13 ***(A) Pooling and servicing.***

14 ***(B) Loss mitigation procedures.***

15 ***(C) Representations and warranties.***

16 ***(D) Indemnification and remedies.***

17 ***(E) The qualification, responsibilities, and***
 18 *duties of trustees, including, but not limited to,*
 19 *requirements set forth in the indenture or pool-*
 20 *ing and servicing agreement, or any applicable*
 21 *provisions of the Trust Indenture Act of 1939*
 22 ***(15 U.S.C. 77aaa et seq.).***

23 ***(F) Other terms or standards the Platform***
 24 ***Directors, with approval of the Corporation, de-***

1 *termine to be necessary or appropriate to protect*
 2 *or facilitate the operation of the Platform.*

3 (3) *PERMISSIBLE ADJUSTMENTS.—Parties to*
 4 *contracts for noncovered securities described under*
 5 *this subsection may supplement the required contrac-*
 6 *tual terms identified under paragraph (2) with any*
 7 *additional contractual terms so desired by the parties*
 8 *to contracts for noncovered securities issued through*
 9 *the Platform.*

10 (c) *OPTIONAL UNIFORM SECURITIZATION AGREE-*
 11 *MENTS FOR NONCOVERED SECURITIES ISSUED THROUGH*
 12 *THE PLATFORM.—The Platform Directors may develop op-*
 13 *tional uniform securitization agreements for use by non-*
 14 *covered securities that are issued through the Platform that*
 15 *include standards and obligations that are different from*
 16 *those included in the uniform securitization agreements for*
 17 *covered securities as set forth in subsection (a), provided*
 18 *that—*

19 (1) *the agreements include the required contrac-*
 20 *tual terms required for noncovered securities that are*
 21 *issued through the Platform set forth in subsection*
 22 *(b); and*

23 (2) *the Platform Directors determine that suffi-*
 24 *cient demand exists among the members of the Plat-*
 25 *form for the Platform to issue such optional uniform*

1 *securitization agreements for use by noncovered secu-*
 2 *rities.*

3 (d) *AGREEMENTS FOR NONCOVERED SECURITIES*
 4 *ISSUED OFF THE PLATFORM.*—*Nothing in this section shall*
 5 *preclude, or require, noncovered securities that are not*
 6 *issued through the Platform from adopting the—*

7 (1) *uniform securitization agreements for covered*
 8 *securities issued through the Platform developed under*
 9 *subsection (a);*

10 (2) *optional uniform securitization agreements*
 11 *for noncovered securities issued through the Platform*
 12 *developed under subsection (c); or*

13 (3) *required contractual terms for contracts for*
 14 *noncovered securities issued through the Platform de-*
 15 *veloped under subsection (b).*

16 (e) *CONSULTATION REQUIRED.*—*The Platform Direc-*
 17 *tors shall consult with market participants, including*
 18 *servicers, originators, issuers, and mortgage investors, and*
 19 *community stakeholders and representatives of homeowners*
 20 *in developing—*

21 (1) *the uniform securitization agreements pursu-*
 22 *ant to subsection (a);*

23 (2) *the required contractual terms for contracts*
 24 *for noncovered securities issued through the Platform*
 25 *pursuant to subsection (b); and*

1 (3) *the optional uniform securitization agree-*
 2 *ments for noncovered securities issued through the*
 3 *Platform pursuant to subsection (c).*

4 **SEC. 327. APPROVAL AND STANDARDS FOR COLLATERAL**
 5 **RISK MANAGERS.**

6 (a) *STANDARDS FOR APPROVAL OF COLLATERAL RISK*
 7 *MANAGERS.—The Corporation shall develop, adopt, and*
 8 *publish standards for the use of collateral risk managers*
 9 *who may work with the Platform, as well as trustees and*
 10 *servicers of mortgage-backed securities to manage mortgage*
 11 *loan collateral, including standards with respect to—*

12 (1) *tracking mortgage loan repurchases;*
 13 (2) *compliance with obligations under any ap-*
 14 *plicable securitization documents; and*
 15 (3) *managing—*
 16 (A) *any disputes; and*
 17 (B) *the resolution process.*

18 (b) *ADDITIONAL REQUIRED STANDARDS.—The stand-*
 19 *ards required under subsection (a) shall include the review*
 20 *of foreclosure loss mitigation programs established under*
 21 *section 314 for approved servicers.*

PART II—TRANSPARENCY IN MARKET

OPERATIONS

SEC. 331. REVIEW OF LOAN DOCUMENTS; DISCLOSURES.

(a) *IN GENERAL.*—The Corporation, in consultation and coordination with the Securities and Exchange Commission, shall, by rule—

(1) *require market participants, as appropriate, to make available to private market investors in connection with the first loss position on a covered security, including through use of the Securitization Platform established under section 321, all—*

(A) *documents relating to eligible mortgage loans collateralizing that covered security; and*

(B) *servicing reports of the approved servicer relating to such eligible mortgage loans;*

(2) *require market participants, as appropriate, to disclose to investors information that is substantially similar, to the extent practicable, to disclosures required of issuers of asset-backed securities under section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a), 78o(d)) until the covered security is fully paid, other than information that the Corporation determines, in consultation and coordination with the Securities and Exchange Commission, is not applicable to a covered security, a par-*

1 *ticular type of covered security, or eligible mortgage*
 2 *loans collateralizing a covered security;*

3 *(3) require that all disclosures must be made*
 4 *consistent with the antifraud provisions of the Fed-*
 5 *eral securities laws; and*

6 *(4) establish the timing, frequency, and manner*
 7 *in which such access and disclosures are made.*

8 *(b) ACCESS AND DISCLOSURES.—In prescribing the*
 9 *rules required under subsection (a), the Corporation shall*
 10 *take into consideration—*

11 *(1) the potential cost of such access and disclo-*
 12 *tures;*

13 *(2) the effect of such access and disclosures on li-*
 14 *quidity in the housing finance market; and*

15 *(3) the interests of investors.*

16 *(c) PRIVACY PROTECTIONS.—In prescribing the rules*
 17 *required under subsection (a), the Corporation shall take*
 18 *into consideration issues of consumer privacy and all stat-*
 19 *utes, rules, and regulations related to privacy of consumer*
 20 *credit information and personally identifiable information.*
 21 *Such rules shall expressly prohibit the identification of spe-*
 22 *cific borrowers.*

23 **SEC. 332. NATIONAL MORTGAGE DATABASE.**

24 *(a) TRANSFER.—Effective on the system certification*
 25 *date, there are transferred to the Corporation all functions*

1 *of the Federal Housing Finance Agency of the Corporation*
 2 *relating to the rights, responsibilities, and obligations of the*
 3 *Federal Housing Finance Agency pursuant to the Inter-*
 4 *Agency Agreement (or any successor thereto) entered into*
 5 *by the Federal Housing Finance Agency and the Bureau*
 6 *of Consumer Financial Protection with respect to the devel-*
 7 *opment, construction, maintenance, operation, and funding*
 8 *of the National Mortgage Database.*

9 (b) *PRIVACY.—In exercising authority under this sec-*
 10 *tion, the Corporation and the Bureau of Consumer Finan-*
 11 *cial Protection shall—*

12 (1) *take steps to ensure the privacy of consumers,*
 13 *including prohibiting the identification of specific*
 14 *borrowers;*

15 (2) *minimize the collection and storage of per-*
 16 *sonally identifiable information; and*

17 (3) *consider all statutes, rules, and regulations*
 18 *relating to the privacy of consumer credit information*
 19 *and personally identifiable information.*

20 (c) *DUPLICATION.—The Chairperson and the Director*
 21 *of the Bureau of Consumer Financial Protection shall take*
 22 *all reasonable steps necessary to minimize conflicts and du-*
 23 *plication of the data required under this section with data*
 24 *collected, published, or otherwise obtained by other Federal*
 25 *regulators, including the data disclosure system required*

1 *under section 304(f) of the Home Mortgage Disclosure Act*
2 *of 1975 (12 U.S.C. 2803(f)).*

3 (d) *MINIMIZE BURDEN ON REPORTING ENTITIES.—If*
4 *2 or more entities are required by this section to report the*
5 *same mortgage data relating to the same mortgage loan,*
6 *the entities may, by agreement that is clearly commu-*
7 *nicated to the Corporation and the Bureau, determine that*
8 *only 1 of such entities will report the data. If 1 of such*
9 *entities reports the required mortgage data, it shall not be*
10 *a violation of this section for the other entities not to report*
11 *the data.*

12 (e) *ACCESS TO DATA.—The Corporation and the Bu-*
13 *reau of Consumer Financial Protection shall each establish,*
14 *and cause to be published in the Federal Register, the ini-*
15 *tial date on which—*

16 (1) *the public shall begin to have access to any*
17 *data put into the public domain, in accordance with*
18 *this section and in a manner that is easily accessible*
19 *to the public; and*

20 (2) *all mortgage data is required to be put into*
21 *the public domain, in accordance with this section.*

1 **SEC. 333. WORKING GROUP ON ELECTRONIC REGISTRATION**
2 **OF MORTGAGE LOANS.**

3 (a) *ESTABLISHMENT.*—Not later than 180 days after
4 the agency transfer date, the Corporation shall establish a
5 working group to study—

6 (1) *whether the establishment of a national elec-*
7 *tronic mortgage registry system is necessary; and*

8 (2) *how to establish, operate, and maintain a*
9 *national electronic mortgage registry system for sin-*
10 *gle-family mortgage loans and multifamily mortgage*
11 *loans.*

12 (b) *COMPOSITION.*—The working group established
13 under subsection (a) shall be composed of the following:

14 (1) *The Chairperson or the Chairperson's des-*
15 *ignee.*

16 (2) *The Director of the Bureau of Consumer Fi-*
17 *nancial Protection or the Director's designee.*

18 (3) *The Chairman of the Federal Deposit Insur-*
19 *ance Corporation or the Chairman's designee.*

20 (4) *The Chairman of the Securities and Ex-*
21 *change Commission or the Chairman's designee.*

22 (5) *The Chairman of the Federal Reserve Board*
23 *or the Chairman's designee.*

24 (6) *The Comptroller of the Currency or the*
25 *Comptroller's designee.*

1 (7) *A representative from the Federal Home*
2 *Loan Bank System.*

3 (8) *A representative from a Federal Reserve*
4 *Bank.*

5 (9) *Individuals selected by the Chairperson from*
6 *among the following:*

7 (A) *State and local government agencies*
8 *and representatives, including housing finance*
9 *agencies and those with expertise in property*
10 *records, electronic recording, and the Uniform*
11 *Commercial Code.*

12 (B) *The National Conference of Commis-*
13 *sioners on Uniform State Laws*

14 (C) *Industry groups, including single-fam-*
15 *ily and multifamily mortgage originators, title*
16 *insurers, servicers, issuers, and investors.*

17 (D) *Consumer groups, including representa-*
18 *tives of homeowners, community stakeholders,*
19 *and housing organizations.*

20 (E) *Individuals with technical expertise, in-*
21 *cluding those with expertise in designing, con-*
22 *structing and maintaining mortgage databases.*

23 (c) *DUTIES.—The duties of the working group estab-*
24 *lished under subsection (a) are to assess and develop rec-*
25 *ommendations on the necessity for and feasibility of estab-*

1 *lishing, operating, and maintaining a national electronic*
 2 *mortgage registry system for single-family mortgage loans*
 3 *and multifamily mortgage loans to document custody and*
 4 *registration of mortgage loans, notes, titles, liens, deeds of*
 5 *trust, and other security instruments, in order to automate,*
 6 *centralize, standardize, and improve the tracking of changes*
 7 *in—*

8 (1) *the ownership of mortgage loans, deeds of*
 9 *trust, and other security instruments;*

10 (2) *the ownership of the beneficial interest in*
 11 *promissory notes secured by any mortgage loan, deed*
 12 *of trust, or other security instrument;*

13 (3) *the servicing rights for any mortgage loan,*
 14 *deed of trust, or other security instrument; and*

15 (4) *such other information as the Corporation*
 16 *may require.*

17 (d) *CONSIDERATIONS.—In carrying out the duties*
 18 *under this section, the working group established under sub-*
 19 *section (a) shall consider—*

20 (1) *the cost to States and localities, including*
 21 *any impact on revenue generated by local recording*
 22 *of mortgage loan documents;*

23 (2) *the feasibility of allowing States and local-*
 24 *ities to continue to collect fees and revenue;*

1 (3) *the implications of data accuracy on judicial*
2 *or non-judicial foreclosure;*

3 (4) *the need to minimize conflicting mortgage*
4 *loan registry requirements;*

5 (5) *the need to provide consumers with access to*
6 *key information about the ownership and servicing of*
7 *their mortgage loans;*

8 (6) *the need to provide data accuracy, security,*
9 *and privacy;*

10 (7) *existing State real property and commercial*
11 *laws and any such laws in development, including an*
12 *electronic mortgage registry law developed as a uni-*
13 *form State law proposal;*

14 (8) *the costs and benefits of developing and*
15 *maintaining a national mortgage registry system, in-*
16 *cluding any potential impact on consumer mortgage*
17 *credit and industry participants;*

18 (9) *the feasibility of using existing industry*
19 *standards and capabilities in the operation of a na-*
20 *tional mortgage registry system; and*

21 (10) *any research, reports, or other work under-*
22 *taken by outside experts, including Federal and State*
23 *entities.*

24 (e) *REPORT.—Not later than 2 years after the date on*
25 *which the working group is established under subsection (a),*

1 *the working group shall issue a publicly available report,*
2 *which shall—*

3 *(1) include recommendations—*

4 *(A) as to whether the establishment of a na-*
5 *tional electronic mortgage registry system is nec-*
6 *essary or appropriate in the public interest or*
7 *for the protection of the Mortgage Insurance*
8 *Fund; and*

9 *(B) on how to establish, operate, and main-*
10 *tain a national electronic mortgage registry sys-*
11 *tem for single-family mortgage loans and multi-*
12 *family mortgage loans; and*

13 *(2) if the working group recommends that the es-*
14 *tablishment of the national electronic mortgage reg-*
15 *istry system is necessary or appropriate under para-*
16 *graph (1), outline the minimum requirements for*
17 *such registry, which shall—*

18 *(A) include considerations for the develop-*
19 *ment and implementation of electronic mortgage*
20 *registry systems by State and local government*
21 *agencies, including requirements to ensure accu-*
22 *rate reporting to such systems; and*

23 *(B) satisfy the recommendations of this re-*
24 *port.*

25 *(f) RULEMAKING.—*

1 (1) *IN GENERAL.*—Beginning 5 years after pub-
2 lication of the report under subsection (e), the Cor-
3 poration may, by rule, establish a national electronic
4 mortgage registry system for single-family mortgage
5 loans and multifamily mortgage loans, deeds of trust,
6 or other security instruments in accordance with the
7 findings of the report if—

8 (A) the Corporation determines that elec-
9 tronic mortgage registry systems have not been
10 created by State and local government agencies
11 in accordance with the minimum requirements
12 established in the report; and

13 (B) the establishment of a national elec-
14 tronic mortgage registry system for single-family
15 mortgage loans and multifamily mortgage loans
16 remains necessary or appropriate in the public
17 interest or for the protection of the Mortgage In-
18 surance Fund.

19 (2) *CONFLICTING REPORTS.*—If the Corporation
20 establishes a national electronic mortgage registry
21 system under paragraph (1), the Corporation shall
22 provide approved entities a reasonable amount of
23 time to correct a filing made in the national elec-
24 tronic mortgage registry system established under
25 paragraph (1) that is in direct conflict with any fil-

1 *ing in a State or local real property recording sys-*
 2 *tem.*

3 (3) *AUTHORITY TO EXTEND ESTABLISHMENT OF*
 4 *REGISTRIES.—The Corporation, in consultation with*
 5 *appropriate State and local government agencies re-*
 6 *sponsible for real property recordation, may extend*
 7 *the period of time provided under paragraph (1) for*
 8 *a single period of not more than 5 years if the Cor-*
 9 *poration determines that the extension is necessary or*
 10 *appropriate.*

11 (4) *CONSULTATION AND COORDINATION WITH*
 12 *STATE AND LOCAL AGENCIES.—To promote consist-*
 13 *ency in and minimize disruption to the housing fi-*
 14 *nance system and systems for the local recording of*
 15 *mortgage loan documents, the Corporation shall con-*
 16 *sult and coordinate with appropriate State and local*
 17 *government agencies responsible for real property rec-*
 18 *ordation when developing and issuing rules under*
 19 *this subsection.*

20 (5) *REQUIREMENTS ON RULES.—The rules and*
 21 *standards promulgated under this section shall recog-*
 22 *nize and protect valid perfected security interests in*
 23 *registered mortgage-related documents.*

24 (g) *RULES OF CONSTRUCTION.—*

1 (1) *LIMITATION ON LIABILITY.*—*Nothing in this*
 2 *section shall be construed as implying or establishing*
 3 *a private right of action against an approved entity*
 4 *for filings made to a national electronic mortgage reg-*
 5 *istry system established under subsection (f)(1) or*
 6 *other filing actions taken pursuant to subsection (f).*

7 (2) *LIMITATION ON SUPERVISORY OR ENFORCE-*
 8 *MENT AUTHORITY.*—*Nothing in this section shall be*
 9 *construed as authorizing the Corporation, before the*
 10 *establishment of a national electronic mortgage reg-*
 11 *istry system under subsection (f)(1), to exercise super-*
 12 *visory or enforcement authority with respect to an*
 13 *approved entity relating to a real property filing ac-*
 14 *tion in a State or local real property recording sys-*
 15 *tem by the approved entity.*

16 (3) *PREEMPTION.*—*Nothing in this section shall*
 17 *be construed as preempting, altering, annulling, ex-*
 18 *empting, or affecting the applicability of any State or*
 19 *local law, including those laws relating to real prop-*
 20 *erty recording or foreclosure.*

21 **SEC. 334. MULTIPLE LENDER ISSUES.**

22 *With respect to the dwelling of a borrower that serves*
 23 *as security for an eligible mortgage loan, if the borrower*
 24 *enters into any credit transaction that would result in the*
 25 *creation of a new mortgage loan or other credit lien on such*

1 dwelling where the loan-to-value ratio of such credit trans-
 2 action amount is 80 percent or more, the creditor (as de-
 3 fined in section 1026.2(a)(17) of title 12 of the Code of Fed-
 4 eral Regulations) shall notify the creditor of the senior eligi-
 5 ble mortgage loan within 30 days after consummation of
 6 such transaction.

7 **SEC. 335. REQUIRED HARMONIZATION OF STANDARDS**
 8 **WITHIN ELIGIBLE MORTGAGE CRITERIA.**

9 (a) *IN GENERAL.*—The Corporation shall consult and
 10 coordinate with the Bureau of Consumer Financial Protec-
 11 tion to ensure that the minimum standards issued by the
 12 Corporation with respect to eligible single-family mortgage
 13 loans pursuant to section 2(29) remain, to the greatest ex-
 14 tent possible, substantially similar to rules promulgated by
 15 the Bureau pursuant to section 129C(b) of the Truth in
 16 Lending Act (15 U.S.C. 1639c(b)) provided that any revi-
 17 sions to, or amendments of, such minimum standards
 18 issued by the Corporation—

19 (1) conform to all of the other requirements set
 20 forth under section 2(29); and

21 (2) in the determination of the Corporation, do
 22 not negatively impact the Mortgage Insurance Fund.

23 (b) *ANNUAL REPORT ON ANY CHANGES OR DIF-*
 24 *FERENCES IN RULES.*—The Corporation shall, on an an-
 25 nual basis, submit to the Chair and Ranking Member of

1 *the Committee on Banking, Housing, and Urban Affairs*
 2 *of the Senate and the Chair and Ranking Member of the*
 3 *Committee on Financial Services of the House of Represent-*
 4 *atives a report that—*

5 *(1) describes any changes to the minimum stand-*
 6 *ards identified in subsection (a);*

7 *(2) describes the economic analysis developed*
 8 *and used by the Corporation for any changes de-*
 9 *scribed under paragraph (1) in order to ensure such*
 10 *changes do not violate the duties of the Corporation*
 11 *to protect the Mortgage Insurance Fund; and*

12 *(3) identifies any changes that occurred and dif-*
 13 *ferences that exist between the minimum standards*
 14 *developed, adopted, and maintained by the Corpora-*
 15 *tion and the rules promulgated by the Bureau pursu-*
 16 *ant to section 129C(b) of the Truth in Lending Act*
 17 *(15 U.S.C. 1639c(b)).*

18 ***TITLE IV—FHFA AND FMIC***
 19 ***TRANSITION***

20 ***SEC. 401. DEFINITIONS.***

21 *In this title—*

22 *(1) the term “Director” means—*

23 *(A) during the period beginning on the date*
 24 *of enactment of this Act and ending on the day*

1 *before the agency transfer date, the Director of*
 2 *the Existing Agency; and*

3 *(B) on and after the agency transfer date,*
 4 *the Director of the Federal Housing Finance*
 5 *Agency of the Corporation appointed under sec-*
 6 *tion 402(a)(2);*

7 *(2) the term “Existing Agency” means the Fed-*
 8 *eral Housing Finance Agency, as constituted on the*
 9 *day before the agency transfer date;*

10 *(3) the term “function” means any duty, obliga-*
 11 *tion, power, authority, responsibility, right, privilege,*
 12 *activity, or program;*

13 *(4) the term “regulated entity” has the same*
 14 *meaning as in section 1303(20) of the Safety and*
 15 *Soundness Act (12 U.S.C. 4502(20)); and*

16 *(5) the term “Transition Committee” means the*
 17 *Federal Mortgage Insurance Corporation Transition*
 18 *Committee established under section 404(a)(1).*

19 **SEC. 402. FHFA TRANSITION.**

20 *(a) ESTABLISHMENT.—*

21 *(1) IN GENERAL.—Effective on the agency trans-*
 22 *fer date, there is established in the Corporation the*
 23 *Federal Housing Finance Agency, which shall be*
 24 *maintained as a distinct entity within the Corpora-*
 25 *tion.*

1 (2) *DIRECTOR.*—*The Federal Housing Finance*
 2 *Agency shall be headed by a Director, who shall be—*

3 (A) *appointed by the President, by and*
 4 *with the advice and consent of the Senate; and*

5 (B) *a non-voting member of the Board of*
 6 *Directors.*

7 (b) *FEDERAL HOUSING FINANCE AGENCY TRANS-*
 8 *FER.*—

9 (1) *TRANSFER OF PROPERTY AND FUNCTIONS.*—
 10 *Effective on the agency transfer date and unless other-*
 11 *wise specified by this Act, all property and functions*
 12 *of the Federal Housing Finance Agency are trans-*
 13 *ferred to the Federal Housing Finance Agency of the*
 14 *Corporation.*

15 (2) *INCUMBENT DIRECTOR.*—*The individual*
 16 *serving as the Director of the Existing Agency on the*
 17 *day before the agency transfer date may serve as the*
 18 *Director of the Federal Housing Finance Agency of*
 19 *the Corporation until the end of the term of such in-*
 20 *dividual as Director of the Existing Agency under*
 21 *section 1312(b)(2) of the Safety and Soundness Act*
 22 *(12 U.S.C. 4512(b)(2)), as in effect on the day before*
 23 *the agency transfer date.*

24 (3) *TRANSITION CHAIRPERSON.*—

1 (A) *IN GENERAL.*—During the period begin-
2 ning on the agency transfer date and ending on
3 the date on which the first individual is ap-
4 pointed as Chairperson under section 202, the
5 Director shall serve as the Transition Chair-
6 person of the Corporation and, except as pro-
7 vided in subparagraph (B), shall exercise all au-
8 thorities of the Chairperson, unless stated other-
9 wise.

10 (B) *LIMITATION ON AUTHORITY.*—In serv-
11 ing as the Transition Chairperson of the Cor-
12 poration pursuant to subparagraph (A), the Di-
13 rector shall not have the authority to establish
14 any rule under section 2 or any rule relating to
15 approved entities under title III.

16 (c) *POWERS AND DUTIES.*—

17 (1) *IN GENERAL.*—The Director of the Federal
18 Housing Finance Agency of the Corporation shall—

19 (A) retain and exercise all powers, includ-
20 ing conservatorship and receivership powers, as
21 amended by this Act, of the Director of the Exist-
22 ing Agency on the day before the agency transfer
23 date relating to the Federal Home Loan Bank
24 System, the Federal Home Loan Banks, and the
25 enterprises;

1 (B) manage and implement actions author-
 2 ized by the Corporation related to the transition
 3 to the new housing finance system that impact
 4 the conservatorship or receivership of regulated
 5 entities; and

6 (C) consult with other members of the Tran-
 7 sition Committee and the Board of Directors as
 8 may be appropriate to fulfill the requirements of
 9 this Act.

10 (2) *AUTONOMY OF FHFA.*—Except as provided in
 11 section 604(a)(2), or as otherwise specifically pro-
 12 vided in this Act, the Chairperson and the Board of
 13 Directors may not—

14 (A) intervene in any matter or proceeding
 15 before the Director, unless otherwise specifically
 16 provided by law;

17 (B) appoint, direct, or remove any officer or
 18 employee of the Federal Housing Finance Agency
 19 of the Corporation; or

20 (C) merge or consolidate the Federal Hous-
 21 ing Finance Agency of the Corporation, or any
 22 of the functions or responsibilities of the Federal
 23 Housing Finance Agency of the Corporation,
 24 with any division, office, or other component of
 25 the Corporation.

1 (d) *AGENCY EXPENDITURES AND BUDGET.*—

2 (1) *IN GENERAL.*—After the agency transfer date,
3 the Director of the Federal Housing Finance Agency
4 of the Corporation—

5 (A) except as provided in paragraph (2),
6 may obligate and expend amounts available to
7 the Federal Housing Finance Agency; and

8 (B) shall submit regular updates to the
9 Board of Directors.

10 (2) *LIMITATION ON AMOUNT.*—

11 (A) *BEFORE CHAIRPERSON APPOINTED.*—
12 During the period beginning on the agency
13 transfer date and ending on the date on which
14 the first individual is appointed as Chairperson
15 under section 202, the Director shall require ap-
16 proval from the Transition Committee for any
17 agency capital expenditure in excess of
18 \$5,000,000.

19 (B) *CHAIRPERSON APPOINTED.*—On and
20 after the date on which the first individual is
21 appointed as Chairperson under section 202, the
22 Director shall require approval from the Board
23 of Directors for any agency capital expenditure
24 in excess of \$5,000,000.

1 (e) *COOPERATION.*—During the period beginning on
 2 the date of enactment of this Act and ending on the system
 3 certification date, the Board of Directors and the Director
 4 shall cooperate and coordinate in the exercise of their re-
 5 spective authorities to facilitate and achieve an orderly
 6 transition from housing finance markets facilitated by the
 7 enterprises to housing finance markets facilitated by the
 8 Corporation with minimum disruption in the availability
 9 of mortgage credit.

10 (f) *COORDINATION AND CONTINUATION OF CERTAIN*
 11 *ACTIONS.*—

12 (1) *IN GENERAL.*—All regulations, orders, deter-
 13 minations, and resolutions described in paragraph
 14 (2) shall remain in effect according to the terms of
 15 such regulations, orders, determinations, and resolu-
 16 tions, and shall be enforceable by or against the Fed-
 17 eral Housing Finance Agency of the Corporation
 18 until modified, terminated, set aside, or superseded in
 19 accordance with applicable law by the Federal Hous-
 20 ing Finance Agency of the Corporation, any court of
 21 competent jurisdiction, or operation of law.

22 (2) *APPLICABILITY.*—A regulation, order, deter-
 23 mination, or resolution is described in this paragraph
 24 if it—

1 (A) *was issued, made, prescribed, or allowed*
 2 *to become effective by—*

3 (i) *the Existing Agency;*

4 (ii) *the Federal Housing Finance*
 5 *Board; or*

6 (iii) *a court of competent jurisdiction,*
 7 *and relates to functions transferred by this*
 8 *section;*

9 (B) *relates to the performance of functions*
 10 *that are transferred by this section; and*

11 (C) *is in effect on the agency transfer date.*

12 (g) *USE OF AGENCY SERVICES.—Any agency, depart-*
 13 *ment, or other instrumentality of the United States, and*
 14 *any successor to any such agency, department, or instru-*
 15 *mentality, which was providing supporting services to the*
 16 *Existing Agency before the agency transfer date in connec-*
 17 *tion with functions that are transferred to the Federal*
 18 *Housing Finance Agency of the Corporation shall—*

19 (1) *continue to provide such services, on a reim-*
 20 *bursable basis, until the transfer of such functions is*
 21 *complete; and*

22 (2) *consult with any such agency to coordinate*
 23 *and facilitate a prompt and reasonable transition.*

24 (h) *SAVINGS PROVISIONS.—*

1 (1) *EXISTING RIGHTS, DUTIES, AND OBLIGA-*
 2 *TIONS NOT AFFECTED.*—*Subsection (a) shall not affect*
 3 *the validity of any right, duty, or obligation of the*
 4 *United States, the Director of the Existing Agency, or*
 5 *any other person, which—*

6 *(A) arises under—*

7 *(i) the Safety and Soundness Act;*

8 *(ii) the Federal National Mortgage As-*
 9 *sociation Charter Act;*

10 *(iii) the Federal Home Loan Mortgage*
 11 *Corporation Act; or*

12 *(iv) any other provision of law appli-*
 13 *cable with respect to the Existing Agency;*
 14 *and*

15 *(B) existed on the day before the agency*
 16 *transfer date.*

17 (2) *CONTINUATION OF SUITS.*—*No action or*
 18 *other proceeding commenced by or against the Direc-*
 19 *tor of the Existing Agency in connection with func-*
 20 *tions that are transferred to the Federal Housing Fi-*
 21 *nance Agency of the Corporation shall abate by rea-*
 22 *son of the enactment of this Act, except that the Direc-*
 23 *tor of the Federal Housing Finance Agency of the*
 24 *Corporation shall be substituted for the Director of the*

1 *Existing Agency as a party to any such action or*
 2 *proceeding.*

3 (i) *TECHNICAL AND CONFORMING AMENDMENTS.—*

4 (1) *FEDERAL HOUSING ENTERPRISES FINANCIAL*
 5 *SAFETY AND SOUNDNESS ACT OF 1992.—The Safety*
 6 *and Soundness Act (12 U.S.C. 4501 et seq.) is amend-*
 7 *ed—*

8 (A) *in section 1303—*

9 (i) *in paragraph (2), by striking “Fed-*
 10 *eral Housing Finance Agency established*
 11 *under section 1311” and inserting “the Fed-*
 12 *eral Housing Finance Agency within the*
 13 *Federal Mortgage Insurance Corporation es-*
 14 *tablished under section 402(a)(1) of the*
 15 *Housing Finance Reform and Taxpayer*
 16 *Protection Act of 2014”; and*

17 (ii) *in paragraph (9), by striking*
 18 *“Federal Housing Finance Agency” and in-*
 19 *serting “Agency”;*

20 (B) *in section 1311(a), by striking “estab-*
 21 *lished” and all that follows through “Govern-*
 22 *ment” and inserting “established in the Federal*
 23 *Mortgage Insurance Corporation, the Federal*
 24 *Housing Finance Agency, which shall be main-*

1 *tained as a distinct entity within the Federal*
 2 *Mortgage Insurance Corporation”;*

3 *(C) in section 1312—*

4 *(i) in subsection (a)—*

5 *(I) in the heading, by striking*
 6 *“ESTABLISHMENT OF POSITION” and*
 7 *inserting “DIRECTOR”; and*

8 *(II) by striking, “established the*
 9 *position of”; and*

10 *(ii) in subsection (b)(1), by striking*
 11 *“by the President” and all that follows*
 12 *through “housing finance” and inserting*
 13 *“in accordance with section 402(a)(2) of the*
 14 *Housing Finance Reform and Taxpayer*
 15 *Protection Act of 2014”; and*

16 *(D) in section 1367—*

17 *(i) in subsection (a)(7), by striking*
 18 *“When acting” and inserting “Except as*
 19 *may be provided in section 604(a)(2) of the*
 20 *Housing Finance Reform and Taxpayer*
 21 *Protection Act of 2014, or as otherwise spe-*
 22 *cifically provided for in such Act, when act-*
 23 *ing”; and*

24 *(ii) by amending subsection (b)(2)(D)*
 25 *to read as follows:*

1 “(D) *POWER AS CONSERVATOR.*—

2 “(i) *ENTERPRISES.*—On and after the
3 agency transfer date, as that term is defined
4 in section 2 of the Housing Finance Reform
5 and Taxpayer Protection Act of 2014, the
6 Agency shall, as conservator, take such ac-
7 tions as are necessary—

8 “(I) to wind down the operations
9 of the enterprises in an orderly manner
10 that complies with the requirements of
11 such Act;

12 “(II) to manage the affairs, assets,
13 and obligations of the enterprises and
14 to operate the enterprises in compli-
15 ance with the requirements of such Act;

16 “(III) to undertake and carry out
17 any sale, transfer, or disposition au-
18 thorized in sections 315(c), 321(d),
19 604(i)(2), 701(b), or 702 of such Act in
20 order to facilitate the orderly transi-
21 tion to the new housing finance system
22 authorized by such Act; and

23 “(IV) to maintain liquidity and
24 stability in the secondary mortgage
25 market until such time as the enter-

1 *prises shall have no authority to con-*
 2 *duct new business, pursuant to title VI*
 3 *of such Act.*

4 “(ii) *FEDERAL HOME LOAN BANKS.—*
 5 *The Corporation may, as conservator, take*
 6 *such actions as are—*

7 *“(I) necessary to put a Federal*
 8 *Home Loan Bank in a sound and sol-*
 9 *vent condition; and*

10 *“(II) appropriate to carry on the*
 11 *business of a Federal Home Loan*
 12 *Bank and preserve and conserve the as-*
 13 *sets and property of the Federal Home*
 14 *Loan Bank.”.*

15 (2) *FEDERAL HOME LOAN BANK ACT.—The Fed-*
 16 *eral Home Loan Bank Act (12 U.S.C. 1421 et seq.)*
 17 *is amended—*

18 (A) *by striking “Chairman of the Director*
 19 *of Governors” each place that term appears and*
 20 *inserting “Chairman of the Board of Governors”;*
 21 *and*

22 (B) *in section 2—*

23 (i) *in paragraph (11), by striking*
 24 *“Federal Housing Finance Agency” and in-*
 25 *serting “Agency”; and*

(ii) in paragraph (12), by striking “the Federal Housing Finance Agency” and all that follows through the period at the end and inserting “the Federal Housing Finance Agency within the Federal Mortgage Insurance Corporation established under section 402(a)(1) of the Housing Finance Reform and Taxpayer Protection Act of 2014”.

(3) *FEDERAL DEPOSIT INSURANCE ACT.*—*The Federal Deposit Insurance Act (12 U.S.C. 1811 et seq.) is amended—*

(A) in section 11(t)(2)(A), by inserting after clause (vii) the following:

“(viii) *The Federal Mortgage Insurance Corporation.*”; and

(B) in section 18(x)—

(i) by inserting “the Federal Mortgage Insurance Corporation,” before “any Federal banking agency” each place that term appears; and

(ii) by inserting “Corporation,” after “such Bureau,” each place that term appears.

1 (4) *FEDERAL FINANCIAL INSTITUTIONS EXAMINA-*
 2 *TION COUNCIL ACT OF 1978.—The Federal Financial*
 3 *Institutions Examination Council Act of 1978 (12*
 4 *U.S.C. 3301 et seq.) is amended—*

5 (A) *in section 1004(a)—*

6 (i) *by redesignating paragraphs (5)*
 7 *and (6) as paragraphs (6) and (7), respec-*
 8 *tively; and*

9 (ii) *by inserting after paragraph (4)*
 10 *the following:*

11 “(5) *the Chairman of the Federal Mortgage In-*
 12 *surance Corporation,”;*

13 (B) *in section 1011, in first sentence, by in-*
 14 *serting “Federal Mortgage Insurance Corpora-*
 15 *tion,” after “Financial Protection,”; and*

16 (C) *by inserting at the end the following:*

17 **“SEC. 1012. ESTABLISHMENT OF THE SUBCOMMITTEE ON**
 18 **MORTGAGE SERVICING.**

19 *“There shall be within the Council a subcommittee to*
 20 *be known as the ‘Subcommittee on Mortgage Servicing’,*
 21 *which shall consist of designees of heads of the Federal fi-*
 22 *nancial institution regulatory agencies, the Bureau of Con-*
 23 *sumer Financial Protection, the Federal Mortgage Insur-*
 24 *ance Corporation, the Federal Housing Finance Agency,*

1 *and a representative of the State Liaison Committee estab-*
 2 *lished under section 1007.”.*

3 (5) *FIRREA*.—Section 1216 of the *Financial*
 4 *Institutions Reform, Recovery, and Enhancement Act*
 5 *of 1989 (12 U.S.C. 1833e) is amended—*

6 (A) *in subsection (a), by striking “Federal*
 7 *Housing Finance Agency” and inserting “Fed-*
 8 *eral Mortgage Insurance Corporation”; and*

9 (B) *in subsection (c), by striking “Federal*
 10 *Housing Finance Agency” and inserting “Fed-*
 11 *eral Mortgage Insurance Corporation”.*

12 (6) *HOUSING AND URBAN-RURAL RECOVERY ACT*
 13 *OF 1983*.—The first sentence of section 469 of the
 14 *Housing and Urban-Rural Recovery Act of 1983 (12*
 15 *U.S.C. 1701p–1) is amended by inserting “the Fed-*
 16 *eral Mortgage Insurance Corporation,” after “co-*
 17 *operation of”.*

18 (7) *PAPERWORK REDUCTION ACT*.—Section
 19 3502(5) of title 44, *United States Code (commonly*
 20 *known as the “Paperwork Reduction Act”), is amend-*
 21 *ed by striking “Federal Housing Finance Agency”*
 22 *and inserting “Federal Mortgage Insurance Corpora-*
 23 *tion”.*

24 (8) *PUBLIC LAW 93–495*.—Section 111 of *Public*
 25 *Law 93–495 (12 U.S.C. 250) is amended by inserting*

1 *“the Federal Mortgage Insurance Corporation,” after*
 2 *“Federal Housing Finance Agency,”.*

3 (9) *RIGHT TO FINANCIAL PRIVACY ACT OF 1978.—*
 4 *Section 1101(7) of the Right to Financial Privacy*
 5 *Act of 1978 (12 U.S.C. 3401(7)) is amended—*

6 (A) *in subparagraph (H), by striking “; or”*
 7 *and inserting a semicolon;*

8 (B) *in subparagraph (I), by striking “;*
 9 *and” and inserting “; or”; and*

10 (C) *by adding at the end the following:*

11 *“(J) the Federal Mortgage Insurance Cor-*
 12 *poration; and”.*

13 (10) *TITLE 5, UNITED STATES CODE.—Title 5,*
 14 *United States Code, is amended—*

15 (A) *in section 5313, by inserting the fol-*
 16 *lowing new item:*

17 *“Chairperson of the Federal Mortgage Insurance*
 18 *Corporation.”; and*

19 (B) *in section 3132(a)(1)(D)—*

20 (i) *by striking “Supervision,,” and in-*
 21 *serting “Supervision,”; and*

22 (ii) *by inserting the “Federal Mortgage*
 23 *Insurance Corporation,” after “Federal*
 24 *Housing Finance Agency,”.*

1 (11) *TITLE 18, UNITED STATES CODE.*—*Title 18,*
 2 *United States Code, is amended by striking “Federal*
 3 *Housing Finance Agency” each place such term ap-*
 4 *pears in each of sections 212, 657, 1006, 1014, and*
 5 *1905 and inserting “Federal Mortgage Insurance Cor-*
 6 *poration”.*

7 (12) *FEDERAL CREDIT UNION ACT.*—*Section*
 8 *107(7)(E) of the Federal Credit Union Act (12 U.S.C.*
 9 *1757(7)(E)) is amended by inserting “the Federal*
 10 *Mortgage Insurance Corporation,” before “the Federal*
 11 *National Mortgage Association”.*

12 (13) *BANK HOLDING COMPANY ACT.*—*Section*
 13 *5(c)(5)(B) of the Bank Holding Company Act (12*
 14 *U.S.C. 1844(c)(5)(B)) is amended—*

15 (A) *in clause (iv), by striking “; or” and*
 16 *inserting a semicolon;*

17 (B) *in clause (v), by striking the period at*
 18 *the end and insert “; or”; and*

19 (C) *by adding at the end the following:*

20 *“(vi) an approved guarantor approved*
 21 *under section 311 of the Housing Finance*
 22 *Reform and Taxpayer Protection Act of*
 23 *2014.”.*

1 (14) *CONGRESSIONAL BUDGET ACT OF 1974.*—
 2 *Section 504(c) of the Congressional Budget Act of*
 3 *1974 (2 U.S.C. 661c(c)) is amended—*

4 *(A) in paragraph (1), by striking “or”;*

5 *(B) by redesignating paragraph (2) as*
 6 *paragraph (3); and*

7 *(C) by inserting after paragraph (1) the fol-*
 8 *lowing:*

9 *“(2) are credit programs of the Federal Mortgage*
 10 *Insurance Corporation; or”.*

11 (15) *EFFECTIVE DATE.*—*The amendments made*
 12 *by this subsection shall take effect on the agency*
 13 *transfer date.*

14 **SEC. 403. TRANSFER AND RIGHTS OF EMPLOYEES OF THE**
 15 **FHFA.**

16 (a) *TRANSFER.*—

17 (1) *IN GENERAL.*—*Effective on the agency trans-*
 18 *fer date, each employee of the Existing Agency, in-*
 19 *cluding each employee of the Office of the Inspector*
 20 *General of the Existing Agency, who is in good stand-*
 21 *ing, shall be transferred to the Corporation for em-*
 22 *ployment, and such transfer shall be deemed a trans-*
 23 *fer of function for purposes of section 3503 of title 5,*
 24 *United States Code.*

25 (2) *ASSIGNMENT.*—

1 (A) *IN GENERAL.*—*Except as provided in*
 2 *subparagraph (B), an employee transferred*
 3 *under paragraph (1) shall be appointed to a po-*
 4 *sition in the Federal Housing Finance Agency of*
 5 *the Corporation.*

6 (B) *EXCEPTION.*—*On and after the agency*
 7 *transfer date, the Chairperson, in consultation*
 8 *with the Director of the Federal Housing Fi-*
 9 *nance Agency of the Corporation, may reassign*
 10 *an employee transferred under paragraph (1) to*
 11 *a component of the Corporation other than the*
 12 *Federal Housing Finance Agency of the Corpora-*
 13 *tion, if the reassignment is in the best interest of*
 14 *the Corporation.*

15 (b) *GUARANTEED POSITIONS.*—

16 (1) *IN GENERAL.*—*Each employee transferred*
 17 *under subsection (a) shall be guaranteed a position*
 18 *with the same status, tenure, grade, and pay as that*
 19 *held on the day immediately preceding the transfer.*

20 (2) *NO INVOLUNTARY SEPARATION OR REDUC-*
 21 *TION.*—*An employee transferred under subsection (a)*
 22 *holding a permanent position on the day immediately*
 23 *preceding the transfer may not be involuntarily sepa-*
 24 *rated or reduced in grade or compensation during the*
 25 *12-month period beginning on the date of transfer, ex-*

1 *cept for cause, or, in the case of a temporary em-*
 2 *ployee, separated in accordance with the terms of the*
 3 *appointment of the employee.*

4 *(c) APPOINTMENT AUTHORITY FOR EXCEPTED AND*
 5 *SENIOR EXECUTIVE SERVICE EMPLOYEES.—*

6 *(1) IN GENERAL.—In the case of an employee oc-*
 7 *cupying a position in the excepted service or the Sen-*
 8 *ior Executive Service, any appointment authority es-*
 9 *tablished under law or by regulations of the Office of*
 10 *Personnel Management for filling such position shall*
 11 *be transferred, subject to paragraph (2).*

12 *(2) DECLINE OF TRANSFER.—The Corporation*
 13 *may decline a transfer of authority under paragraph*
 14 *(1), to the extent that such authority relates to—*

15 *(A) a position excepted from the competitive*
 16 *service because of its confidential, policymaking,*
 17 *policy-determining, or policy-advocating char-*
 18 *acter; or*

19 *(B) a noncareer appointee in the Senior*
 20 *Executive Service (within the meaning of section*
 21 *3132(a)(7) of title 5, United States Code).*

22 *(d) EMPLOYEE BENEFIT PROGRAMS.—*

23 *(1) IN GENERAL.—Any employee of the Existing*
 24 *Agency accepting employment with the Corporation*
 25 *as a result of a transfer under subsection (a) may re-*

tain, for 12 months after the date on which such transfer occurs, membership in any employee benefit program of the Existing Agency or the Corporation, as applicable, including insurance, to which such employee belongs on the date of the transfer under subsection (a), if—

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

(B) the benefit or program is continued by the Corporation.

(2) *COST DIFFERENTIAL.*—

(A) *IN GENERAL.*—The difference in the costs between the benefits which would have been provided by the Existing Agency and those provided by this section shall be paid by the Corporation.

(B) *HEALTH INSURANCE.*—If any employee elects to give up membership in a health insurance program or the health insurance program is not continued by the Corporation, the employee shall be permitted to select an alternate Federal health insurance program not later than 30 days after the date of such election or notice, without regard to any other regularly scheduled open season.

1 (e) *ENTERPRISE EMPLOYEES.*—*To ensure an orderly*
 2 *transition to the new housing finance system established*
 3 *under this Act and to facilitate the organization, formation,*
 4 *and competency of the Corporation, the Corporation may*
 5 *hire employees from the enterprises.*

6 (f) *REORGANIZATION.*—*If the Corporation determines*
 7 *that a reorganization of the workforce is required, the reor-*
 8 *ganization shall be deemed a major reorganization for pur-*
 9 *poses of affording affected employee retirement under sec-*
 10 *tion 8336(d)(2) or 8414(b)(1)(B) of title 5, United States*
 11 *Code.*

12 **SEC. 404. TRANSITION COMMITTEE.**

13 (a) *ESTABLISHMENT AND PURPOSE.*—

14 (1) *IN GENERAL.*—*Effective on the date of enact-*
 15 *ment of this Act, there is established the Federal Mort-*
 16 *gage Insurance Corporation Transition Committee.*

17 (2) *PURPOSE.*—*The purpose of the Transition*
 18 *Committee shall be to—*

19 (A) *develop a plan to facilitate an orderly*
 20 *transition to a new housing finance system in*
 21 *accordance with this Act; and*

22 (B) *provide advice to the Transition Chair-*
 23 *person or the Board when consulted.*

24 (b) *COMPOSITION.*—

1 (1) *MEMBERS.—The Transition Committee shall*
 2 *be comprised of—*

3 (A) *the Director;*

4 (B) *the Chairman of the Federal Deposit*
 5 *Insurance Corporation;*

6 (C) *the Comptroller of the Currency;*

7 (D) *the Chairperson; and*

8 (E) *any member of the Board of Directors.*

9 (2) *CHAIRPERSON.—*

10 (A) *BEFORE CHAIRPERSON OF CORPORA-*
 11 *TION.—Until the date on which the first indi-*
 12 *vidual is appointed as Chairperson under section*
 13 *202, the Director shall serve as the Chairperson*
 14 *of the Transition Committee.*

15 (B) *CHAIRPERSON OF CORPORATION AP-*
 16 *POINTED.—On and after the date on which the*
 17 *first individual is appointed as Chairperson*
 18 *under section 202, the Chairperson shall serve as*
 19 *the Chairperson of the Transition Committee.*

20 (3) *ACTING OFFICIALS MAY SERVE.—In the event*
 21 *of a vacancy in the office of the head of a member*
 22 *agency, and pending the appointment of a successor,*
 23 *or during the absence or disability of the head of a*
 24 *member agency, the acting head of the member agency*

1 *shall serve as a member of the Transition Committee*
2 *in the place of that agency head.*

3 (4) *STAFF.*—*As necessary to carry out the duties*
4 *of the Transition Committee, the Chairperson of the*
5 *Transition Committee may—*

6 (A) *before the agency transfer date, use em-*
7 *ployees of the Existing Agency; and*

8 (B) *on and after the agency transfer date,*
9 *use employees of the Corporation.*

10 (c) *TRANSITION PLAN.*—

11 (1) *DEVELOPMENT.*—*The Transition Committee*
12 *shall develop the transition plan required by section*
13 *602.*

14 (2) *APPROVAL.*—*The transition plan may not be*
15 *submitted to Congress under section 602, unless it is*
16 *approved by a majority of the Transition Committee.*

17 (d) *DISSOLUTION.*—*The Transition Committee shall be*
18 *dissolved upon the later of—*

19 (1) *the date on which the first individual is ap-*
20 *pointed as Chairperson under section 202; or*

21 (2) *the date on which the transition plan is sub-*
22 *mitted to Congress in accordance with subsection*
23 *(c)(2) and section 602.*

1 **SEC. 405. TRANSITION ASSESSMENTS.**

2 (a) *IN GENERAL.*—Section 1316 of the Safety and
3 Soundness Act (12 U.S.C. 4516) is amended by adding at
4 the end the following:

5 “(i) *ANNUAL ASSESSMENTS RELATING TO INITIAL*
6 *FUNDING OF THE FMIC.*—Notwithstanding title VI of the
7 *Housing Finance Reform and Taxpayer Protection Act of*
8 *2014 or any other provision of law, for the period beginning*
9 *on the date of enactment of this subsection and ending on*
10 *the system certification date (as that date is set forth under*
11 *title VI of the Housing Finance Reform and Taxpayer Pro-*
12 *tection Act of 2014), the Agency shall establish and collect*
13 *from the enterprises annual assessments in addition to those*
14 *required under subsection (a) in an amount not exceeding*
15 *the amount sufficient to provide for the reasonable costs (in-*
16 *cluding administrative costs) and expenses of the Federal*
17 *Mortgage Insurance Corporation, including those purposes*
18 *detailed in section 303(e)(6) of the Housing Finance Re-*
19 *form and Taxpayer Protection Act of 2014. All amounts*
20 *collected under this subsection shall be transferred to the*
21 *Federal Mortgage Insurance Corporation. The annual as-*
22 *essment shall be payable semiannually for each fiscal year,*
23 *on October 1 and April 1.”.*

24 (b) *TREATMENT OF ASSESSMENTS.*—

25 (1) *DEPOSIT.*—

1 (A) *AMOUNTS RECEIVED BY THE CORPORA-*
2 *TION.—Amounts received by the Corporation*
3 *from assessments imposed under section 1316(i)*
4 *of the Safety and Soundness Act shall be depos-*
5 *ited by the Corporation in the Mortgage Insur-*
6 *ance Fund.*

7 (B) *AMOUNTS RECEIVED BY THE EXISTING*
8 *AGENCY.—Amounts received by the Existing*
9 *Agency beginning on the date of enactment of*
10 *this Act until the agency transfer date from as-*
11 *sessments imposed under section 1316(i) of the*
12 *Safety and Soundness Act shall be held in an ac-*
13 *count of the Existing Agency and shall be trans-*
14 *ferred to the Corporation on the agency transfer*
15 *date for deposit in the Mortgage Insurance Fund*
16 *in accordance with subparagraph (A).*

17 (C) *EXEMPTION FROM APPORTIONMENT.—*
18 *Notwithstanding any other provision of law,*
19 *amounts received by the Corporation from any*
20 *assessment imposed under section 1316(i) of the*
21 *Safety and Soundness Act shall not be subject to*
22 *apportionment for the purposes of chapter 15 of*
23 *title 31, United States Code, or under any other*
24 *authority.*

1 (D) *RULE OF CONSTRUCTION.*—Amounts re-
2 ceived by the Corporation from any assessment
3 imposed under section 1316(i) of the Safety and
4 Soundness Act shall not be construed to be Gov-
5 ernment or public funds or appropriated money.

6 (2) *USE OF FUNDS.*—

7 (A) *IN GENERAL.*—The Existing Agency
8 shall use amounts received from assessments im-
9 posed under section 1316(i) of the Safety and
10 Soundness Act solely for the purpose of funding
11 the Mortgage Insurance Fund on the agency
12 transfer date.

13 (B) *TREASURY INVESTMENTS.*—The Exist-
14 ing Agency may request the Secretary of the
15 Treasury to invest the amounts received from as-
16 sessments imposed under section 1316(i) of the
17 Safety and Soundness Act.

18 (C) *GOVERNMENT OBLIGATIONS.*—Pursuant
19 to a request under subparagraph (B), the Sec-
20 retary of the Treasury shall invest such amounts
21 in Federal Government obligations—

22 (i) *guaranteed as to principal and in-*
23 *terest by the United States with maturities*
24 *suitable to the needs of the Existing Agency;*
25 *and*

1 (ii) bearing interest at a rate deter-
 2 mined by the Secretary of the Treasury,
 3 taking into consideration current market
 4 yields on outstanding marketable obliga-
 5 tions of the United States of comparable
 6 maturity.

7 **SEC. 406. TRANSFER OF POWERS AND DUTIES ON THE SYS-**
 8 **TEM CERTIFICATION DATE; CONTINUATION**
 9 **AND COORDINATION OF CERTAIN ACTIONS.**

10 (a) *TRANSFER OF FUNCTIONS.*—Effective on the sys-
 11 tem certification date and except as provided in section
 12 332(a), there are transferred to the Corporation all func-
 13 tions of the Federal Housing Finance Agency of the Cor-
 14 poration and the Director thereof.

15 (b) *COORDINATION AND CONTINUATION OF CERTAIN*
 16 *ACTIONS.*—

17 (1) *IN GENERAL.*—All regulations, orders, deter-
 18 minations, and resolutions described in paragraph

19 (2) shall remain in effect according to the terms of
 20 such regulations, orders, determinations, and resolu-
 21 tions, and shall be enforceable by or against the Cor-
 22 poration until modified, terminated, set aside, or su-
 23 perseded in accordance with applicable law by the
 24 Corporation, any court of competent jurisdiction, or
 25 operation of law.

1 (2) *APPLICABILITY.*—*A regulation, order, deter-*
 2 *mination, or resolution is described in this paragraph*
 3 *if it—*

4 *(A) was issued, made, prescribed, or allowed*
 5 *to become effective by—*

6 *(i) the Existing Agency;*

7 *(ii) the Federal Housing Finance*
 8 *Agency of the Corporation;*

9 *(iii) the Federal Housing Finance*
 10 *Board; or*

11 *(iv) a court of competent jurisdiction;*

12 *(B) relates to the performance of functions*
 13 *that are transferred by subsection (a); and*

14 *(C) is in effect on the effective date of the*
 15 *transfer under subsection (a).*

16 (c) *USE OF AGENCY SERVICES.*—*Any agency, depart-*
 17 *ment, or other instrumentality of the United States, and*
 18 *any successor to any such agency, department, or instru-*
 19 *mentality, which was providing supporting services to the*
 20 *Federal Housing Finance Agency of the Corporation before*
 21 *the system certification date in connection with functions*
 22 *that are transferred to the Corporation under subsection (a)*
 23 *shall—*

1 (1) *continue to provide such services, on a reim-*
 2 *bursable basis, until the transfer of such functions is*
 3 *complete; and*

4 (2) *consult with any such agency to coordinate*
 5 *and facilitate a prompt and reasonable transition.*

6 (d) *SAVINGS PROVISIONS.—*

7 (1) *EXISTING RIGHTS, DUTIES, AND OBLIGA-*
 8 *TIONS NOT AFFECTED.—Subsection (a) shall not affect*
 9 *the validity of any right, duty, or obligation of the*
 10 *United States, the Director of the Federal Housing*
 11 *Finance Agency of the Corporation, or any other per-*
 12 *son, which—*

13 (A) *arises under—*

14 (i) *the Safety and Soundness Act;*

15 (ii) *the Federal National Mortgage As-*
 16 *sociation Charter Act;*

17 (iii) *the Federal Home Loan Mortgage*
 18 *Corporation Act; or*

19 (iv) *any other provision of law appli-*
 20 *cable with respect to the Federal Housing*
 21 *Finance Agency; and*

22 (B) *existed on the day before the system cer-*
 23 *tification date.*

24 (2) *CONTINUATION OF SUITS.—No action or*
 25 *other proceeding commenced by or against the Direc-*

1 *tor of the Federal Housing Finance Agency of the*
 2 *Corporation in connection with functions that are*
 3 *transferred to the Corporation under subsection (a)*
 4 *shall abate by reason of the enactment of this Act, ex-*
 5 *cept that the Corporation shall be substituted for the*
 6 *Director of the Federal Housing Finance Agency of*
 7 *the Corporation as a party to any such action or pro-*
 8 *ceeding.*

9 **SEC. 407. TECHNICAL AND CONFORMING AMENDMENTS RE-**
 10 **LATING TO ABOLISHMENT OF FHFA.**

11 *(a) EFFECTIVE DATE.—The amendments made by this*
 12 *section shall take effect on the system certification date.*

13 *(b) ACCESS TO LOCAL TV ACT OF 2000.—Section*
 14 *1004(d)(2)(D)(iii) of the Launching Our Communities’ Ac-*
 15 *cess to Local Television Act of 2000 (47 U.S.C.*
 16 *1103(d)(2)(D)(iii)) is amended by striking “Federal Hous-*
 17 *ing Finance Agency” and inserting “Federal Mortgage In-*
 18 *surance Corporation”.*

19 *(c) COMMODITY EXCHANGE ACT.—Section 1a(39)(E)*
 20 *of the Commodity Exchange Act (7 U.S.C. 1a(39)(E)) is*
 21 *amended by striking “Federal Housing Finance Agency”*
 22 *and inserting “Federal Mortgage Insurance Corporation”.*

23 *(d) EMERGENCY ECONOMIC STABILIZATION ACT OF*
 24 *2008.—The Emergency Economic Stabilization Act of 2008*
 25 *(12 U.S.C. 5201 note) is amended—*

(1) in section 104(b)(3), by striking “the Director of the Federal Housing Finance Agency” and inserting “the Chairperson of the Federal Mortgage Insurance Corporation”;

(2) in section 109(b), by striking “Federal Housing Finance Agency” and inserting “Federal Mortgage Insurance Corporation”; and

(3) in section 110(a)(1)(A), by striking “Federal Housing Finance Agency” and inserting “Federal Mortgage Insurance Corporation”.

(e) *FEDERAL NATIONAL MORTGAGE ASSOCIATION CHARTER ACT.*—*The Federal National Mortgage Association Charter Act (12 U.S.C. 1716 et seq.) is amended—*

(1) in section 303(c)(2), by striking “Director of the Federal Housing Finance Agency” and inserting “Chairperson of the Federal Mortgage Insurance Corporation”; and

(2) in section 309—

(A) in subsection (d)(3)(B)—

(i) by striking “Federal Housing Finance Agency” and inserting “Federal Mortgage Insurance Corporation”; and

(ii) by striking “Director” each place that term appears and inserting “Chairperson”;

1 (B) in subsection (k)(1), by striking “Direc-
 2 tor of the Federal Housing Finance Agency” and
 3 inserting “Chairperson of the Federal Mortgage
 4 Insurance Corporation”;

5 (C) in subsection (m)—

6 (i) in paragraph (1), by striking “Di-
 7 rector of the Federal Housing Finance
 8 Agency” and inserting “Chairperson of the
 9 Federal Mortgage Insurance Corporation”;
 10 and

11 (ii) in paragraph (2)—

12 (I) by striking “Federal Housing
 13 Finance Agency” and inserting “Fed-
 14 eral Mortgage Insurance Corporation”;
 15 and

16 (II) by striking “Director” each
 17 place that term appears and inserting
 18 “Chairperson”; and

19 (D) in subsection (n)—

20 (i) in paragraph (1), by striking “Di-
 21 rector of the Federal Housing Finance
 22 Agency” and inserting “Chairperson of the
 23 Federal Mortgage Insurance Corporation”;

24 (ii) in paragraph (2)(L), by striking
 25 “Director of the Federal Housing Finance

1 Agency” and inserting “Chairperson of the
 2 Federal Mortgage Insurance Corporation”;
 3 and

4 (iii) in paragraph (3)(B), by striking
 5 “Director of the Federal Housing Finance
 6 Agency” and inserting “Chairperson of the
 7 Federal Mortgage Insurance Corporation”.

8 (f) *FEDERAL DEPOSIT INSURANCE ACT.*—*The Federal*
 9 *Deposit Insurance Act (12 U.S.C. 1811 et seq.) is amend-*
 10 *ed—*

11 (1) in section 7(a)(2)(A), by striking “Federal
 12 Housing Finance Agency” each place that term ap-
 13 pears and inserting “Federal Mortgage Insurance
 14 Corporation”;

15 (2) in section 8(e)(7)(A)(vi), by striking “Fed-
 16 eral Housing Finance Agency” each place that term
 17 appears and inserting “Federal Mortgage Insurance
 18 Corporation”; and

19 (3) in section 33(e), by striking “Federal Hous-
 20 ing Finance Agency” and inserting “Federal Mort-
 21 gage Insurance Corporation”.

22 (g) *FEDERAL FINANCIAL INSTITUTIONS EXAMINATION*
 23 *COUNCIL ACT OF 1978.*—*The first sentence of section 1011*
 24 *of the Federal Financial Institutions Examination Council*

1 *Act of 1978 (12 U.S.C. 3310) is amended by striking “and*
 2 *the Federal Housing Finance Agency”.*

3 *(h) FEDERAL HOME LOAN BANK ACT.—The Federal*
 4 *Home Loan Bank Act (12 U.S.C. 1421 et seq.) is amend-*
 5 *ed—*

6 *(1) in section 2—*

7 *(A) in paragraph (11), as previously*
 8 *amended by section 402(i), by striking “Agency”*
 9 *and inserting “Chairperson of the Federal Mort-*
 10 *gage Insurance Corporation”; and*

11 *(B) in paragraph (12), as previously*
 12 *amended by section 402(i), by striking “the Fed-*
 13 *eral Housing Finance Agency within the Federal*
 14 *Mortgage Insurance Corporation established*
 15 *under section 402(a)(1) of the Housing Finance*
 16 *Reform and Taxpayer Protection Act of 2014”*
 17 *and inserting “Federal Mortgage Insurance Cor-*
 18 *poration established under section 201 of the*
 19 *Housing Finance Reform and Taxpayer Protec-*
 20 *tion Act of 2014”;*

21 *(2) in section 10(a)(3)(B), by inserting “, subject*
 22 *to such regulations that the Federal Mortgage Insur-*
 23 *ance Corporation may issue to ensure the safety and*
 24 *soundness of the Federal Home Loan Banks, covered*
 25 *securities insured by the Federal Mortgage Insurance*

1 *Corporation under the Housing Finance Reform and*
 2 *Taxpayer Protection Act of 2014” after “Government*
 3 *National Mortgage Association”; and*

4 (3) *in section 11(h), by inserting “, subject to*
 5 *such regulations that the Federal Mortgage Insurance*
 6 *Corporation may issue to ensure the safety and*
 7 *soundness of the Federal Home Loan Banks, covered*
 8 *securities insured by the Federal Mortgage Insurance*
 9 *Corporation under the Housing Finance Reform and*
 10 *Taxpayer Protection Act of 2014” after “Federal*
 11 *Home Loan Mortgage Corporation pursuant to sec-*
 12 *tion 305 or section 306 of the Federal Home Loan*
 13 *Mortgage Corporation Act”.*

14 (i) *FEDERAL HOME LOAN MORTGAGE CORPORATION*
 15 *ACT.—The Federal Home Loan Mortgage Corporation Act*
 16 *(12 U.S.C. 1451 et seq.) is amended—*

17 (1) *in section 303—*

18 (A) *in subsection (b)(2), by striking “Direc-*
 19 *tor of the Federal Housing Finance Agency” and*
 20 *inserting “Chairperson of the Federal Mortgage*
 21 *Insurance Corporation”; and*

22 (B) *in subsection (h)—*

23 (i) *in paragraph (2)—*

24 (I) *by striking “Federal Housing*
 25 *Finance Agency” and inserting “Fed-*

1 *eral Mortgage Insurance Corporation*”;
 2 *and*

3 (II) *by striking “Director” each*
 4 *place that term appears and inserting*
 5 *“Chairperson;” and*

6 (ii) *in paragraph (4), by striking “Di-*
 7 *rector” and inserting “Chairperson”;*

8 (2) *in section 305(a)(2), by striking “Director of*
 9 *the Federal Housing Finance Agency” and inserting*
 10 *“Chairperson of the Federal Mortgage Insurance Cor-*
 11 *poration”; and*

12 (3) *in section 307—*

13 (A) *in subsection (c)(1), by striking “Fed-*
 14 *eral Housing Finance Agency” and inserting*
 15 *“Federal Mortgage Insurance Corporation”;*

16 (B) *in subsection (e)—*

17 (i) *in paragraph (1)—*

18 (I) *by striking “Federal Housing*
 19 *Finance Agency” and inserting “Fed-*
 20 *eral Mortgage Insurance Corporation”;*
 21 *and*

22 (II) *by striking “Director” each*
 23 *place that term appears and inserting*
 24 *“Chairperson”; and*

25 (ii) *in paragraph (2)—*

1 (I) by striking “Federal Housing
2 Finance Agency” and inserting “Fed-
3 eral Mortgage Insurance Corporation”;
4 and

5 (II) by striking “Director” each
6 place that term appears and inserting
7 “Chairperson”; and

8 (C) in subsection (f)—

9 (i) in paragraph (1), by striking “Di-
10 rector of the Federal Housing Finance
11 Agency” and inserting “Chairperson of the
12 Federal Mortgage Insurance Corporation”;

13 (ii) in paragraph (2), by striking “Di-
14 rector of the Federal Housing Finance
15 Agency” each place that term appears and
16 inserting “Chairperson of the Federal Mort-
17 gage Insurance Corporation”; and

18 (iii) in paragraph (3)(B), by striking
19 “Director of the Federal Housing Finance
20 Agency” and inserting “Chairperson of the
21 Federal Mortgage Insurance Corporation”.

22 (j) *FEDERAL HOUSING ENTERPRISES FINANCIAL*
23 *SAFETY AND SOUNDNESS ACT OF 1992.—The Safety and*
24 *Soundness Act (12 U.S.C. 4501 et seq.) is amended—*

25 (1) in section 1303—

1 (A) in paragraph (2), as previously amend-
 2 ed by section 402(i), by striking “the Federal
 3 Housing Finance Agency within the Federal
 4 Mortgage Insurance Corporation established
 5 under section 402(a)(1) of the Housing Finance
 6 Reform and Taxpayer Protection Act of 2014”
 7 and inserting “Federal Mortgage Insurance Cor-
 8 poration established under section 201 of the
 9 Housing Finance Reform and Taxpayer Protec-
 10 tion Act of 2014”;

11 (B) by striking paragraph (4) and inserting
 12 the following:

13 “(4) [Reserved.]”; and

14 (C) in paragraph (9), as previously amend-
 15 ed by section 402(i), by striking “Agency” and
 16 inserting “Chairperson of the Federal Mortgage
 17 Insurance Corporation”;

18 (2) by repealing section 1313A;

19 (3) in section 1317—

20 (A) by striking subsection (d); and

21 (B) by redesignating subsections (e) through
 22 (i) as subsections (d) through (h), respectively;

23 and

24 (4) in section 1367—

1 (A) in subsection (a), in the heading, by
 2 striking “AGENCY” and inserting “CORPORA-
 3 TION”; and

4 (B) in subsection (b), in the heading to
 5 paragraph (9)(B), as so redesignated, by striking
 6 “AGENCY” and inserting “CORPORATION”.

7 (k) *FINANCIAL INSTITUTIONS REFORM, RECOVERY,*
 8 *AND ENHANCEMENT ACT OF 1989.—The Financial Institu-*
 9 *tions Reform, Recovery, and Enhancement Act of 1989*
 10 *(Public Law 101–73; 103 Stat. 183) is amended—*

11 (1) in section 402(e), by striking “Federal Hous-
 12 ing Finance Agency” each place that term appears
 13 and inserting “Federal Mortgage Insurance Corpora-
 14 tion”;

15 (2) in section 1124, by striking “Federal Hous-
 16 ing Finance Agency” each place that term appears
 17 and inserting “Federal Mortgage Insurance Corpora-
 18 tion”; and

19 (3) in section 1125(b), by striking “Federal
 20 Housing Finance Agency” and inserting “Federal
 21 Mortgage Insurance Corporation”.

22 (l) *FLOOD DISASTER PROTECTION ACT OF 1973.—Sec-*
 23 *tion 102(f)(3)(A) of the Flood Disaster Protection Act of*
 24 *1973 (42 U.S.C. 4012a(f)(3)(A)) is amended by striking*
 25 *“Director of the Federal Housing Finance Agency” and in-*

1 serting “Chairperson of the Federal Mortgage Insurance
2 Corporation”.

3 (m) *HOUSING ECONOMIC RECOVERY ACT OF 2008.*—
4 Section 1002(b) of the Housing and Economic Recovery Act
5 of 2008 (Public Law 110–289; 122 Stat. 2661) is amend-
6 ed—

7 (1) in paragraph (1), by striking “Federal Hous-
8 ing Finance Agency” and inserting “Federal Mort-
9 gage Insurance Corporation”; and

10 (2) in paragraph (2), by striking “Director of
11 the Agency” and inserting “Chairperson of the Fed-
12 eral Mortgage Insurance Corporation”.

13 (n) *HOUSING AND URBAN-RURAL RECOVERY ACT OF*
14 1983.—The first sentence of section 469 of the Housing and
15 Urban-Rural Recovery Act of 1983 (12 U.S.C. 1701p-1) is
16 amended by striking “Federal Housing Finance Agency,”.

17 (o) *MULTIFAMILY ASSISTED HOUSING REFORM AND*
18 *AFFORDABILITY ACT OF 1997.*—Section 517(b)(4) of the
19 Multifamily Assisted Housing Reform and Affordability
20 Act of 1997 (42 U.S.C. 1437f note) is amended by striking
21 “Federal Housing Finance Agency” and inserting “Federal
22 Mortgage Insurance Corporation”.

23 (p) *PUBLIC LAW 93–495.*—Section 111 of Public Law
24 93–495 (12 U.S.C. 250) is amended by striking “the Direc-
25 tor of the Federal Housing Finance Agency,”.

1 (q) *NEIGHBORHOOD REINVESTMENT CORPORATION*
 2 *ACT*.—Section 606(c)(3) of the *Neighborhood Reinvestment*
 3 *Corporation Act* (42 U.S.C. 8105(c)(3)) is amended by
 4 striking “*Federal Housing Finance Agency*” and inserting
 5 “*Federal Mortgage Insurance Corporation*”.

6 (r) *RIEGLE COMMUNITY DEVELOPMENT AND REGU-*
 7 *LATORY IMPROVEMENT ACT OF 1994*.—Section 117(e) of the
 8 *Riegle Community Development and Regulatory Improve-*
 9 *ment Act of 1994* (12 U.S.C. 4716(e)) is amended by strik-
 10 ing “*Federal Housing Finance Agency*” and inserting
 11 “*Federal Mortgage Insurance Corporation*”.

12 (s) *RIGHT TO FINANCIAL PRIVACY ACT OF 1978*.—Sec-
 13 tion 1113(o) of the *Right to Financial Privacy Act of 1978*
 14 (12 U.S.C. 3413(o)) is amended—

15 (1) in the heading to the subsection, by striking
 16 “*FEDERAL HOUSING FINANCE AGENCY*” and insert-
 17 ing “*FEDERAL MORTGAGE INSURANCE CORPORA-*
 18 *TION*”;

19 (2) by striking “*Federal Housing Finance Agen-*
 20 *cy*” and inserting “*Federal Mortgage Insurance Cor-*
 21 *poration*”; and

22 (3) by striking “*Federal Housing Finance Agen-*
 23 *cy’s*” and inserting “*Federal Mortgage Insurance Cor-*
 24 *poration’s*”.

1 (t) *SARBANES-OXLEY ACT OF 2002.*—Section
 2 105(b)(5)(B)(ii)(II) of the *Sarbanes-Oxley Act of 2002* (15
 3 U.S.C. 7215(b)(5)(B)(ii)(II)) is amended by striking “Di-
 4 rector of the *Federal Housing Finance Agency*” and insert-
 5 ing “*Chairperson of the Federal Mortgage Insurance Cor-*
 6 *poration*”.

7 (u) *SECURITIES EXCHANGE ACT.*—Section 15G of the
 8 *Securities Exchange Act* (15 U.S.C. 78o-11) is amended—

9 (1) in subsection (b)(2), by striking “*Federal*
 10 *Housing Finance Agency*” and inserting “*Federal*
 11 *Mortgage Insurance Corporation*”; and

12 (2) in subsection (e)(4), by striking “*Director of*
 13 *the Federal Housing Finance Agency*” each place that
 14 term appears and inserting “*Chairperson of the Fed-*
 15 *eral Mortgage Insurance Corporation*”.

16 (v) *TRUTH IN LENDING ACT.*—*The Truth in Lending*
 17 *Act* (15 U.S.C. 1601 et seq.) is amended—

18 (1) section 129H(b)(4), by striking “*Federal*
 19 *Housing Finance Agency*” and inserting “*Federal*
 20 *Mortgage Insurance Corporation*”; and

21 (2) in section 129E—

22 (A) in subsection (g)(1), by striking “*Fed-*
 23 *eral Housing Finance Agency*” and inserting
 24 “*Federal Mortgage Insurance Corporation*”; and

1 (B) in subsection (h), by striking “Federal
2 Housing Finance Agency” and inserting “Fed-
3 eral Mortgage Insurance Corporation”.

4 (w) *OTHER REFERENCES IN FEDERAL LAW.*—On and
5 after the system certification date, any reference to the Fed-
6 eral Housing Finance Agency or the Director thereof in any
7 law, rule, regulation, certificate, directive, instruction, or
8 other official paper in force on the system certification date
9 shall be considered to refer and apply to the Federal Mort-
10 gage Insurance Corporation and the Chairperson thereof,
11 respectively.

12 **SEC. 408. REPEAL OF MANDATORY HOUSING GOALS.**

13 (a) *REPEAL OF HOUSING GOALS.*—The Safety and
14 Soundness Act is amended by striking sections 1331
15 through 1336 (12 U.S.C. 4561–6).

16 (b) *CONFORMING AMENDMENTS.*—The Safety and
17 Soundness Act (12 U.S.C. 4501 et seq.) is amended—

18 (1) in section 1303(28), by striking “, and, for
19 the purposes” and all that follows through “des-
20 ignated disaster areas”;

21 (2) in section 1324(b)(1)(A), by striking clauses
22 (i), (ii), and (iv);

23 (3) in section 1341—

24 (A) in subsection (a)—

- 1 (i) in paragraph (1), by inserting “or”
- 2 after the semicolon at the end;
- 3 (ii) in paragraph (2), by striking the
- 4 semicolon at the end and inserting a period;
- 5 and
- 6 (iii) by striking paragraphs (3) and
- 7 (4); and
- 8 (B) in subsection (b)(2)—
- 9 (i) in subparagraph (A), by inserting
- 10 “or” after the semicolon at the end;
- 11 (ii) by striking subparagraphs (B) and
- 12 (C); and
- 13 (iii) by redesignating subparagraph
- 14 (D) as subparagraph (B);
- 15 (4) in section 1345(a)—
- 16 (A) in paragraph (1), by inserting “or”
- 17 after the semicolon at the end;
- 18 (B) in paragraph (2), by striking the semi-
- 19 colon at the end and inserting a period; and
- 20 (C) by striking paragraphs (3) and (4); and
- 21 (5) in section 1371(a)(2), by striking “with any
- 22 housing goal established under subpart B of part 2 of
- 23 subtitle A of this title, with section 1336 or 1337 of
- 24 this title,”.

1 (c) *EFFECTIVE DATE.*—*The amendments made by this*
 2 *section shall take effect on the date of enactment of this Act.*

3 (d) *REQUIRED COMPLIANCE WITH NONDISCRIMINA-*
 4 *TION LAWS.*—

5 (1) *APPROVED ENTITIES; PLATFORM.*—*Notwith-*
 6 *standing any other provision of this Act, approved*
 7 *entities and the Securitization Platform shall comply*
 8 *with Federal and State nondiscrimination laws, in-*
 9 *cluding the Fair Housing Act (42 U.S.C. 3601 et seq.)*
 10 *and the Equal Credit Opportunity Act (15 U.S.C.*
 11 *1691 et seq.).*

12 (2) *CORPORATION.*—

13 (A) *IN GENERAL.*—*In carrying out this Act,*
 14 *the Corporation shall comply with Federal and*
 15 *State nondiscrimination laws.*

16 (B) *PERIODIC REVIEW.*—*The Corporation*
 17 *shall periodically review its policies, standards,*
 18 *and guidelines with respect to eligible mortgage*
 19 *loans, including, but not limited to, any auto-*
 20 *mated underwriting systems, to ensure that such*
 21 *policies, standards, and guidelines are consistent*
 22 *with the requirements of section 408(d).*

23 (3) *SAFETY AND SOUNDNESS ACT.*—*Section 1325*
 24 *of the Safety and Soundness Act (12 U.S.C. 4545) is*
 25 *amended—*

1 (A) in the matter preceding paragraph (1),
 2 by striking “The Secretary” and inserting the
 3 following:

4 “(a) *IN GENERAL.*—The Secretary”;

5 (B) in paragraph (1)—

6 (i) by inserting “, approved guarantor,
 7 approved multifamily guarantor, approved
 8 aggregator, and the Securitization Plat-
 9 form” after “enterprise”;

10 (ii) by inserting “or guarantee” after
 11 “purchase”; and

12 (iii) by inserting “or mortgage-backed
 13 security” after “mortgage”;

14 (C) in paragraph (2)—

15 (i) by striking “(2) by regulation” and
 16 by inserting “(2)(A) by regulation”;

17 (ii) by inserting “and” after the semi-
 18 colon; and

19 (iii) by adding at the end the fol-
 20 lowing:

21 “(B) with respect to the market for covered guar-
 22 antee transactions and covered market-based risk-
 23 sharing transactions, by regulation, require each ap-
 24 proved guarantor, approved multifamily guarantor,
 25 and approved aggregator to submit data to the Sec-

1 *retary to assist the Secretary in investigating whether*
 2 *a mortgage lender with which the approved guar-*
 3 *antor, approved multifamily guarantor, or approved*
 4 *aggregator does business has failed to comply with the*
 5 *Fair Housing Act (42 U.S.C. 3601 et seq.);”;*

6 *(D) in paragraph (3)—*

7 *(i) by striking “(3) by regulation” and*
 8 *by inserting “(3)(A) by regulation”;*

9 *(ii) by inserting “and” after the semi-*
 10 *colon; and*

11 *(iii) by adding at the end the fol-*
 12 *lowing:*

13 *“(B) with respect to the market for covered guar-*
 14 *antee transactions and covered market-based risk-*
 15 *sharing transactions, by regulation, require each ap-*
 16 *proved guarantor, approved multifamily guarantor,*
 17 *and approved aggregator to submit data to the Sec-*
 18 *retary to assist in investigating whether a mortgage*
 19 *lender with which the approved guarantor, approved*
 20 *multifamily guarantor, or approved aggregator does*
 21 *business has failed to comply with the Equal Credit*
 22 *Opportunity Act (15 U.S.C. 1691 et seq.), and shall*
 23 *submit any such information received to the appro-*
 24 *priate Federal agencies, as provided in section 704 of*

1 *the Equal Credit Opportunity Act (15 U.S.C. 1691c),*
 2 *for appropriate action;”;*

3 *(E) in paragraph (4), by inserting “and the*
 4 *Federal Mortgage Insurance Corporation” after*
 5 *“enterprises”;*

6 *(F) in paragraph (5)—*

7 *(i) by striking “(5) direct the” and by*
 8 *inserting “(5)(A) direct the”;*

9 *(ii) by inserting “and” after the semi-*
 10 *colon; and*

11 *(iii) by adding at the end the fol-*
 12 *lowing:*

13 *“(B) with respect to the market for covered guar-*
 14 *antee transactions and covered market-based risk-*
 15 *sharing transactions, apply various remedial actions,*
 16 *including suspension, probation, reprimand, or settle-*
 17 *ment, against lenders that have been found to have*
 18 *engaged in discriminatory lending practices in viola-*
 19 *tion of the Fair Housing Act or the Equal Credit Op-*
 20 *portunity Act, pursuant to a final adjudication on*
 21 *the record, and after opportunity for an administra-*
 22 *tive hearing, in accordance with subchapter II of*
 23 *chapter 5 of title 5, United States Code; and”;*

24 *(G) in paragraph (6)—*

1 (i) by striking “(6) periodically re-
 2 view” and by inserting “(6)(A) periodically
 3 review”;

4 (ii) by striking the period at the end
 5 and inserting “; and”; and

6 (iii) by adding at the end the fol-
 7 lowing:

8 “(B) with respect to the market for covered
 9 guarantee transactions and covered market-based
 10 risk-sharing transactions, periodically review
 11 and comment on the underwriting and appraisal
 12 guidelines of each approved guarantor, approved
 13 multifamily guarantor, and approved
 14 aggregator, and the policies, standards, and
 15 guidelines of the Securitization Platform to en-
 16 sure that such guidelines are consistent with the
 17 Fair Housing Act and this section.”; and

18 (H) by adding at the end the following:

19 “(b) *DEFINITIONS.*—In this section, the terms ‘ap-
 20 proved guarantor’, ‘approved multifamily guarantor’, ‘ap-
 21 proved aggregator’, ‘covered guarantee transaction’, ‘covered
 22 market-based risk-sharing transaction’, and ‘Securitization
 23 Platform’ have the meanings given such terms in section
 24 2 of the Housing Finance Reform and Taxpayer Protection
 25 Act of 2014.”.

1 **TITLE V—IMPROVING TRANS-**
 2 **PARENCY, ACCOUNTABILITY,**
 3 **AND EFFICACY WITHIN AF-**
 4 **FORDABLE HOUSING**

5 **SEC. 501. AFFORDABLE HOUSING ALLOCATIONS.**

6 (a) *FEE AND ALLOCATION OF AMOUNTS.*—*In addition*
 7 *to any fees for the provision of insurance established in ac-*
 8 *cordance with title III, in each fiscal year the Corporation*
 9 *shall—*

10 (1) *charge and collect a fee determined as pro-*
 11 *vided in subsection (b) for each dollar of the out-*
 12 *standing principal balance of all eligible mortgage*
 13 *loans that collateralize covered securities insured*
 14 *under this Act; and*

15 (2) *allocate or otherwise transfer, on an annual*
 16 *basis—*

17 (A) *75 percent of such fee amounts to the*
 18 *Secretary of Housing and Urban Development to*
 19 *fund the Housing Trust Fund established under*
 20 *section 1338 of the Safety and Soundness Act*
 21 *(12 U.S.C. 4568);*

22 (B) *15 percent of such fee amounts to the*
 23 *Secretary of the Treasury to fund the Capital*
 24 *Magnet Fund established under section 1339 of*

1 *the Safety and Soundness Act (12 U.S.C. 4569);*
 2 *and*

3 *(C) 10 percent of such fee amounts to the*
 4 *Corporation to fund the Market Access Fund es-*
 5 *tablished under section 504.*

6 *(b) DETERMINATION OF FEE.—The fee required to be*
 7 *charged under subsection (a) shall be determined as follows:*

8 *(1) INITIAL FEE.—Beginning on the date of en-*
 9 *actment of this Act and ending upon the date set forth*
 10 *under paragraph (2)(E), the fee shall be an amount*
 11 *equal to 10 basis points for each dollar of the out-*
 12 *standing principal balance of eligible mortgage loans*
 13 *collateralizing covered securities insured under this*
 14 *Act.*

15 *(2) SUBSEQUENT INCENTIVE-BASED FEE.—Not*
 16 *later than 6 months after the date that the Corpora-*
 17 *tion has approved at least 2 approved guarantors, ap-*
 18 *proved multifamily guarantors, or approved*
 19 *aggregators, the Corporation shall, by regulation,*
 20 *after notice and comment, establish a formula for de-*
 21 *termining the fee that meets the following criteria:*

22 *(A) AVERAGE FOR ALL FEES.—The average*
 23 *of fees charged on the total outstanding principal*
 24 *balance of all eligible mortgage loans*

1 *collateralizing covered securities insured under*
2 *this Act shall be equal to 10 basis points.*

3 (B) *PERMISSIBLE RANGE.*—*The highest*
4 *basis point fee charged to an approved guar-*
5 *antor, approved multifamily guarantor, or ap-*
6 *proved aggregator engaged in a covered guar-*
7 *antee transaction or an approved aggregator en-*
8 *gaged in a covered market-based risk-sharing*
9 *transaction shall not exceed 2 times the lowest*
10 *basis point fee charged.*

11 (C) *INCENTIVES TO SERVE UNDERSERVED*
12 *MARKET SEGMENTS.*—

13 (i) *IN GENERAL.*—*The formula deter-*
14 *mined under this subsection shall provide*
15 *that the amount by which any particular*
16 *fee charged to an approved guarantor, ap-*
17 *proved multifamily guarantor, or approved*
18 *aggregator engaged in a covered guarantee*
19 *transaction or an approved aggregator en-*
20 *gaged in a covered market-based risk-shar-*
21 *ing transaction may be more or less than*
22 *the average fee required under subpara-*
23 *graph (A) based upon consideration of the*
24 *following factors:*

(I) *PERFORMANCE RELATIVE TO*

PEERS.—*The performance of each approved guarantor, approved multifamily guarantor, or approved aggregator engaged in a covered guarantee transaction and each approved aggregator engaged in a covered market-based risk-sharing transaction in serving underserved market segments, as identified and defined under section 210, relative to the performance of all other approved guarantors, approved multifamily guarantors, or approved aggregators engaged in covered guarantee transactions or approved aggregators engaged in covered market-based risk-sharing transactions.*

(II) *PERFORMANCE RELATIVE TO*

PRIMARY MARKET LOAN ORIGINATION DATA.—*The performance of each approved guarantor, approved multifamily guarantor, or approved aggregator engaged in a covered guarantee transaction and each approved aggregator engaged in a covered mar-*

1 *ket-based risk-sharing transaction in*
2 *serving underserved market segments,*
3 *as identified and defined under section*
4 *210, relative to the level of primary*
5 *market mortgage originations in each*
6 *of the underserved market segments so*
7 *identified and defined that were facili-*
8 *tated by the approved guarantor, ap-*
9 *proved multifamily guarantor, or ap-*
10 *proved aggregator's engagement in a*
11 *covered guarantee transaction or the*
12 *approved aggregator's engagement in a*
13 *covered market-based risk-sharing*
14 *transaction.*

15 (III) *RELATIVE EXTENT TO*
16 *WHICH INDIVIDUAL MARKET SEGMENTS*
17 *ARE UNDERSERVED.—The relative ex-*
18 *tent to which each of the underserved*
19 *market segments, as identified and de-*
20 *finied under section 210, that have pri-*
21 *mary market mortgage originations fa-*
22 *cilitated by the approved guarantor,*
23 *approved multifamily guarantor, or*
24 *approved aggregator's engagement in a*
25 *covered guarantee transaction or the*

1 *approved aggregator's engagement in a*
2 *covered market-based risk-sharing*
3 *transaction is underserved.*

4 *(ii) WEIGHING FACTORS.—The formula*
5 *determined under this subsection shall as-*
6 *sign such weights to each of the factors set*
7 *forth under clause (i) as the Corporation de-*
8 *termines necessary and appropriate.*

9 *(iii) DATA FOR MEASURING FAC-*
10 *TORS.—To measure the performance in*
11 *serving underserved market segments, as*
12 *identified and defined under section 210, by*
13 *approved guarantors, approved multifamily*
14 *guarantors, or approved aggregators en-*
15 *gaged in a covered guarantee transaction*
16 *and approved aggregators engaged in a cov-*
17 *ered market-based risk-sharing transaction*
18 *and the extent to which a market segment*
19 *is underserved, the formula determined*
20 *under this subsection shall provide for the*
21 *use of—*

22 *(I) the identifications and defini-*
23 *tions of underserved market segments*
24 *established by the Corporation under*
25 *section 210;*

1 (II) data and other information
2 in the annual report filed with the
3 Corporation by each approved guar-
4 antor, approved multifamily guar-
5 antor, or approved aggregator engaged
6 in a covered guarantee transaction and
7 each approved aggregator engaged in a
8 covered market-based risk-sharing
9 transaction, as required under section
10 210;

11 (III) loan level data, to the extent
12 possible in the manner required by the
13 Home Mortgage Disclosure Act (12
14 U.S.C. 2801 et seq.) on activities re-
15 lated to covered securities; and

16 (IV) other publicly available data.

17 (D) THIRD-PARTY ENTITY TO MEASURE
18 FACTORS.—

19 (i) SELECTION.—The Corporation,
20 through a competitive process, shall select
21 an entity independent of the Corporation to
22 gather, use, and provide to the Corporation
23 the data required under subparagraph
24 (C)(iii).

1 (ii) *RANKING.*—*The entity selected*
2 *under clause (i) shall—*

3 (I) *analyze the data required*
4 *under subparagraph (C)(iii); and*

5 (II) *rank the approved guaran-*
6 *tors, approved multifamily guarantors,*
7 *or approved aggregators engaged in*
8 *covered guarantee transactions and the*
9 *approved aggregators engaged in cov-*
10 *ered market-based risk-sharing trans-*
11 *actions, applying the formula estab-*
12 *lished by the Corporation.*

13 (iii) *TIMING OF RANKING.*—*The entity*
14 *selected under clause (i) shall, on an annual*
15 *basis, provide the rankings required under*
16 *clause (ii)(II). The annual rankings re-*
17 *quired under this clause shall begin at a*
18 *time to be determined mutually by the enti-*
19 *ty selected under clause (i) and the Cor-*
20 *poration, so that the Corporation will be*
21 *positioned to determine, charge, and collect*
22 *the first incentive-based fees beginning on*
23 *the date that is 12 months after the date of*
24 *approval of at least 2 approved guarantors,*

1 *approved multifamily guarantors, or ap-*
 2 *proved aggregators.*

3 *(E) TIMING OF CHARGING AND COLLECTING*
 4 *INCENTIVE-BASED FEES.—*

5 *(i) FIRST INCENTIVE-BASED FEES.—*
 6 *Subject to paragraph (3), the Corporation*
 7 *shall charge and collect the first incentive-*
 8 *based fees required under this subsection be-*
 9 *ginning on the date that is 12 months after*
 10 *the date of the approval of at least 2 ap-*
 11 *proved guarantors, approved multifamily*
 12 *guarantors, or approved aggregators.*

13 *(ii) SUBSEQUENT ANNUAL INCENTIVE-*
 14 *BASED FEES.—Subject to paragraph (3),*
 15 *the Corporation shall charge and collect in-*
 16 *centive-based fees annually on the first busi-*
 17 *ness day of each 12-month period that be-*
 18 *gins after the expiration of the initial 12-*
 19 *month period set forth in clause (i).*

20 *(iii) COLLECTION.—*

21 *(I) PROCEDURES.—The Corpora-*
 22 *tion shall, by regulation, establish pro-*
 23 *cedures for collecting the incentive-*
 24 *based fee required under this para-*

graph on a periodic basis determined
by the Corporation.

(II) COMPLIANCE WITH PROCEDURES.—The Corporation shall collect all incentive-based fees required under this paragraph consistent with the procedures established pursuant to subclause (I).

(iv) ADJUSTMENTS TO INCENTIVE-BASED FEES PAID.—

(I) IN GENERAL.—The Corporation shall make appropriate adjustments to the incentive-based fee charged to an approved guarantor, approved multifamily guarantor, or approved aggregator engaged in a covered guarantee transaction or an approved aggregator engaged in a covered market-based risk-sharing transaction for any year based on the—

(aa) application of the formula established under this paragraph to such approved guarantor, approved multifamily

1 guarantor, or approved
 2 aggregator; and

3 (bb) measured performance of
 4 such approved guarantor, ap-
 5 proved multifamily guarantor, or
 6 approved aggregator in that year.

7 (II) *FORM OF ADJUSTMENTS.*—

8 *Any adjustments made pursuant to*
 9 *subclause (I) may take the form of—*

10 (aa) *a credit against the fee*
 11 *paid by an approved guarantor,*
 12 *approved multifamily guarantor,*
 13 *or approved aggregator for the*
 14 *year; or*

15 (bb) *an additional amount*
 16 *owing on the fee for the year by*
 17 *the approved guarantor, approved*
 18 *multifamily guarantor, or ap-*
 19 *proved aggregator.*

20 (v) *FREQUENCY OF INCENTIVE-BASED*

21 *FEE COLLECTION.*—*In determining the ap-*
 22 *propriate periodic basis for collecting the*
 23 *incentive-based fees required under clause*
 24 *(iii), the Corporation shall take into consid-*
 25 *eration the need to make appropriate ad-*

1 *justments to the fees under clause (iv)*
 2 *through credits or additional billings.*

3 *(vi) RULE OF CONSTRUCTION.—Noth-*
 4 *ing in this subparagraph shall be construed*
 5 *to waive, override, or in any manner super-*
 6 *sede the requirement set forth under sub-*
 7 *paragraph (A).*

8 *(F) ADDITIONAL INCENTIVES TO SERVE UN-*
 9 *DERSERVED MARKET SEGMENTS.—*

10 *(i) FEE CREDITS FROM THE MARKET*
 11 *ACCESS FUND.—Notwithstanding any pro-*
 12 *vision of section 504 or any other provision*
 13 *of law, the Corporation may use up to 50*
 14 *percent of the amounts in the Market Access*
 15 *Fund, determined as of the date that an in-*
 16 *centive-based fee under subparagraph (E) is*
 17 *to be charged in any year, to provide 1 or*
 18 *more approved guarantors, approved multi-*
 19 *family guarantors, or approved aggregators*
 20 *engaged in a covered guarantee transaction*
 21 *or approved aggregators engaged in a cov-*
 22 *ered market-based risk-sharing transaction*
 23 *with additional incentives to serve under-*
 24 *served market segments, as identified and*
 25 *defined under section 210, through the*

award of a credit that may be applied to reduce the annual fee charged to the approved guarantor, approved multifamily guarantor, or approved aggregator if that person exceeds performance measures related to the service of such underserved market segments established by the Corporation.

(ii) *RULE REQUIRED.*—The Corporation shall establish, by regulation, the terms, conditions, and performance measures for the awarding of credits under clause (i).

(3) *OPT-OUT FROM INCENTIVE-BASED FEES.*—

(A) *ELECTION AND WRITTEN AGREEMENT.*—An approved guarantor, approved multifamily guarantor, or approved aggregator engaged in a covered guarantee transaction or an approved aggregator engaged in a covered market-based risk-sharing transaction may elect to be excepted from the incentive-based fee that is charged under paragraph (2) by notifying the Corporation in writing that the approved guarantor, approved multifamily guarantor, or approved aggregator agrees to pay the fee amount described in subparagraph (C).

1 (B) *TIMING FOR ELECTION.*—For any 12-
2 month period for which an incentive-based fee
3 will be charged under paragraph (2), an ap-
4 proved guarantor, approved multifamily guar-
5 antor, or approved aggregator engaged in a cov-
6 ered guarantee transaction or an approved
7 aggregator engaged in a covered market-based
8 risk-sharing transaction may make an election
9 under subparagraph (A) not later than 3 months
10 prior to the beginning of such 12-month period.

11 (C) *FEE AMOUNT FOR OPT-OUT.*—If an ap-
12 proved guarantor, approved multifamily guar-
13 antor, or approved aggregator engaged in a cov-
14 ered guarantee transaction or an approved
15 aggregator engaged in a covered market-based
16 risk-sharing transaction makes an election under
17 subparagraph (A), the Corporation shall charge
18 to, and collect from, the approved guarantor, ap-
19 proved multifamily guarantor, or approved
20 aggregator a fee in an amount equal to the high-
21 est fee charged by Corporation for the 12-month
22 period under the ranking made under paragraph
23 (2)(D).

24 (D) *OPT-OUT NOT TO AFFECT REPORTING*
25 *REQUIREMENTS.*—An election made under sub-

1 *paragraph (A) shall not release, diminish, or*
2 *otherwise affect any requirement set forth by this*
3 *Act that requires an approved guarantor, ap-*
4 *proved multifamily guarantor, or approved*
5 *aggregator engaged in a covered guarantee trans-*
6 *action or an approved aggregator engaged in a*
7 *covered market-based risk-sharing transaction to*
8 *furnish to the Corporation such information as*
9 *the Corporation is authorized by this Act to ob-*
10 *tain, including the annual report required to be*
11 *filed with the Corporation under section 210.*

12 (c) *CONTINUING OBLIGATION.*—*The fee required to be*
13 *charged under subsection (a) shall be collected for the life*
14 *of the covered security.*

15 (d) *SUSPENSION OF CONTRIBUTIONS.*—*The Corpora-*
16 *tion may temporarily suspend allocations under subsection*
17 *(a)(2) upon a finding by the Corporation that such alloca-*
18 *tions are contributing, or would contribute, to the financial*
19 *instability of the Mortgage Insurance Fund established*
20 *under section 303.*

21 (e) *RULE OF CONSTRUCTION.*—*The cost of the fee re-*
22 *quired to be charged under subsection (a) shall not be borne*
23 *by eligible borrowers.*

1 **SEC. 502. HOUSING TRUST FUND.**

2 *Section 1338 of the Safety and Soundness Act (12*
3 *U.S.C. 4568) is amended—*

4 *(1) in subsection (a)(1)—*

5 *(A) in the first sentence, by inserting “or*
6 *pursuant to section 501 of the Housing Finance*
7 *Reform and Taxpayer Protection Act of 2014”*
8 *after “section 1337”; and*

9 *(B) in the second sentence, by inserting*
10 *“federally-recognized tribes and” after “grants*
11 *to”;*

12 *(2) by striking subsection (b) and inserting the*
13 *following:*

14 *“(b) [Reserved.]”;*

15 *(3) in subsection (c)—*

16 *(A) in paragraph (1), by striking “Except*
17 *as provided in subsection (b), the” and inserting*
18 *“The”;*

19 *(B) in paragraph (2)—*

20 *(i) by striking “(as such term is de-*
21 *fined in section 4 of the Native American*
22 *Housing Assistance and Self-Determination*
23 *Act of 1997 (25 U.S.C. 4103))”; and*

24 *(ii) by adding at the end the following:*
25 *“An Indian tribe receiving grant amounts*
26 *under this subsection may designate a feder-*

1 *ally recognized tribe or a tribally designated*
 2 *housing entity to receive such grant*
 3 *amounts. Nothing in this subsection shall*
 4 *limit or be construed to limit the ability of*
 5 *an Indian tribe or a tribally designated*
 6 *housing entity from being a permissible des-*
 7 *ignated recipient of grant amounts provided*
 8 *by a State under this section.”;*

9 *(C) in paragraph (3)—*

10 *(i) in the heading—*

11 *(I) by inserting “INDIAN TRIBES*
 12 *AND” before “STATES”; and*

13 *(II) by striking “BY NEEDS-BASED*
 14 *FORMULA”;*

15 *(ii) in subparagraph (A), by striking*
 16 *“The Secretary shall” and inserting the fol-*
 17 *lowing:*

18 *“(i) MINIMUM TRIBAL DISTRIBUTIONS.—*
 19 *“(I) IN GENERAL.—The Secretary,*

20 *acting through the Office of Native*
 21 *American Programs, shall distribute*
 22 *via competitive grants the amounts de-*
 23 *termined under subclause (II) and*
 24 *made available under this subsection to*
 25

1 *federally recognized tribes and tribally*
2 *designated housing entities.*

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

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

21 “(IV) EVALUATION OF APPLICA-
22 TIONS.—

23 “(aa) IN GENERAL.—In eval-
24 uating any application for the re-
25 ceipt of competitive grant

1 *amounts authorized under this*
2 *clause, the Secretary, acting*
3 *through the Office of Native Amer-*
4 *ican Programs, shall consider*
5 *with respect to the federally recog-*
6 *nized tribe applicant or tribally*
7 *designated housing entity appli-*
8 *cant and to Indian reservations*
9 *and other Indian areas associated*
10 *with the federally recognized tribe*
11 *applicant or served by the tribally*
12 *designated housing entity appli-*
13 *cant evaluation criteria, includ-*
14 *ing the following:*

15 *“(AA) Level of poverty*
16 *on the Indian reservation or*
17 *in the Indian area.*

18 *“(BB) Level of unem-*
19 *ployment on the Indian res-*
20 *ervation or in the Indian*
21 *area.*

22 *“(CC) Condition of*
23 *housing stock on the Indian*
24 *reservation or in the Indian*
25 *area.*

1 “(DD) Level of over-
2 crowded housing on the In-
3 dian reservation or in the
4 Indian area, as measured by
5 the number of households in
6 which the number of persons
7 per room is greater than 1.

8 “(EE) Presence and
9 prevalence of black mold on
10 the Indian reservation or in
11 the Indian area.

12 “(FF) Demonstrated ex-
13 perience, capacity, and abil-
14 ity of the applicant to man-
15 age the development and con-
16 struction of affordable hous-
17 ing, and manage affordable
18 housing programs, including
19 rental housing programs,
20 homeownership programs,
21 and programs to assist pur-
22 chasers with down payments,
23 closing costs, or interest rate
24 buy-downs.

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

10 “(HH) *Such other cri-*
11 *teria as may be specified by*
12 *the Secretary in order to*
13 *evaluate the overall quality*
14 *of the proposed project, the*
15 *feasibility of the proposed*
16 *project, and whether the pro-*
17 *posed project will address the*
18 *housing needs on the Indian*
19 *reservation or in the Indian*
20 *area.*

21 “(bb) *REVIEW OF DATA.—In*
22 *evaluating any application for the*
23 *receipt of competitive grant*
24 *amounts authorized under this*
25 *clause, the Secretary, acting*

1 through the Office of Native Amer-
2 ican Programs, shall permit a
3 federally recognized tribe appli-
4 cant or a tribally designated hous-
5 ing entity applicant to supple-
6 ment or replace, in whole or in
7 part, any data compiled and pro-
8 duced by the Bureau of the Census
9 and upon which the Secretary,
10 acting through the Office of Native
11 American Program, relies, pro-
12 vided such tribally-collected data
13 meets the Department of Housing
14 and Urban Development's stand-
15 ards for accuracy.

16 “(V) TREATMENT OF FUNDS.—

17 Notwithstanding any other provision of
18 law, competitive grant amounts re-
19 ceived under this clause shall not be
20 considered Federal funds for purposes
21 of matching other Federal sources of
22 funds.

23 “(VI) RULE OF CONSTRUCTION.—

24 The requirements under clause (ii),
25 subparagraphs (B) and (C) of this

1 paragraph, and paragraphs (4)
 2 through (8) and paragraph (10)(A) of
 3 this subsection shall not apply to any
 4 amounts distributed under this clause
 5 to a federally recognized tribe or a
 6 tribally designated housing entity.

7 “(ii) *STATE DISTRIBUTIONS.*—From
 8 any amounts remaining in the Housing
 9 Trust Fund after the distribution of the
 10 amounts required under clause (i), the Sec-
 11 retary shall”;

12 (iii) in subparagraph (B), by striking
 13 “subparagraph (A)” and inserting “sub-
 14 paragraph (A)(ii)”; and

15 (iv) in subparagraph (C), by striking
 16 “subparagraph (A)” and inserting “sub-
 17 paragraph (A)(ii)”;

18 (D) in paragraph (4)—

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

21 (ii) by striking subparagraph (C), and
 22 inserting the following:

23 “(C) *MINIMUM STATE ALLOCATIONS.*—

24 “(i) *IN GENERAL.*—Except as provided
 25 in clause (ii), the minimum allocation, fol-

lowing the determination of the formula amount in paragraph (3), to any of the 50 States of the United States or the District of Columbia shall be \$10,000,000 and the increase in any such allocation shall be deducted pro rata from the allocations made above such minimum to all other of the States (as such term is defined in section 1303).

“(ii) *EXCEPTION.*—If the allocation to the Housing Trust Fund under section 501(a)(2)(A) of the Housing Finance Reform and Taxpayer Protection Act of 2014 for a fiscal year is less than \$1,000,000,000, the minimum allocation to any of the 50 States of the United States or the District of Columbia shall be the greater of \$5,000,000 or 1 percent of the total amount of amounts allocated for the Housing Trust Fund under this section and the increase in any such allocation shall be deducted pro rata from the allocations made above such minimum to all other of the States (as such term is defined in section 1303).”;

(E) in paragraph (5)(A)—

1 (i) in clause (iii), by striking “and” at
2 the end;

3 (ii) by redesignating clause (iv) as
4 clause (v); and

5 (iii) by inserting after clause (iii) the
6 following:

7 “(iv) set forth a plan for achieving geo-
8 graphic diversity, including the distribution
9 of grant amounts to rural areas in propor-
10 tion to housing needs in those areas; and”.

11 (F) in paragraph (7)(A), by striking “hous-
12 ing under the programs identified in section
13 1335(a)(2)(B) of this title” and inserting “hous-
14 ing subsidized under Federal law or comparable
15 State or local laws”;

16 (G) in paragraph (7)(B)(iv), by striking
17 “section 132” and inserting “section 1132”;

18 (H) in paragraph (9), by inserting “(in-
19 cluding a public housing agency)” after “agen-
20 cy”; and

21 (I) by adding at the end the following:

22 “(11) *RULE OF CONSTRUCTION.*—Nothing in this
23 subsection shall be construed to limit the ability of a
24 federally recognized tribe or a tribally designated

1 housing entity from receiving grant amounts provided
2 by a State under this section.”;

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

5 “(7) *TRIBAL TERMS*.—

6 “(A) *IN GENERAL*.—The terms ‘federally
7 recognized tribe’, ‘Indian area’, ‘Indian tribe’,
8 and ‘tribally designated housing entity’ have the
9 same meaning as in section 4 of the Native
10 American Housing Assistance and Self-Deter-
11 mination Act of 1996 (25 U.S.C. 4103).

12 “(B) *INDIAN RESERVATION*.—The term ‘In-
13 dian reservation’ means land subject to the juris-
14 diction of an Indian tribe.

15 “(8) *RURAL AREA*.—The term ‘rural area’ means
16 any community eligible for assistance under section
17 520 of the Housing Act of 1949 (42 U.S.C. 1490).”;
18 and

19 (5) in subsection (g)(2)(D)(i), by inserting “, in-
20 cluding the distribution of grant amounts to rural
21 areas in proportion to housing needs in those areas”
22 after “diversity”.

23 **SEC. 503. CAPITAL MAGNET FUND.**

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

(1) in subsection (b)(1), by inserting “or section 501 of the Housing Finance Reform and Taxpayer Protection Act of 2014” after “section 1337”;

(2) in subsection (c)—

(A) in paragraph (1), by striking “; and” and inserting a semicolon;

(B) in paragraph (2)—

(i) by inserting “, activities designed to foster revitalization in areas experiencing severe economic distress and property disinvestment, including, but not limited to, demolition, property rehabilitation, and infrastructure configuration,” after “economic development activities”; and

(ii) by inserting “and tribal” after “rural”; and

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

SEC. 504. MARKET ACCESS FUND.

(a) *ESTABLISHMENT.*—The Corporation shall establish a fund, to be known as the “Market Access Fund”, which shall be maintained and administered by the Office of Consumer and Market Access.

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

1 (1) *the share of the fee charged and collected by*
2 *the Corporation under section 501; and*

3 (2) *such other amounts as may be appropriated*
4 *or transferred to the Market Access Fund.*

5 (c) *PURPOSE.—Amounts in the Market Access Fund*
6 *shall be eligible for use by grantees to address the homeown-*
7 *ership and rental housing needs of underserved or hard-to-*
8 *serve populations by—*

9 (1) *providing grants and loans for research, de-*
10 *velopment, and pilot testing of innovations in con-*
11 *sumer education, product design, underwriting, and*
12 *servicing;*

13 (2) *offering additional credit support for certain*
14 *eligible mortgage loans or pools of eligible mortgage*
15 *loans, such as by covering a portion of any capital*
16 *required to obtain insurance from the Corporation*
17 *under this Act, provided that amounts for such addi-*
18 *tional credit support do not replace borrower funds*
19 *required of an eligible mortgage loan;*

20 (3) *providing grants and loans, including*
21 *through the use of pilot programs of sufficient scale,*
22 *to support the research and development of sustain-*
23 *able homeownership and affordable rental programs,*
24 *which programs shall include manufactured homes*
25 *purchased through real estate and personal property*

1 *loans and manufactured homes used as rental hous-*
2 *ing, provided that such grant or loan amounts are*
3 *used only for the benefit of families whose income does*
4 *not exceed 120 percent of the median income for the*
5 *area as determined by the Corporation, with adjust-*
6 *ments for family size;*

7 *(4) providing limited credit enhancement, and*
8 *other forms of credit support, for product and services*
9 *that—*

10 *(A) will increase the rate of sustainable*
11 *homeownership and affordable rental housing,*
12 *including manufactured homes purchased*
13 *through real estate and personal property loans*
14 *and manufactured homes used as rental housing,*
15 *by individuals or families whose income does not*
16 *exceed 120 percent of the area median income as*
17 *determined by the Corporation, with adjustments*
18 *for family size; and*

19 *(B) might not otherwise be offered or sup-*
20 *ported by a pilot program of sufficient scale to*
21 *determine the viability of such products and*
22 *services in the private market;*

23 *(5) providing housing counseling by a HUD-ap-*
24 *proved housing counseling agency;*

1 (6) *providing incentives to achieve broader access*
 2 *to mortgage credit; and*

3 (7) *providing grants and loans for activities de-*
 4 *signed to foster revitalization in areas experiencing*
 5 *severe economic distress and property disinvestment,*
 6 *including, but not limited to, demolition, rehabilita-*
 7 *tion, infrastructure configuration, and reuse of vacant*
 8 *land.*

9 (d) *ANNUAL REPORT.*—

10 (1) *IN GENERAL.*—*The Chairperson shall, on an*
 11 *annual basis, report to Congress on the performance*
 12 *and outcome of grants, loans, or credit support pro-*
 13 *grams funded by the Market Access Fund in accord-*
 14 *ance with subsection (c), including—*

15 (A) *an evaluation of how each grant, loan,*
 16 *or credit support program—*

17 (i) *succeeded in meeting or failed to*
 18 *meet the need of certain populations, espe-*
 19 *cially extremely low-, very low-, low-, and*
 20 *moderate-income and underserved or hard-*
 21 *to-serve populations; and*

22 (ii) *succeeded in maximizing or failed*
 23 *to maximize the leverage of public invest-*
 24 *ment made for each such grant, loan, or*
 25 *credit support program; and*

1 (B) for each award of funds for a grant,
 2 loan, or credit support program by the Market
 3 Access Fund—

4 (i) the recipient of the funds;

5 (ii) the purpose for which the recipient
 6 received the funds;

7 (iii) the amount of funds provided to
 8 the recipient; and

9 (iv) the amount of funds, excluding ad-
 10 ministrative costs, that are used to directly
 11 meet the purpose identified under clause
 12 (ii), including meeting the housing needs of
 13 extremely low-, very low-, low-, and mod-
 14 erate-income and underserved or hard-to-
 15 serve populations.

16 (2) *INCLUSION IN ANNUAL REPORT.*—The Chair-
 17 person shall include the report required under para-
 18 graph (1) in the annual report required under section
 19 206.

20 **SEC. 505. ADDITIONAL TAXPAYER PROTECTIONS.**

21 (a) *NOT TO BE USED FOR POLITICAL ACTIVITIES.*—
 22 Consistent with the existing requirements under sections
 23 1338(c)(10)(D) and 1339(h)(5) of the Safety and Soundness
 24 Act (12 U.S.C. 4568(c)(10)(D) and 4569(h)(5)), the Sec-
 25 retary of Housing and Urban Development, the Secretary

1 *of the Treasury, and the Office of Community and Market*
 2 *Access, respectively, shall ensure that grant amounts allo-*
 3 *cated by covered grantees to eligible recipients or allocated*
 4 *to individuals by such eligible recipients are not used for—*

5 *(1) political activities;*

6 *(2) political advocacy;*

7 *(3) lobbying, whether directly or through other*
 8 *parties;*

9 *(4) influencing the selection, nomination, elec-*
 10 *tion, or appointment of 1 or more candidates to any*
 11 *Federal, State or local office;*

12 *(5) personal counseling services;*

13 *(6) travel expenses; and*

14 *(7) preparing or providing advice on tax re-*
 15 *turns.*

16 *(b) PENALTIES.—*

17 *(1) CIVIL MONEY PENALTY.—If an eligible recipi-*
 18 *ent or any other individual in receipt of grant*
 19 *amounts described by this section violates any provi-*
 20 *sion of subsection (a), the Secretary of Housing and*
 21 *Urban Development, the Secretary of the Treasury, or*
 22 *the Corporation, as the case may be, may impose a*
 23 *civil penalty on such recipient or individual, as the*
 24 *case may be, of not more than \$1,000,000 for each*
 25 *violation.*

1 (2) *CRIMINAL PENALTIES.*—Whoever, being sub-
 2 ject to the provisions of subsection (a), knowingly par-
 3 ticipates, directly or indirectly, in any manner in
 4 conduct that results in a violation of such provisions
 5 shall, notwithstanding section 3571 of title 18, United
 6 States Code, be fined not more than \$1,000,000 for
 7 each violation, imprisoned for not more than 5 years,
 8 or both.

9 (3) *RULE OF CONSTRUCTION.*—The penalties im-
 10 posed under paragraphs (1) or (2) shall be in addi-
 11 tion to any other available civil remedy or any other
 12 available criminal penalty and may be imposed
 13 whether or not the Secretary of Housing and Urban
 14 Development, the Secretary of the Treasury, or the
 15 Corporation, as the case may be, imposes other ad-
 16 ministrative sanctions.

17 (c) *DEFINITIONS.*—As used in this section—

18 (1) the term “covered grantee” means—

19 (A) for purposes of the Housing Trust
 20 Fund, a State or State designated entity;

21 (B) for purposes of the Capital Magnet
 22 Fund, an eligible grantee as described under sec-
 23 tion 1339(e) of the Safety and Soundness Act (12
 24 U.S.C. 4569(e)); and

1 (C) for purpose of the Market Access Fund,
 2 an eligible grantee as described under section
 3 504(c);

4 (2) the term “eligible recipient” means—

5 (A) for purposes of the Housing Trust
 6 Fund, a recipient as described under section
 7 1338(c)(9) of the Safety and Soundness Act (12
 8 U.S.C. 4568(c)(9));

9 (B) for purposes of the Capital Magnet
 10 Fund, a recipient of assistance from the Capital
 11 Magnet Fund; and

12 (C) for purposes of the Market Access Fund,
 13 a recipient of assistance from the Market Access
 14 Fund;

15 (3) the term “Capital Magnet Fund” means the
 16 Capital Magnet Fund established under section 1339
 17 of the Safety and Soundness Act (12 U.S.C. 4569);
 18 and

19 (4) the term “Housing Trust Fund” means the
 20 Housing Trust Fund established under section 1338 of
 21 the Safety and Soundness Act (12 U.S.C. 4568).

22 (d) *RULE OF CONSTRUCTION.*—Nothing in subsection
 23 (a) shall be construed to prevent funds from being used
 24 for—

25 (1) HUD-approved housing counseling services;

1 (2) *financial literacy education; or*

2 (3) *application fees, permits, or other construc-*
 3 *tion-related expenses, if funds are authorized for such*
 4 *construction.*

5 **SEC. 506. PROMOTING AFFORDABLE HOUSING INVEST-**
 6 **MENT.**

7 (a) *HOUSING AND COMMUNITY DEVELOPMENT ACT OF*
 8 1992.—*Paragraph (6) of section 542(c) of the Housing and*
 9 *Community Development Act of 1992 (12 U.S.C. 1715z-*
 10 *22(c)) is amended to read as follows:*

11 “(6) *GINNIE MAE SECURITIZATION.*—*The Gov-*
 12 *ernment National Mortgage Association may, at the*
 13 *discretion of the Secretary, securitize any multifamily*
 14 *loan insured under this subsection, 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 mortgage*
 21 *insurance claims related to the securitized mort-*
 22 *gages;*

23 “(C) *the risk-sharing agreement must pro-*
 24 *vide for reimbursement to the Secretary by the*
 25 *risk share partner or partners for either all or*

1 *a portion of the losses incurred on the loans in-*
 2 *sured, regardless of whether the servicing rights*
 3 *or other related mortgage interest have been*
 4 *transferred to a different entity; and*

5 *“(D) any entity that subsequently acquires*
 6 *the servicing rights or other related mortgage in-*
 7 *terest of the risk share partner or partners shall*
 8 *not assume any obligation under the risk-sharing*
 9 *agreement.”.*

10 ***(b) NATIONAL HOUSING ACT.—****Clause (ii) of the first*
 11 *sentence of section 306(g)(1) of the National Housing Act*
 12 *(12 U.S.C. 1721(g)(1)) is amended—*

13 *(1) by striking the semicolon and inserting a*
 14 *comma; and*

15 *(2) by inserting before the period at the end the*
 16 *following: “, or which are insured under subsection*
 17 *(c) of section 542 of the Housing and Community De-*
 18 *velopment Act of 1992 (12 U.S.C.1715z-22), subject to*
 19 *the terms of subsection (c)(6) of such section”.*

20 ***(c) EFFECTIVE DATE; SUNSET.—***

21 *(1) EFFECTIVE DATE.—The amendments made*
 22 *by this section shall take effect beginning on October*
 23 *1, 2014.*

24 *(2) SUNSET.—The amendments made by this*
 25 *section shall expire on September 30, 2021. Effective*

October 1, 2021, the provisions of paragraph (6) of section 542(c) of the Housing and Community Development Act of 1992 (12 U.S.C. 1715z-22(c)) and clause (ii) of the first sentence of section 306(g)(1) of the National Housing Act (12 U.S.C. 1721(g)(1)), as in effect on the day before the date of the enactment of this Act, are hereby revived.

TITLE VI—TRANSITION AND TERMINATION OF FANNIE MAE AND FREDDIE MAC

SEC. 601. MINIMUM HOUSING FINANCE SYSTEM CRITERIA TO BE MET PRIOR TO SYSTEM CERTIFICATION DATE.

(a) *SYSTEM CERTIFICATION DATE.*—The system certification date shall be the date that the Board of Directors, in its sole discretion, certifies by a majority vote that—

(1) the Corporation is able to undertake, in a manner found satisfactory to the Board, the duties specified by this Act, and any amendments made by this Act; and

(2) all the minimum criteria set forth under subsection (b) with respect to the new housing finance system have been fully satisfied.

(b) *MINIMUM HOUSING FINANCE SYSTEM CRITERIA.*—The Board of Directors shall consider the following min-

1 *imum criteria in determining whether to certify that the*
 2 *new housing finance system is ready:*

3 (1) *TAXPAYER PROTECTION.*—*The Department of*
 4 *the Treasury advised the Board of Directors that laws*
 5 *and contracts are in place to provide for compensa-*
 6 *tion to the Department for its support of the enter-*
 7 *prises and the housing finance system.*

8 (2) *SECURITIZATION PLATFORM AND STANDARD-*
 9 *IZED SECURITIES.*—*The Securitization Platform is*
 10 *developed and able to issue standardized securities for*
 11 *the single-family covered securities market.*

12 (3) *SMALL LENDER MUTUALS.*—*At least 1 small*
 13 *lender mutual is fully operational and able to under-*
 14 *take the duties specified in section 315.*

15 (4) *APPROVED ENTITIES.*—*A sufficient number*
 16 *of approved entities have been approved pursuant the*
 17 *provisions of subtitle B of title III—*

18 (A) *to assume a reasonable level of first loss*
 19 *position through approved guarantors or through*
 20 *approved credit risk-sharing mechanisms estab-*
 21 *lished under section 302; and*

22 (B) *to generate a substantial volume of sec-*
 23 *ondary mortgage market activity with respect to*
 24 *eligible single-family mortgage loans*

1 *collateralizing single-family covered securities*
2 *insured in accordance with this Act.*

3 (5) *MULTIFAMILY MARKET.*—

4 (A) *WELL-FUNCTIONING MULTIFAMILY MAR-*
5 *KET.*—*The Corporation has approved multiple*
6 *multifamily guarantors pursuant to title VII*
7 *who are providing sufficient multifamily financ-*
8 *ing in the primary, secondary, and tertiary geo-*
9 *graphical markets, including in rural markets*
10 *and through a diversity of experienced multi-*
11 *family lenders.*

12 (B) *REQUIREMENTS OF THE ACT.*—*Ap-*
13 *proved multifamily guarantors are meeting the*
14 *requirements of this Act.*

15 (C) *COMPETITIVE MARKET.*—*There is a*
16 *competitive multifamily market for approved*
17 *multifamily guarantors engaging in multifamily*
18 *covered securities.*

19 (D) *RULE OF CONSTRUCTION.*—*Noncompli-*
20 *ance with the requirements of this Act by any*
21 *individual approved multifamily guarantor shall*
22 *not constitute grounds to prevent system certifi-*
23 *cation.*

24 (c) *RULE OF CONSTRUCTION.*—*The Corporation shall*
25 *take all steps necessary to meet each minimum housing fi-*

1 nance system criteria set forth under subsection (b) as expe-
 2 ditiously and efficiently as practicable. The Corporation
 3 may commence providing guarantees on single-family or
 4 multifamily covered securities prior to meeting all the min-
 5 imum housing finance system criteria set forth under sub-
 6 section (b).

7 (d) NOTIFICATION TO CONGRESS.—

8 (1) IN GENERAL.—The Chairperson shall
 9 promptly submit to the Committee on Banking, Hous-
 10 ing, and Urban Affairs of the Senate and the Com-
 11 mittee on Financial Services of the House of Rep-
 12 resentatives a written notification that the Board of
 13 Directors has certified that the criteria set forth under
 14 subsection (b) have been met.

15 (2) TIMING.—The Corporation shall provide the
 16 notification required under paragraph (1) not later
 17 than 5 years after the date of enactment of this Act.

18 (3) DEADLINE EXTENSIONS.—

19 (A) FIRST EXTENSION.—If the Board of Di-
 20 rectors is unable to make the certification re-
 21 quired by this section prior to the deadline re-
 22 quired in paragraph (2), the Board of Directors
 23 may, with an affirmative vote of the majority of
 24 the Board, extend the deadline an additional 2
 25 years.

1 (B) *SECOND EXTENSION.*—If, after the expi-
 2 ration of the first extension of 2 years, the Board
 3 of Directors is unable to make the certification
 4 required by this section, the Board of Directors
 5 may, with an affirmative vote of at least $\frac{2}{3}$ of
 6 the Board, extend the deadline an additional 2
 7 years.

8 (C) *ADDITIONAL EXTENSIONS.*—If, after the
 9 expiration of the second extension of 2 years, the
 10 Board of Directors is unable to make the certifi-
 11 cation required by this section, the Board of Di-
 12 rectors may, with a unanimous affirmative vote
 13 of the Board and upon the written agreement of
 14 the Chairman of the Board of Governors of the
 15 Federal Reserve System and the Secretary of the
 16 Treasury, and in consultation with the Secretary
 17 of Housing and Urban Development, extend the
 18 deadline an additional year, and annually there-
 19 after utilizing the same process described in this
 20 subparagraph until such time as the Board of
 21 Directors makes the certification required by this
 22 section.

23 **SEC. 602. TRANSITION OF THE HOUSING FINANCE SYSTEM.**

24 (a) *TRANSITION PLAN.*—The Transition Committee es-
 25 tablished under section 404 shall develop a transition plan

1 *not later than 12 months after the date of enactment of this*
2 *Act to facilitate an orderly transition to the new housing*
3 *finance system authorized by this Act.*

4 (b) *CONTENTS OF PLAN.*—*The transition plan re-*
5 *quired under subsection (a) shall include—*

6 (1) *estimated timeframes by which to achieve the*
7 *minimum housing finance system criteria set forth*
8 *under section 601(b) within 5 years after the date of*
9 *enactment of this Act;*

10 (2) *detailed actions that the Corporation will*
11 *take to achieve such minimum criteria;*

12 (3) *estimated timeframes and detailed actions*
13 *that the Corporation, including the Federal Housing*
14 *Finance Agency, will take to provide an orderly wind*
15 *down of the Federal National Mortgage Association*
16 *and the Federal Home Loan Mortgage Corporation;*

17 (4) *a detailed inventory of all intellectual prop-*
18 *erty owned, held, or licensed by the enterprises, in-*
19 *cluding patents, trademarks, software, credit evalua-*
20 *tion systems, and data and information on mortgage*
21 *performance and plans for utilizing any such intellec-*
22 *tual property, technology, infrastructure, or processes*
23 *of the enterprises in effecting the transition plan;*

1 (5) a description of and updates on the ongoing
2 operations of the Corporation, including the oper-
3 ations of the Federal Housing Finance Agency;

4 (6) detailed plans and timeframes for estab-
5 lishing, as soon as practicable, a multifamily covered
6 securities market;

7 (7) detailed plans and timeframes for estab-
8 lishing, as soon as practicable, a standardized secu-
9 rity issued through the Securitization Platform for
10 the single-family covered securities market; and

11 (8) detailed plans for increasing the level of cred-
12 it risk-sharing in the secondary mortgage market.

13 (c) CONSIDERATIONS.—

14 (1) IN GENERAL.—For purposes of facilitating
15 an orderly transition to the new housing finance sys-
16 tem authorized by this Act, the Corporation shall con-
17 sider in determining how to best fulfill the require-
18 ments of this title the estimated impact of various
19 transition options with respect to the following:

20 (A) Housing prices and affordability.

21 (B) The effectiveness of consumer protec-
22 tions in the housing market.

23 (C) Volume and characteristics of mortgage
24 loan originations.

1 (D) *The condition of the rental housing*
 2 *market.*

3 (E) *Small lender participation in the sec-*
 4 *ondary mortgage market.*

5 (F) *Access to credit in rural and under-*
 6 *served communities.*

7 (G) *Competition among market partici-*
 8 *pants.*

9 (H) *The condition of the multifamily hous-*
 10 *ing market.*

11 (I) *Innovation among secondary mortgage*
 12 *market participants.*

13 (J) *Taxpayer repayment.*

14 (K) *Private capital in the secondary mort-*
 15 *gage market.*

16 (2) *INCLUSION IN ANNUAL REPORT.*—*A descrip-*
 17 *tion and analysis of each consideration required*
 18 *under paragraph (1) shall be included in the report*
 19 *required to be submitted to Congress under subsection*
 20 *(d).*

21 (d) *REPORT TO CONGRESS.*—

22 (1) *IN GENERAL.*—*Not later than 12 months*
 23 *after the date of enactment of this Act and in accord-*
 24 *ance with section 404(c)(2), the Transition Committee*
 25 *shall submit the transition plan required under sub-*

1 *section (a) to the Committee on Banking, Housing,*
 2 *and Urban Affairs of the Senate and the Committee*
 3 *on Financial Services of the House of Representatives.*

4 (2) *UPDATES.*—*Not later than 1 year after the*
 5 *date on which the transition plan is submitted under*
 6 *paragraph (1) and annually thereafter until the sys-*
 7 *tem certification date, the Chairperson shall—*

8 (A) *update the transition plan, subject to*
 9 *the requirements of subsection (b); and*

10 (B) *submit such updated plan to the Com-*
 11 *mittee on Banking, Housing, and Urban Affairs*
 12 *of the Senate and the Committee on Financial*
 13 *Services of the House of Representatives.*

14 **SEC. 603. RESOLUTION AUTHORITY; TECHNICAL AMEND-**
 15 **MENTS.**

16 (a) *EFFECTIVE DATE.*—*The amendments made by this*
 17 *section shall take effect on the agency transfer date.*

18 (b) *FEDERAL HOUSING ENTERPRISES FINANCIAL*
 19 *SAFETY AND SOUNDNESS ACT OF 1992.*—*Section 1367 of*
 20 *the Safety and Soundness Act (12 U.S.C. 4617) is amend-*
 21 *ed—*

22 (1) *by striking “stockholder” and “stockholders”*
 23 *and inserting “shareholder, member,” and “share-*
 24 *holders, members,” respectively, each place those*
 25 *terms appear;*

(2) by striking “wind up” and “winding up” and inserting “wind down” and “winding down”, respectively, each place those terms appear;

(3) in subsection (a)—

(A) in paragraph (3)(G), by striking “, and there is no reasonable prospect for the regulated entity to become adequately capitalized (as defined in section 1364(a)(1))”;

(B) by striking paragraph (3)(J) and inserting the following:

“(J) *INSOLVENCY.*—The regulated entity is insolvent or near-insolvent.”;

(C) by striking paragraph (3)(K);

(D) by redesignating paragraph (3)(L) as paragraph (3)(K); and

(E) in paragraph (4)(B)—

(i) in the heading, by striking “CRITICALLY UNDERCAPITALIZED REGULATED ENTITY” and inserting “INSOLVENT OR NEAR-INSOLVENT REGULATED ENTITIES”;

(ii) in the matter preceding clause (i), by striking “critically undercapitalized” and inserting “insolvent or near-insolvent”; and

1 (iii) in clause (i), by striking “criti-
 2 cally undercapitalized” and inserting “in-
 3 solvent or near-insolvent”;

4 (4) in subsection (b)—

5 (A) in paragraph (2)(B)—

6 (i) in clause (iii), by adding “and”
 7 after “conservator or receiver;”;

8 (ii) by striking clause (iv); and

9 (iii) by redesignating clause (v) as
 10 clause (iv);

11 (B) in paragraph (2)(H), by striking “of
 12 proceeds realized from the performance of con-
 13 tracts or sale of the assets of a regulated entity”
 14 and inserting “that funds are available”;

15 (C) in paragraph (2)(I)(i)(I), by striking
 16 “section 1348” and inserting “part II of this
 17 subtitle”;

18 (D) in paragraph (2)(I)(iii), by striking
 19 “section 1317 or 1379B” and inserting “subtitle
 20 B of this Act”;

21 (E) by striking paragraph (3)(A) and in-
 22 serting the following:

23 “(A) *IN GENERAL.*—The Agency—

24 “(i) may, as receiver, determine claims
 25 in accordance with the requirements of this

subsection and any regulations prescribed
under paragraph (4); and

“(ii) may define the term ‘creditor’
and may distinguish between creditors, in
order to facilitate the orderly administra-
tion of the regulated entity in conservator-
ship or receivership, in accordance with the
requirements of this section.”;

(F) in paragraph (3)(B), by striking
“closed”;

(G) in paragraph (5)(D)(iii)(II), by insert-
ing “legally enforceable and perfected” before “se-
curity interest”;

(H) by striking paragraph (7);

(I) by redesignating paragraphs (8) through
(19) as paragraphs (7) through (18), respec-
tively; and

(J) in paragraph (10)(E), as so redesign-
ated—

(i) in clause (ii), by striking “; and”
and inserting a semicolon;

(ii) in clause (iii), by striking the pe-
riod and inserting a semicolon; and

(iii) by adding at the end the fol-
lowing:

1 “(iv) prohibits discrimination on the
2 basis of race, sex, or ethnic group in the so-
3 licitation or consideration of offers; and

4 “(v) mitigates the potential for serious
5 adverse effects to the financial system.”; and

6 (5) by striking subsection (c) and inserting the
7 following:

8 “(c) *PRIORITY OF EXPENSES AND UNSECURED*
9 *CLAIMS.*—

10 “(1) *IN GENERAL.*—Unsecured claims against a
11 regulated entity, or the receiver therefor, that are
12 proven to the satisfaction of the receiver shall have
13 priority in the following order:

14 “(A) *Claims of the receiver for administra-*
15 *tive expenses.*

16 “(B) *Any amounts owed to the United*
17 *States, unless the United States agrees or con-*
18 *sents otherwise.*

19 “(C) *Wages, salaries, or commissions, in-*
20 *cluding vacation, severance, and sick leave pay*
21 *earned by an individual (other than an indi-*
22 *vidual described in subparagraph (F)), but only*
23 *to the extent of \$12,475 for each individual (as*
24 *indexed for inflation, by regulation of the Agen-*

1 *cy) earned not later than 180 days before the*
2 *date of appointment of the Agency as receiver.*

3 *“(D) Contributions owed to employee benefit*
4 *plans arising from services rendered not later*
5 *than 180 days before the date of appointment of*
6 *the Agency as receiver, to the extent of the num-*
7 *ber of employees covered by each such plan, mul-*
8 *tiplied by \$12,475 (as indexed for inflation, by*
9 *regulation of the Agency), less the aggregate*
10 *amount paid to such employees under subpara-*
11 *graph (C), plus the aggregate amount paid by*
12 *the receivership on behalf of such employees to*
13 *any other employee benefit plan.*

14 *“(E) Any claim arising solely from a cov-*
15 *ered guarantee transaction involving the regu-*
16 *lated entity.*

17 *“(F) Any other general or senior liability of*
18 *the regulated entity (which is not a liability de-*
19 *scribed under subparagraph (G), (H), or (I)).*

20 *“(G) Any obligation subordinated to general*
21 *creditors (which is not an obligation described*
22 *under subparagraph (H) or (I)).*

23 *“(H) Any wages, salaries, or commissions,*
24 *including any vacation, severance, and sick leave*

1 *pay earned, owed to senior executives and direc-*
 2 *tors of the regulated entity.*

3 “(I) *Any obligation to shareholders or mem-*
 4 *bers arising as a result of their status as share-*
 5 *holders or members.*

6 “(2) *CLAIMS OF THE UNITED STATES.—Unse-*
 7 *cured claims of the United States shall, at a min-*
 8 *imum, have a higher priority than liabilities of the*
 9 *regulated entity that count as regulatory capital.*

10 “(3) *CREDITORS SIMILARLY SITUATED.—All*
 11 *creditors that are similarly situated under paragraph*
 12 *(1) shall be treated in a similar manner, except that*
 13 *the receiver may take any action (including making*
 14 *payments) that does not comply with this subsection,*
 15 *if—*

16 “(A) *the Agency determines that such action*
 17 *is necessary to—*

18 “(i) *maximize the value of the assets of*
 19 *the regulated entity;*

20 “(ii) *maximize the present value re-*
 21 *turn from the sale or other disposition of*
 22 *the assets of the regulated entity;*

23 “(iii) *initiate and continue operations*
 24 *essential to implementation of the receiver-*
 25 *ship or any limited-life regulated entity;*

1 “(iv) minimize the amount of any loss
2 realized upon the sale or other disposition of
3 the assets of the regulated entity; or

4 “(v) preserve the financial stability of
5 the United States; and

6 “(B) all creditors that are similarly situ-
7 ated under paragraph (1) receive not less than
8 the amount provided in subsection (f)(2).

9 “(4) *DEFINITION.*—As used in this subsection,
10 the term ‘administrative expenses of the receiver’ in-
11 cludes—

12 “(A) the actual, necessary costs and ex-
13 penses incurred by the receiver in preserving the
14 assets of a failed regulated entity or liquidating
15 or otherwise resolving the affairs of a failed regu-
16 lated entity; and

17 “(B) any obligations that the receiver deter-
18 mines are necessary and appropriate to facilitate
19 the smooth and orderly liquidation or other reso-
20 lution of the regulated entity.”;

21 (6) by redesignating subsections (d) through (j)
22 as subsections (e) and (k), respectively;

23 (7) by inserting after section (c) the following:

24 “(d) *SUBROGATION.*—

1 “(1) *IN GENERAL.*—Notwithstanding any other
 2 *provision of Federal law, the law of any State, or the*
 3 *constitution of any State, the Agency, upon the pay-*
 4 *ment to any person as provided in subsection (c) in*
 5 *connection with any covered guarantee transaction*
 6 *(as that term is defined in section 2 of the Housing*
 7 *Finance Reform and Taxpayer Protection Act of*
 8 *2014), shall be subrogated to all rights of the person*
 9 *against such regulated entity to the extent of such*
 10 *payment or assumption.*

11 “(2) *DIVIDENDS ON SUBROGATED AMOUNTS.*—
 12 *The subrogation of the Agency under paragraph (1)*
 13 *with respect to any regulated entity shall include the*
 14 *right on the part of the Agency to receive the same*
 15 *dividends, fees, or other amounts from the proceeds of*
 16 *the assets of such regulated entity and recoveries on*
 17 *account of stockholders’ liability as would have been*
 18 *payable to the person on a claim related to the cov-*
 19 *ered guarantee transaction.*

20 “(3) *WAIVER OF CERTAIN CLAIMS.*—*The Agency*
 21 *shall waive, in favor only of any person against*
 22 *whom stockholders’ individual liability may be as-*
 23 *serted, any claim on account of such liability in ex-*
 24 *cess of the liability, if any, to the regulated entity or*
 25 *its creditors, for the amount unpaid upon such stock*

1 *in such regulated entity, but any such waiver shall be*
 2 *effected in such manner and on such terms and condi-*
 3 *tions as will not increase recoveries or dividends on*
 4 *account of claims to which the Agency is not sub-*
 5 *rogated.”;*

6 *(8) in subsection (e), as so redesignated—*

7 *(A) in paragraph (8), by adding at the end*
 8 *the following:*

9 *“(H) RECORDKEEPING.—The Agency may*
 10 *prescribe regulations requiring that regulated en-*
 11 *tities maintain such records with respect to*
 12 *qualified financial contracts (including market*
 13 *valuations) that the Agency determines to be nec-*
 14 *essary or appropriate in order to assist the*
 15 *Agency as receiver for a regulated entity in being*
 16 *able to exercise its rights and fulfill its obliga-*
 17 *tions under this paragraph or paragraph (9) or*
 18 *(10).”;*

19 *(B) by striking paragraph (9) and inserting*
 20 *the following:*

21 *“(9) TRANSFER OF QUALIFIED FINANCIAL CON-*
 22 *TRACTS.—*

23 *“(A) IN GENERAL.—In making any transfer*
 24 *of assets or liabilities of a regulated entity in de-*
 25 *fault which includes any qualified financial con-*

1 *tract, the conservator or receiver for such regu-*
2 *lated entity shall either—*

3 “(i) *transfer to 1 person, other than a*
4 *person for which a conservator, receiver,*
5 *trustee in bankruptcy, or other legal custo-*
6 *dian has been appointed or which is other-*
7 *wise the subject of a bankruptcy or insol-*
8 *vency proceeding—*

9 “(I) *all qualified financial con-*
10 *tracts between any person (or any af-*
11 *iliate of such person) and the regu-*
12 *lated entity in default;*

13 “(II) *all claims of such person (or*
14 *any affiliate of such person) against*
15 *such regulated entity under any such*
16 *contract (other than any claim which,*
17 *under the terms of any such contract,*
18 *is subordinated to the claims of general*
19 *unsecured creditors of such regulated*
20 *entity);*

21 “(III) *all claims of such regulated*
22 *entity against such person (or any af-*
23 *iliate of such person) under any such*
24 *contract; and*

1 “(IV) all property securing, or
 2 any other credit enhancement for any
 3 contract described in subclause (I), or
 4 any claim described in subclause (II)
 5 or (III) under any such contract; or

6 “(ii) transfer none of the financial con-
 7 tracts, claims, or property referred to under
 8 clause (i) (with respect to such person and
 9 any affiliate of such person).

10 “(B) TRANSFER TO FOREIGN BANK, FINAN-
 11 CIAL INSTITUTION, OR BRANCH OR AGENCY
 12 THEREOF.—In transferring any qualified finan-
 13 cial contracts and related claims and property
 14 under subparagraph (A)(i), the Agency as re-
 15 ceiver for a regulated entity shall not make such
 16 transfer to a foreign person unless, under the law
 17 applicable to such foreign person, to the qualified
 18 financial contracts, and to any netting contract,
 19 any security agreement or arrangement or other
 20 credit enhancement related to 1 or more qualified
 21 financial contracts, the contractual rights of the
 22 parties to such qualified financial contracts, net-
 23 ting contracts, security agreements or arrange-
 24 ments, or other credit enhancements, are enforce-

1 *able substantially to the same extent as per-*
 2 *mitted under this section.”; and*

3 *(C) in paragraph (13)(C)(ii)—*

4 *(i) by redesignating subclause (III) as*
 5 *subclause (IV);*

6 *(ii) by striking “and” at the end of*
 7 *subclause (II); and*

8 *(iii) by inserting after subclause (II)*
 9 *the following:*

10 *“(III) apply to the rights of par-*
 11 *ties to netting contracts pursuant to*
 12 *subtitle A of title IV of the Federal De-*
 13 *posit Insurance Corporation Improve-*
 14 *ment Act of 1991 (12 U.S.C. 4401 et*
 15 *seq.); or”;*

16 *(9) in subsection (g), as so redesignated—*

17 *(A) by striking “section or at the request of*
 18 *the Director” and inserting “title”; and*

19 *(B) by striking “a conservator or a re-*
 20 *ceiver” and inserting “the conservator or receiver*
 21 *hereunder, and any remedy against the Agency*
 22 *as conservator or receiver shall be limited to*
 23 *money damages determined in accordance with*
 24 *this title”;*

25 *(10) in subsection (j), as so redesignated—*

1 (A) in paragraph (1)(A)(ii), by striking
2 “shall” and inserting “may”;

3 (B) in paragraph (2)—

4 (i) in the heading, by striking “CHAR-
5 TER AND ESTABLISHMENT” and inserting
6 “ESTABLISHMENT OF LIMITED-LIFE REGU-
7 LATED ENTITIES”; and

8 (ii) by striking subparagraph (A) and
9 inserting the following:

10 “(A) *TRANSFER OF REGISTERED STATUS.*—
11 *If the Agency is appointed as receiver for an en-*
12 *terprise, the limited-life regulated entity estab-*
13 *lished under this subsection with respect to such*
14 *enterprise shall, by operation of law and imme-*
15 *diately upon its organization, succeed to the reg-*
16 *istered status of the enterprise and thereafter op-*
17 *erate in accordance with, and subject to, this Act*
18 *and any other provision of law to which an en-*
19 *terprise is subject, except as otherwise provided*
20 *in this subsection.*”;

21 (C) in paragraph (3)—

22 (i) in the heading, by inserting “AND
23 OPERATING FUNDS” after “CAPITAL STOCK”;

1 (ii) by redesignating subparagraphs
2 (A) and (B) as subparagraphs (B) and (C),
3 respectively;

4 (iii) by inserting prior to subpara-
5 graph (B), as so redesignated, the following:

6 “(A) CAPITAL NOT REQUIRED.—Notwith-
7 standing any other provision of Federal or State
8 law, a limited-life regulated entity may, if per-
9 mitted by the Agency, operate without any cap-
10 ital or surplus as the Agency may in its discre-
11 tion determine to be appropriate.”;

12 (iv) in subparagraph (B), as so redes-
13 ignated, by striking “NO AGENCY REQUIRE-
14 MENT” and inserting “NO CONTRIBUTION
15 BY THE AGENCY REQUIRED”; and

16 (v) by adding at the end the following:

17 “(D) OPERATING FUNDS.—Upon the orga-
18 nization of a limited-life regulated entity, and
19 thereafter, as the Agency may, in its discretion,
20 determine to be necessary or advisable, the Agen-
21 cy may make available to the limited-life regu-
22 lated entity, upon such terms and conditions and
23 in such form and amounts as the Agency may in
24 its discretion determine, funds for the operation

1 *of the limited-life regulated entity in lieu of cap-*
 2 *ital.”;*

3 *(D) in paragraph (6)—*

4 *(i) in the heading, by striking “WIND-*
 5 *ING UP” and inserting “WINDING DOWN”;*

6 *(ii) by striking subparagraph (A) and*
 7 *inserting the following:*

8 *“(A) IN GENERAL.—Subject to subpara-*
 9 *graph (B), the Agency shall wind down the af-*
 10 *fairs of a limited-life regulated entity established*
 11 *under this subsection—*

12 *“(i) with respect to a Federal Home*
 13 *Loan Bank, not later than 2 years after the*
 14 *date of its organization; and*

15 *“(ii) with respect to an enterprise,*
 16 *within such period of time as the Agency*
 17 *determines to be necessary and appro-*
 18 *priate.”; and*

19 *(iii) in subparagraph (B), by inserting*
 20 *“established under this subsection with re-*
 21 *spect to a Federal Home Loan Bank” after*
 22 *“limited-life regulated entity”;*

23 *(E) in paragraph (7)(A)(iv)—*

24 *(i) in the matter preceding subclause*
 25 *(I), by inserting “the Agency determines*

1 *that such actions are necessary to” after*
2 *“that do not comply with this clause, if”;*
3 *and*

4 *(ii) by striking subclauses (I) and (II)*
5 *and inserting the following:*

6 *“(I) maximize the value of the as-*
7 *sets of the regulated entity;*

8 *“(II) maximize the present value*
9 *return from the sale or other disposi-*
10 *tion of the assets of the regulated enti-*
11 *ty;*

12 *“(III) initiate and continue oper-*
13 *ations essential to the implementation*
14 *of the limited-life regulated entity;*

15 *“(IV) minimize the amount of*
16 *any loss realized upon the sale or other*
17 *disposition of the assets of the regu-*
18 *lated entity;*

19 *“(V) preserve the financial sta-*
20 *bility of the United States; and*

21 *“(VI) ensure that all creditors*
22 *that are similarly situated under sub-*
23 *section (c)(1) receive not less than the*
24 *amount provided in subsection (f)(2).”;*
25 *and*

1 (F) in paragraph (11)(C)—

2 (i) in clause (i), in the matter pre-
 3 ceding subclause (I), by striking “(other
 4 than mortgages that collateralize the mort-
 5 gage-backed securities issued or guaranteed
 6 by an enterprise)”; and

7 (ii) by inserting at the end the fol-
 8 lowing:

9 “(ii) *HEARING.*—The hearing required
 10 pursuant to this subparagraph shall be be-
 11 fore a court of the United States, which
 12 shall have jurisdiction to conduct such hear-
 13 ing and to authorize the limited-life regu-
 14 lated entity to obtain secured credit under
 15 clause (i).”; and

16 (11) by striking subsection (k)(relating to charter
 17 revocation), as so designated by Public Law 110–289.

18 (c) *RULE OF CONSTRUCTION.*—Nothing in this Act, or
 19 any amendments made by this Act, except as may be explic-
 20 itly provided for in this Act, or any amendment made by
 21 this Act, shall be deemed to alter the powers, authorities,
 22 rights, or duties that are vested in the Federal Housing Fi-
 23 nance Agency or the Director thereof with respect to super-
 24 vision and regulation of the enterprises, until such time as
 25 the Federal Housing Finance Agency and the position of

1 *the Director are transferred in accordance with title IV of*
 2 *this Act.*

3 **SEC. 604. WIND DOWN.**

4 *(a) AUTHORITY OF FHFA DIRECTOR.—*

5 *(1) IN GENERAL.—Beginning on the date of en-*
 6 *actment of this Act and ending on the system certifi-*
 7 *cation date, the FHFA Director, in consultation with*
 8 *the Corporation, shall take such action, and may pre-*
 9 *scribe such regulations and procedures, as may be*
 10 *necessary to wind down the operations of the enter-*
 11 *prises in an orderly manner that complies with the*
 12 *requirements of this Act and any amendments made*
 13 *by this Act.*

14 *(2) LIMITATION.—Notwithstanding any author-*
 15 *ity granted to the FHFA Director under paragraph*
 16 *(1)—*

17 *(A) the sale, exchange, license, or other dis-*
 18 *position of any asset for value subject to the*
 19 *wind down required under this section shall be*
 20 *prohibited, if the Corporation—*

21 *(i) in its discretion determines that*
 22 *such sale, exchange, license, or disposition*
 23 *would materially interfere with the ability*
 24 *of the Corporation to carry out the require-*
 25 *ments of this Act; and*

1 (ii) notifies, in writing, the FHFA Di-
 2 rector within 14 days of such determina-
 3 tion; and

4 (B) the Corporation may direct the conser-
 5 vator of the enterprises to sell, exchange, license,
 6 or otherwise dispose of any asset for value subject
 7 to the wind down required under this section, if
 8 the Board of Directors certifies by a majority
 9 vote that—

10 (i) not completing such sale, transfer,
 11 exchange, license, or other disposition for
 12 value would be inconsistent with the transi-
 13 tion plan approved pursuant to section 602;
 14 and

15 (ii) such sale, transfer, exchange, li-
 16 cense, or disposition for value would not
 17 violate the duties of the conservator.

18 (b) *AUTHORITY OF CORPORATION.*—Beginning on the
 19 system certification date, the Corporation shall take such
 20 action, and may prescribe such regulations and procedures,
 21 as may be necessary to wind down the operations of the
 22 enterprises in an orderly manner that complies with the
 23 requirements of this Act and any amendments made by this
 24 Act.

25 (c) *RESOLUTION PLAN.*—

1 (1) *IN GENERAL.*—Each enterprise shall develop
2 a resolution plan in order to facilitate an orderly
3 transition to the new housing finance system author-
4 ized by this Act.

5 (2) *TIMING.*—Each resolution plan required to
6 be developed under paragraph (1) shall be submitted
7 to the FHFA Director not later than 90 days after the
8 agency transfer date.

9 (3) *CONTENTS OF PLANS.*—Each resolution plan
10 required to be developed under paragraph (1) shall
11 include a full description and valuation of the assets,
12 liabilities, and contractual obligations of the enter-
13 prise, and any other information that the FHFA Di-
14 rector may require.

15 (4) *RETENTION OF AUTHORITY.*—Notwith-
16 standing any provision of a resolution plan required
17 to be developed under paragraph (1), the Federal
18 Housing Finance Agency and the Corporation shall
19 retain and exercise full discretion to the extent that
20 either the Agency or the Corporation utilizes or relies
21 on such a resolution plan, either in whole or in part,
22 in fulfilling any duty or responsibility required by
23 this Act.

24 (5) *PUBLIC SUMMARY.*—After reviewing each res-
25 olution plan required to be developed under para-

graph (1), the Corporation shall make available to the public a summary of each such resolution plan.

(6) *VALUATION STUDY.*—After reviewing each resolution plan required to be developed under paragraph (1), the Corporation shall conduct a valuation study of each enterprise’s business segments, including any technology, business unit, legacy book, and other assets and liabilities that may be sold for value in a manner consistent with the purposes and requirements of this Act.

(d) *PROHIBITION ON NEW BUSINESS.*—

(1) *FEDERAL NATIONAL MORTGAGE ASSOCIATION.*—

(A) *NEW BUSINESS PROHIBITED.*—Effective on the system certification date, the Federal National Mortgage Association shall have no authority to conduct new business under the Federal National Mortgage Association Charter Act.

(B) *NEW BUSINESS DEFINED.*—For purposes of subparagraph (A), the term “new business” means any new—

(i) purchase of, servicing of, or dealing in any insured or conventional mortgages by the Federal National Mortgage Association under section 302(b) of the Federal Na-

1 *tional Mortgage Association Charter Act (12*
2 *U.S.C. 1717(b));*

3 *(ii) purchase of a mortgage by the Fed-*
4 *eral National Mortgage Association in its*
5 *secondary mortgage market operations*
6 *under section 304(a) of the Federal Na-*
7 *tional Mortgage Association Charter Act (12*
8 *U.S.C. 1719(a));*

9 *(iii) issue of an obligation of the Fed-*
10 *eral National Mortgage Association under*
11 *section 304(b) of the Federal National Mort-*
12 *gage Association Charter Act (12 U.S.C.*
13 *1719(b)), including—*

14 *(I) bonds, notes, debentures, and*
15 *other similar instruments;*

16 *(II) capital lease obligations;*

17 *(III) obligations in respect of let-*
18 *ters of credit, bankers acceptances, or*
19 *other similar instruments;*

20 *(IV) guarantees of new securities*
21 *based on mortgages set aside; and*

22 *(V) swap, security-based swap, de-*
23 *rivative product, or other similar in-*
24 *strument;*

1 (iv) *setting aside of any mortgages held*
 2 *by the Federal National Mortgage Associa-*
 3 *tion and any new issue and sale of securi-*
 4 *ties based on the mortgages so set aside*
 5 *under section 304(d) of the Federal Na-*
 6 *tional Mortgage Association Charter Act (12*
 7 *U.S.C. 1719(d)); and*

8 (v) *issue of a subordinated obligation*
 9 *of the Federal National Mortgage Associa-*
 10 *tion under section 304(e) of the Federal Na-*
 11 *tional Mortgage Association Charter Act (12*
 12 *U.S.C. 1719(e)).*

13 (C) *EXCLUSION FROM NEW BUSINESS.—The*
 14 *term “new business” shall not include any*
 15 *new—*

16 (i) *purchase by the Federal National*
 17 *Mortgage Association of a non-performing*
 18 *mortgage from a pool of mortgages pre-*
 19 *viously set aside by the enterprise;*

20 (ii) *issue of an obligation of the Fed-*
 21 *eral National Mortgage Association if, after*
 22 *giving effect to the issuance, the aggregate*
 23 *amount of such obligations does not exceed*
 24 *120 percent of the amount of mortgage as-*

1 *sets permitted to be owned by the enterprise*
2 *under section 605;*

3 (iii) *setting aside of mortgages pre-*
4 *viously set aside by the Federal National*
5 *Mortgage Association, or any new issue and*
6 *sale of securities based on the mortgages so*
7 *previously set aside, to refund or replace an*
8 *outstanding issue of securities based on*
9 *mortgages previously set aside, if the face*
10 *amount of the refunding or replacing mort-*
11 *gage-backed securities does not exceed the*
12 *face amount of the mortgage-backed securi-*
13 *ties being refunded or replaced;*

14 (iv) *transfer of guarantees of mortgage-*
15 *backed securities guaranteed by the Federal*
16 *National Mortgage Association if the mort-*
17 *gage loans collateralizing such securities are*
18 *refinanced, regardless of the value of the un-*
19 *derlying collateral and the homeowner's*
20 *current employment status and income; or*

21 (v) *entry into any swap, security-based*
22 *swap, or other similar instrument, or pur-*
23 *chase of sale of any derivative product, or*
24 *other similar instrument, to facilitate the*
25 *orderly wind down of the Federal National*

1 *Mortgage Association and appropriate loss*
2 *mitigation on any outstanding guarantees*
3 *of the Federal National Mortgage Associa-*
4 *tion under section 605.*

5 (D) *NEW BUSINESS PROHIBITION NOT TO*
6 *AFFECT OUTSTANDING ENTERPRISE DEBT OR*
7 *GUARANTEES.—Nothing in subparagraph (A)*
8 *shall adversely affect the rights and obligations*
9 *of any holders of—*

10 (i) *outstanding debt obligations of the*
11 *Federal National Mortgage Association, in-*
12 *cluding any—*

13 (I) *bonds, notes, debentures, or*
14 *other similar instruments;*

15 (II) *capital lease obligations;*

16 (III) *obligations in respect of let-*
17 *ters of credit, bankers' acceptances, or*
18 *other similar instruments; or*

19 (IV) *swap, security-based swap,*
20 *derivative product, or other similar in-*
21 *strument; or*

22 (ii) *mortgage-backed securities guaran-*
23 *teed by the Federal National Mortgage Asso-*
24 *ciation.*

1 (2) *FEDERAL HOME LOAN MORTGAGE CORPORA-*
2 *TION.*—

3 (A) *NEW BUSINESS PROHIBITED.*—*Effective*
4 *on the system certification date, the Federal*
5 *Home Loan Mortgage Corporation shall have no*
6 *authority to conduct new business under the Fed-*
7 *eral Home Loan Mortgage Corporation Act.*

8 (B) *NEW BUSINESS DEFINED.*—*For pur-*
9 *poses of subparagraph (A), the term “new busi-*
10 *ness” means any new—*

11 (i) *purchase of, servicing of, or dealing*
12 *in any insured or conventional mortgages*
13 *by the Federal Home Loan Mortgage Cor-*
14 *poration under section 305(a) of the Federal*
15 *Home Loan Mortgage Corporation Act (12*
16 *U.S.C. 1454(a));*

17 (ii) *issue of an obligation of the Fed-*
18 *eral Home Loan Mortgage Corporation*
19 *under section 306(a) of the Federal Home*
20 *Loan Mortgage Corporation Act (12 U.S.C.*
21 *1455(a)), including—*

22 (I) *bonds, notes, debentures, and*
23 *other similar instruments;*

24 (II) *capital lease obligations;*

1 (III) obligations in respect of let-
 2 ters of credit, bankers acceptances, or
 3 other similar instruments;

4 (IV) guarantees of new securities
 5 based on mortgages set aside; and

6 (V) swap, security-based swap, de-
 7 rivative product, or other similar in-
 8 strument;

9 (iii) issue of mortgage-backed securities
 10 under the Federal Home Loan Mortgage
 11 Corporation Act; and

12 (iv) issue of a subordinated obligation
 13 of the Federal Home Loan Mortgage Cor-
 14 poration under the Federal Home Loan
 15 Mortgage Corporation Act.

16 (C) *EXCLUSION FROM NEW BUSINESS.*—The
 17 term “new business” shall not include any
 18 new—

19 (i) purchase by the Federal Home
 20 Loan Mortgage Corporation of a non-per-
 21 forming mortgage from a pool of mortgages
 22 previously set aside by the enterprise;

23 (ii) issue of an obligation of the Fed-
 24 eral Home Loan Mortgage Corporation if,
 25 after giving effect to the issuance, the aggre-

1 *gate amount of such obligations does not ex-*
2 *ceed 120 percent of the amount of mortgage*
3 *assets permitted to be owned by the enter-*
4 *prise under section 605;*

5 *(iii) issue of mortgage-backed securi-*
6 *ties, to refund or replace an outstanding*
7 *issue of mortgage-backed securities, if the*
8 *face amount of the refunding or replacing*
9 *mortgage-backed securities does not exceed*
10 *the face amount of the mortgage-backed se-*
11 *curities being refunded or replaced;*

12 *(iv) transfer of guarantees of mortgage-*
13 *backed securities guaranteed by the Federal*
14 *Home Loan Mortgage Corporation if the*
15 *mortgage loans collateralizing such securi-*
16 *ties are refinanced, regardless of the value of*
17 *the underlying collateral and the home-*
18 *owner's current employment status and in-*
19 *come; or*

20 *(v) entry into any swap, security-based*
21 *swap, or other similar instrument, or pur-*
22 *chase of sale of any derivative product, or*
23 *other similar instrument, to facilitate the*
24 *orderly wind down of the Federal Home*
25 *Loan Mortgage Corporation and appro-*

1 *priate loss mitigation on any outstanding*
 2 *guarantees of the Federal Home Loan Mort-*
 3 *gage Corporation under section 605.*

4 *(D) NEW BUSINESS PROHIBITION NOT TO*
 5 *AFFECT OUTSTANDING ENTERPRISE DEBT OR*
 6 *GUARANTEES.—Nothing in subparagraph (A)*
 7 *shall adversely affect the rights and obligations*
 8 *of any holders of—*

9 *(i) outstanding debt obligations of the*
 10 *Federal Home Loan Mortgage Corporation,*
 11 *including any—*

12 *(I) bonds, notes, debentures, or*
 13 *other similar instruments;*

14 *(II) capital lease obligations;*

15 *(III) obligations in respect of let-*
 16 *ters of credit, bankers' acceptances, or*
 17 *other similar instruments; or*

18 *(IV) swap, security-based swap,*
 19 *derivative product, or other similar in-*
 20 *strument; or*

21 *(ii) mortgage-backed securities guaran-*
 22 *teed by the Federal Home Loan Mortgage*
 23 *Corporation.*

24 *(3) RULE OF CONSTRUCTION.—The prohibition*
 25 *on new business by the Federal National Mortgage*

1 *Association and the Federal Home Loan Mortgage*
2 *Corporation set forth in paragraphs (1) and (2) shall*
3 *not prohibit, nor be construed to prohibit, the Cor-*
4 *poration from managing such entity.*

5 (4) *EXISTING GUARANTEE OBLIGATIONS.—*

6 (A) *EXPLICIT GUARANTEE.—The full faith*
7 *and credit of the United States is pledged to the*
8 *payment of all amounts which may be required*
9 *to be paid under any obligation described under*
10 *paragraphs (1) and (2), including any obliga-*
11 *tion issued on or after the system certification*
12 *date to refund or replace an obligation that was*
13 *outstanding on the day before the system certifi-*
14 *cation date.*

15 (B) *LOAN ELIGIBILITY.—The enterprises*
16 *shall include as eligible loans for the purposes of*
17 *refinancing all current loans that qualify as eli-*
18 *gible mortgage loans and meet those under-*
19 *writing requirements for eligibility for same*
20 *servicer refinancing, except that the enterprises*
21 *may not disqualify or impose varying rules*
22 *based on loan-to-value, combined loan-to-value,*
23 *employment status, or income with regard to re-*
24 *financing mortgage loans that collateralize mort-*

1 *gage-backed securities issued by an enterprise*
2 *prior to the system certification date.*

3 (C) *CONTINUED DIVIDEND PAYMENTS.—*

4 *Notwithstanding the provisions of this section or*
5 *any other provision of law, provision 2(a) (relat-*
6 *ing to Dividend Payment Dates and Dividend*
7 *Periods) and provision 2(c) (relating to Divi-*
8 *dend Rates and Dividend Amount) of the Senior*
9 *Preferred Stock Purchase Agreement, or any pro-*
10 *vision of any certificate in connection with such*
11 *Agreement creating or designating the terms,*
12 *powers, preferences, privileges, limitations, or*
13 *any other conditions of the Variable Liquidation*
14 *Preference Senior Preferred Stock of an enter-*
15 *prise issued pursuant to such Agreement—*

16 (i) *shall not be amended, restated, or*
17 *otherwise changed to reduce the rate or*
18 *amount of dividends in effect pursuant to*
19 *such Agreement as of the Third Amendment*
20 *to such Agreement dated August 17, 2012,*
21 *except that any amendment to such Agree-*
22 *ment shall be permitted if it facilitates the*
23 *sale of assets of the enterprises to facilitate*
24 *compliance with this title; and*

1 (ii) shall remain in effect until the
 2 guarantee obligations described under para-
 3 graphs (1) and (2) are fully extinguished.

4 (D) *APPLICABILITY.*—Notwithstanding the
 5 provisions of this section, all guarantee fee
 6 amounts derived from the mortgage guarantee
 7 business of the enterprises in existence as of the
 8 system certification date, after satisfying the fee
 9 amounts required to be collected by section 1327
 10 of the Safety and Soundness Act (12 U.S.C.
 11 4547), shall be subject to the terms of the Senior
 12 Preferred Stock Purchase Agreement.

13 (e) *CHARTERS REVOKED.*—Effective upon the date the
 14 guarantee obligations under subsection (d)(4)(A) are fully
 15 extinguished:

16 (1) *The Federal National Mortgage Association*
 17 *Charter Act is repealed, except as the provisions of*
 18 *such Act relate to the establishment, purposes, powers,*
 19 *authorities, duties, supervision, administration, and*
 20 *management of the Government National Mortgage*
 21 *Association.*

22 (2) *The Federal Home Loan Mortgage Corpora-*
 23 *tion Act is repealed.*

1 (f) *AUTHORITY TO INSURE OUTSTANDING MORTGAGE-*
 2 *BACKED SECURITIES; MORTGAGE-BACKED SECURITIES OF*
 3 *THE ENTERPRISES.*—

4 (1) *AUTHORITY TO INSURE MORTGAGE-BACKED*
 5 *SECURITIES; AUTHORITY TO DEVELOP ENTERPRISE*
 6 *MORTGAGE-BACKED SECURITIES.*—*After the agency*
 7 *transfer date, and subject to such procedures, stand-*
 8 *ards, terms, and conditions as may be adopted by the*
 9 *Corporation under paragraph (2), the Corporation*
 10 *may—*

11 (A) *upon application and in exchange for a*
 12 *fee determined by the Corporation, provide in-*
 13 *surance on outstanding mortgage-backed securi-*
 14 *ties issued by the enterprises; and*

15 (B) *facilitate, including through the oper-*
 16 *ations of the enterprises or the utilization of the*
 17 *Platform, the—*

18 (i) *exchange of mortgage-backed securi-*
 19 *ties issued by either enterprise for covered*
 20 *securities;*

21 (ii) *exchange of mortgage-backed secu-*
 22 *rities issued by 1 enterprise for those of the*
 23 *other enterprise;*

1 (iii) issuance of mortgage-backed secu-
 2 rities by both enterprises through a single
 3 issuer; and

4 (iv) issuance of real estate mortgage
 5 investment conduit securities, consisting of
 6 mortgage-backed securities issued by the en-
 7 terprises.

8 (2) *DEVELOPMENT OF PROCEDURES, STANDARDS,*
 9 *TERMS, AND CONDITIONS.*—*The Corporation shall de-*
 10 *velop and adopt procedures, standards, terms, and*
 11 *conditions to enable the Corporation and each of the*
 12 *enterprises, as applicable, to implement each of the*
 13 *activities described in paragraph (1).*

14 (3) *REQUIRED PROCEDURES, STANDARDS,*
 15 *TERMS, AND CONDITIONS.*—*In the development and*
 16 *adoption of the procedures, standards, terms, and con-*
 17 *ditions required under paragraph (2), the Corpora-*
 18 *tion shall consider the effect of each activity with re-*
 19 *spect to the following:*

20 (A) *Lender access to the secondary mortgage*
 21 *market.*

22 (B) *The liquidity and trading price of ex-*
 23 *isting enterprise mortgage-backed securities.*

1 (C) *The ability of market participants and*
 2 *the enterprises to issue new mortgage-backed se-*
 3 *curities.*

4 (D) *The cost to the enterprises or the Cor-*
 5 *poration to exchange, restructure, or insure*
 6 *mortgage-backed securities.*

7 (g) *REPORT TO CONGRESS.—*

8 (1) *IN GENERAL.—Prior to the agency transfer*
 9 *date, the FHFA Director shall submit a study consid-*
 10 *ering the feasibility of activities described in sub-*
 11 *section (f)(1) to—*

12 (A) *the Committee on Banking, Housing,*
 13 *and Urban Affairs of the Senate;*

14 (B) *the Committee on Financial Services of*
 15 *the House of Representatives; and*

16 (C) *the Corporation.*

17 (2) *UPDATES.—Following the agency transfer*
 18 *date, the Corporation shall provide updates on the ac-*
 19 *tivities described in subsection (f)(1) in the transition*
 20 *plan (and in each annual update thereof) required*
 21 *under section 602.*

22 (h) *DIVISION OF ASSETS AND LIABILITIES; AUTHOR-*
 23 *ITY TO ESTABLISH HOLDING COMPANIES, TRUSTS, AND*
 24 *SUBSIDIARIES.—*

1 (1) *IN GENERAL.*—*The action and procedures re-*
2 *quired under subsection (a)—*

3 *(A) shall include the establishment and exe-*
4 *cution of plans to manage assets toward the liq-*
5 *uidation of liabilities and provide for an equi-*
6 *table division, distribution, and liquidation of*
7 *the assets and liabilities of an enterprise, includ-*
8 *ing any infrastructure, property, including intel-*
9 *lectual property, historic data, platforms, or any*
10 *other thing or object of value, provided such plan*
11 *complies with the requirements of this Act and*
12 *any amendments made by this Act;*

13 *(B) may provide for the establishment of—*

14 *(i) a holding corporation organized*
15 *under the laws of any State of the United*
16 *States or the District of Columbia for the*
17 *purpose of winding down an enterprise or*
18 *both enterprises;*

19 *(ii) 1 or more trusts to which to trans-*
20 *fer—*

21 *(I) outstanding debt obligations of*
22 *an enterprise or both enterprises; or*

23 *(II) outstanding mortgages held*
24 *for the purpose of collateralizing mort-*

1 *gage-backed securities guaranteed by*
 2 *an enterprise or both enterprises; and*
 3 *(iii) 1 or more subsidiaries or joint*
 4 *ventures with private entities for the pur-*
 5 *poses of facilitating an orderly wind down*
 6 *of one enterprise or both enterprises and the*
 7 *transition to the new housing finance sys-*
 8 *tem;*

9 *(C) may include the sale as a going concern*
 10 *of any holding company, trust, subsidiary, or*
 11 *joint venture with a private entity established by*
 12 *an enterprise under this subsection; and*

13 *(D) may provide that any holding com-*
 14 *pany, trust, subsidiary, or joint venture sold as*
 15 *a going concern may be utilized to facilitate the*
 16 *formation of—*

17 *(i) a small lender mutual under sec-*
 18 *tion 315;*

19 *(ii) an approved guarantor;*

20 *(iii) an approved multifamily guar-*
 21 *antor;*

22 *(iv) an approved aggregator; or*

23 *(v) the Securitization Platform.*

24 *(2) RULE OF CONSTRUCTION.—Any holding com-*
 25 *pany, trust, subsidiary, or joint venture established*

1 *by an enterprise before or after the agency transfer*
 2 *date is eligible to be sold by the Federal Housing Fi-*
 3 *nance Agency as a going concern for the purposes de-*
 4 *scribed in this section.*

5 *(i) RECOUPMENT BY SENIOR PREFERRED SHARE-*
 6 *HOLDERS.—*

7 *(1) MAXIMUM RETURN TO SENIOR PREFERRED*
 8 *SHAREHOLDERS.—The wind down of each enterprise*
 9 *required under this section shall be managed by the*
 10 *Corporation to obtain resolutions that maximize the*
 11 *return for the senior preferred shareholders, to the ex-*
 12 *tent that such resolutions—*

13 *(A) are consistent with the goals of facili-*
 14 *tating—*

15 *(i) a deep, liquid, and resilient sec-*
 16 *ondary mortgage market for single-family*
 17 *and multifamily mortgage-backed securities*
 18 *in order to support access to mortgage cred-*
 19 *it in the primary mortgage market; and*

20 *(ii) an orderly transition from housing*
 21 *finance markets facilitated by the enter-*
 22 *prises to housing finance markets facilitated*
 23 *by the Corporation with minimum disrup-*
 24 *tion in the availability of mortgage credit;*

1 (B) are consistent with applicable Federal
2 and State law;

3 (C) comply with the requirements of this
4 Act and the amendments made by this Act; and

5 (D) protect the taxpayer from having to ab-
6 sorb losses incurred in the secondary mortgage
7 market.

8 (2) SALE OF CERTAIN ASSETS AS A GOING CON-
9 CERN.—

10 (A) SALE FOR VALUE.—If the Federal
11 Housing Finance Agency makes the determina-
12 tions in subparagraph (B), the Federal Housing
13 Finance Agency may conduct a sale, exchange,
14 license, or other disposition for value of any line
15 of business of an enterprise, or any function, ac-
16 tivity, asset, intellectual property, or service of
17 an enterprise, as a going concern.

18 (B) REQUIRED DETERMINATIONS.—A sale
19 under subparagraph (A) is permitted if the Fed-
20 eral Housing Finance Agency determines that
21 the sale, exchange, license, or other disposition
22 for value—

23 (i) is consistent with the goal of an or-
24 derly transition from housing finance mar-
25 kets facilitated by the enterprises to housing

1 *finance markets facilitated by the Corpora-*
2 *tion with minimum disruption in the avail-*
3 *ability of mortgage credit;*

4 *(ii) does not impede or otherwise inter-*
5 *fere with the ability of the Federal Housing*
6 *Finance Agency or the Corporation to carry*
7 *out the functions and requirements of this*
8 *Act;*

9 *(iii) does not transfer, convey, or au-*
10 *thorize any guarantee or Federal support,*
11 *assistance, or backing, implicit or explicit,*
12 *related to any such business line, function,*
13 *activity, or service;*

14 *(iv) will maximize the return for the*
15 *senior preferred shareholders as required*
16 *under paragraph (1); and*

17 *(v) would not result in an uncompeti-*
18 *tive primary or secondary mortgage market*
19 *or otherwise limit competitiveness in the*
20 *primary or secondary mortgage markets.*

21 (C) *SALE OF HISTORIC DATA.*—*The Federal*
22 *Housing Finance Agency shall conduct a sale for*
23 *value of each enterprise’s historic data, including*
24 *loan-level historical performance data. In con-*

ducting such sale, the Federal Housing Finance Agency may require that—

(i) the purchaser of the historic data is the Corporation or the Securitization Platform;

(ii) the purchaser of the historic data makes the historic data available to the public in a searchable and easily accessible format as promptly as practicable; and

(iii) the purchaser of the historic data takes appropriate steps to ensure the privacy of consumers, minimizes the collection and storage of personally identifiable financial information, and considers statutes, rules, and regulations relating to the privacy of consumer credit information and personally identifiable financial information.

SEC. 605. PORTFOLIO REDUCTION.

(a) *GRADUATED REDUCTION.*—

(1) *IN GENERAL.*—On December 31 of the year after the date of enactment of this Act, and on December 31 of each year thereafter until each enterprise reaches the allowable size of the retained single-family portfolio specified in paragraph (2), each enterprise

1 *shall not own single-family mortgage loan assets in*
 2 *excess of 85 percent of the aggregate amount of the*
 3 *single-family mortgage loan assets that the enterprise*
 4 *was permitted to own as of December 31 of the imme-*
 5 *diately preceding calendar year.*

6 (2) *RETAINED SINGLE-FAMILY PORTFOLIO TO FA-*
 7 *CILITATE ORDERLY WIND DOWN.*—*Not later than the*
 8 *date on which the system certification date occurs, the*
 9 *Corporation shall establish an allowable amount of*
 10 *enterprise-owned single-family mortgage loan assets*
 11 *in an amount equal to the amount necessary to facili-*
 12 *tate—*

13 (A) *the orderly wind down of the enter-*
 14 *prises; and*

15 (B) *appropriate loss mitigation on any leg-*
 16 *acy guarantees of the enterprises.*

17 (b) *MORTGAGE LOAN ASSETS DEFINED.*—*For pur-*
 18 *poses of this section, the term “mortgage loan assets” means,*
 19 *with respect to an enterprise, assets of such enterprise con-*
 20 *sisting of mortgage loans, mortgage-related securities, par-*
 21 *ticipation certificates, mortgage-backed commercial paper,*
 22 *obligations of real estate mortgage loan investment con-*
 23 *duits, and similar assets, in each case to the extent that*
 24 *such assets would appear on the balance sheet of such enter-*
 25 *prise in accordance with generally accepted accounting*

1 *principles in effect in the United States as of September*
 2 *7, 2008 (as set forth in the opinions and pronouncements*
 3 *of the Accounting Principles Board and the American Insti-*
 4 *tute of Certified Public Accountants and statements and*
 5 *pronouncements of the Financial Accounting Standards*
 6 *Board from time to time, and without giving any effect to*
 7 *any change that may be made after September 7, 2008, in*
 8 *respect of Statement of Financial Accounting Standards*
 9 *No. 140 or any similar accounting standard).*

10 **SEC. 606. OVERSIGHT OF TRANSITION OF THE HOUSING FI-**
 11 **NANCE SYSTEM.**

12 (a) *TESTIMONY.*—*Beginning on the agency transfer*
 13 *date and ending on the system certification date, the Chair-*
 14 *person shall, on an annual basis, appear before the Com-*
 15 *mittee on Banking, Housing, and Urban Affairs of the Sen-*
 16 *ate and the Committee on Financial Services of the House*
 17 *of Representatives to provide testimony on the progress*
 18 *made in carrying out the requirements of this title.*

19 (b) *INSPECTOR GENERAL REPORT ON TRANSITION.*—
 20 *Beginning on the agency transfer date and ending on the*
 21 *system certification date, the Inspector General of the Fed-*
 22 *eral Mortgage Insurance Corporation shall, on an annual*
 23 *basis—*

24 (1) *submit a report to the Corporation and the*
 25 *Committee on Banking, Housing, and Urban Affairs*

1 *of the Senate and the Committee on Financial Serv-*
 2 *ices of the House of Representatives—*

3 *(A) on the status of the transition to the*
 4 *new housing finance system authorized by this*
 5 *Act;*

6 *(B) that includes recommendations to facili-*
 7 *tate an orderly transition to the new housing fi-*
 8 *nance system authorized by this Act; and*

9 *(C) on the impact of various actions re-*
 10 *quired by this Act on borrowers and small mort-*
 11 *gage lenders; and*

12 *(2) appear before the Committee on Banking,*
 13 *Housing, and Urban Affairs of the Senate and the*
 14 *Committee on Financial Services of the House of Rep-*
 15 *resentatives to provide testimony on the report re-*
 16 *quired under paragraph (1).*

17 *(c) GAO REPORT ON TRANSITION.—*

18 *(1) IN GENERAL.—Not later than 18 months*
 19 *after the system certification date, the Comptroller*
 20 *General of the United States shall conduct a study*
 21 *and submit a report to the Committee on Banking,*
 22 *Housing, and Urban Affairs of the Senate and the*
 23 *Committee on Financial Services of the House of Rep-*
 24 *resentatives reviewing the transition required by this*
 25 *Act.*

(2) *CONTENTS OF STUDY.*—In conducting the study required under paragraph (1), the Comptroller General shall review—

(A) all property, including intellectual property, of the enterprises that may have been sold, transferred, or licensed for value pursuant to this title or any amendment made by this title;

(B) the number and market share of each type of approved entity; and

(C) the amount of any taxpayer repayment.

SEC. 607. AUTHORITY TO ESTABLISH PROVISIONAL STANDARDS.

(a) *PROVISIONAL STANDARDS.*—

(1) *IN GENERAL.*—Notwithstanding any standard required under subtitle B of title III or section 703, the Corporation may establish provisional standards for the approval of approved entities in order to ensure the sufficient participation of financially sound entities in the housing finance system.

(2) *PERIOD OF EFFECTIVENESS DURING TRANSITION.*—The Corporation is authorized to establish provisional standards under paragraph (1) prior to the system certification date and such provisional standards shall—

1 (A) be published in the Federal Register for
2 notice and comment; and

3 (B) remain in effect until the Corporation
4 adopts and publishes final standards for the ap-
5 proval of approved entities pursuant to subtitle
6 B of title III or section 703.

7 (3) *PERIOD OF EFFECTIVENESS DURING UN-*
8 *USUAL AND EXIGENT CIRCUMSTANCES.*—The Corpora-
9 tion is authorized to establish provisional standards
10 under paragraph (1) during periods when the author-
11 ity of the Corporation under section 305 is exercised
12 and such provisional standards shall—

13 (A) be published in the Federal Register;
14 and

15 (B) remain in effect until the final date of
16 the timeline established by the Corporation pur-
17 suant to section 305(h)(1).

18 (4) *RULE OF CONSTRUCTION.*—Nothing in para-
19 graph (2) shall be construed to allow the Corporation
20 to delay or otherwise not implement subsection (c) in
21 the required timeframe.

22 (b) *OVERSIGHT OF APPROVED ENTITIES.*—During
23 any period in which a provisional standard is in effect pur-
24 suant to subsection (a), the Corporation shall maintain all
25 oversight and enforcement authorities with regard to ap-

1 *proved entities in accordance with the requirements and au-*
 2 *thorities of subtitles B and C of title III and section 703.*

3 *(c) PHASE-IN OF CAPITAL STANDARDS FOR APPROVED*
 4 *GUARANTORS.—*

5 *(1) IN GENERAL.—The requirement under sec-*
 6 *tion 311(g)(1)(A) shall take effect on the date that is*
 7 *8 years after the date that the Corporation approves*
 8 *the first approved guarantor under this section.*

9 *(2) PHASE-IN.—Beginning on the date that the*
 10 *Corporation approves the first approved guarantor*
 11 *under this section and ending on the date set forth*
 12 *under paragraph (1), the Corporation shall—*

13 *(A) require an approved guarantor to*
 14 *maintain an appropriate level of capital nec-*
 15 *essary to help ensure an orderly transition pur-*
 16 *suant to this title; and*

17 *(B) increase annually, in equal increments,*
 18 *the required amount of capital to be held by the*
 19 *approved guarantor.*

20 *(3) APPLICABILITY.—Each capital level required*
 21 *to be held by an approved guarantor under this sec-*
 22 *tion, including each annual increase pursuant to*
 23 *paragraph (2)(B), shall only be applicable with re-*
 24 *spect to new business being guaranteed by an ap-*

1 proved guarantor on and after the date each capital
2 level becomes effective.

3 (d) *PHASE-IN OF CAPITAL STANDARDS FOR MULTI-*
4 *FAMILY APPROVED GUARANTORS.—*

5 (1) *IN GENERAL.—*The requirement under sec-
6 tion 703(h)(1)(A) shall take effect on the date that is
7 8 years after the date that the Corporation approves
8 the first multifamily approved guarantor under this
9 section.

10 (2) *PHASE-IN.—*Beginning on the date that the
11 Corporation approves the first approved multifamily
12 guarantor under this section and ending on the date
13 set forth under paragraph (1), the Corporation
14 shall—

15 (A) require an approved multifamily guar-
16 antor to maintain an appropriate level of cap-
17 ital necessary to help ensure an orderly transi-
18 tion pursuant to this title; and

19 (B) increase annually, in equal increments,
20 the required amount of capital to be held by the
21 approved multifamily guarantor.

22 (3) *APPLICABILITY.—*Each capital level required
23 to be held by an approved multifamily guarantor
24 under this section, including each annual increase
25 pursuant to paragraph (2)(B), shall only be applica-

1 *ble with respect to new business being guaranteed by*
 2 *an approved multifamily guarantor on and after the*
 3 *date each capital level becomes effective.*

4 **SEC. 608. INITIAL FUND LEVEL FOR THE MORTGAGE INSUR-**
 5 **ANCE FUND.**

6 (a) *FUND AMOUNT ON SYSTEM CERTIFICATION*
 7 *DATE.*—*The Corporation shall endeavor to ensure that the*
 8 *Mortgage Insurance Fund established under section 303 at-*
 9 *tains a reserve ratio of 0.75 percent of the sum of the out-*
 10 *standing principal balance of the covered securities for*
 11 *which insurance is projected to be provided under this Act*
 12 *for the 5-year period beginning on the system certification*
 13 *date.*

14 (b) *REPORT TO CONGRESS ON PROJECTION.*—*The pro-*
 15 *jection required under subsection (a) shall be—*

16 (1) *determined by the Corporation; and*
 17 (2) *reported to the Committee on Banking,*
 18 *Housing, and Urban Affairs of the Senate and the*
 19 *Committee on Financial Services of the House of Rep-*
 20 *resentatives.*

21 (c) *ASSESSMENTS.*—*Pursuant to the authorities grant-*
 22 *ed to the Corporation under section 1316(i) of the Safety*
 23 *and Soundness Act, as added by section 405, the amount*
 24 *of funds required to be held by the Mortgage Insurance*
 25 *Fund under subsection (a) shall be acquired through assess-*

1 *ments on the enterprises. The assessments required under*
 2 *this subsection shall be in effect for the period beginning*
 3 *on the date of enactment of this Act and ending on the sys-*
 4 *tem certification date. The assessments required under this*
 5 *subsection shall be deposited in the Mortgage Insurance*
 6 *Fund.*

7 **SEC. 609. GAO REPORT ON FULL PRIVATIZATION OF SEC-**
 8 **ONDARY MORTGAGE MARKET.**

9 (a) *GAO REPORT.*—Not later than 8 years after the
 10 *date of enactment of this Act, the Comptroller General of*
 11 *the United States shall submit a report to the Committee*
 12 *on Banking, Housing, and Urban Affairs of the Senate and*
 13 *the Committee on Financial Services of the House of Rep-*
 14 *resentatives on the feasibility of transitioning to and cre-*
 15 *ating a fully privatized secondary mortgage market, includ-*
 16 *ing recommendations on how to best carry out any displace-*
 17 *ment of the insurance model established under this Act, and*
 18 *an assessment of the cost of mortgage credit and the impact*
 19 *on the economy if the secondary mortgage market is fully*
 20 *privatized.*

21 (b) *CORPORATION PLAN.*—Not later than 6 months
 22 *after the date on which the report required under subsection*
 23 *(a) is submitted, the Corporation shall submit to the Com-*
 24 *mittee on Banking, Housing, and Urban Affairs of the Sen-*
 25 *ate and the Committee on Financial Services of the House*

1 *of Representatives a description of the legislative, adminis-*
 2 *trative, and regulatory actions necessary to implement the*
 3 *recommendations of the report.*

4 ***TITLE VII—MULTIFAMILY***

5 ***SEC. 701. ESTABLISHMENT OF MULTIFAMILY SUBSIDIARIES.***

6 *(a) FORMATION AND GOVERNANCE OF MULTIFAMILY*
 7 *SUBSIDIARIES.—*

8 *(1) FEDERAL NATIONAL MORTGAGE ASSOCIA-*
 9 *TION.—*

10 *(A) MULTIFAMILY SUBSIDIARY PLAN.—The*
 11 *FHFA Director, in consultation with the Sec-*
 12 *retary of the Treasury, shall direct the Federal*
 13 *National Mortgage Association to develop a plan,*
 14 *not later than 180 days after the date of enact-*
 15 *ment of this Act, to establish a multifamily sub-*
 16 *siduary for purposes of expeditiously meeting the*
 17 *multifamily market minimum criteria required*
 18 *under section 601.*

19 *(B) ESTABLISHMENT OF MULTIFAMILY SUB-*
 20 *SIDIARY.—Pursuant to section 604, the Federal*
 21 *Housing Finance Agency shall direct the Federal*
 22 *National Mortgage Association to establish a*
 23 *multifamily subsidiary not later than 1 year*
 24 *after the date of enactment of this Act.*

1 (2) *FEDERAL HOME LOAN MORTGAGE CORPORA-*
 2 *TION.*—

3 (A) *MULTIFAMILY SUBSIDIARY PLAN.*—*The*
 4 *FHFA Director, in consultation with the Sec-*
 5 *retary of the Treasury, shall direct the Federal*
 6 *Home Loan Mortgage Corporation to develop a*
 7 *plan, not later than 180 days after the date of*
 8 *enactment of this Act, to establish a multifamily*
 9 *subsidiary for purposes of expeditiously meeting*
 10 *the multifamily market minimum criteria re-*
 11 *quired under section 601.*

12 (B) *ESTABLISHMENT OF MULTIFAMILY SUB-*
 13 *SIDIARY.*—*Pursuant to section 604, the Federal*
 14 *Housing Finance Agency shall direct the Federal*
 15 *Home Loan Mortgage Corporation to establish a*
 16 *multifamily subsidiary not later than 1 year*
 17 *after the date of enactment of this Act.*

18 (b) *TRANSFER OF FUNCTIONS.*—

19 (1) *FANNIE MAE MULTIFAMILY SUBSIDIARY.*—

20 (A) *IN GENERAL.*—*Notwithstanding the*
 21 *provisions under title VI or any other provision*
 22 *of law, effective on the date on which the multi-*
 23 *family subsidiary is established under subsection*
 24 *(a)(1)(B), all employees, functions, activities, in-*
 25 *frastructure, property, including the Delegated*

1 *Underwriting and Servicing Lender Program*
 2 *and other intellectual property, platforms, tech-*
 3 *nology, or any other object or service of the Fed-*
 4 *eral National Mortgage Association necessary to*
 5 *the support, maintenance, and operation of the*
 6 *multifamily business of the Federal National*
 7 *Mortgage Association shall be transferred and*
 8 *contributed, without cost, to the multifamily sub-*
 9 *sidary.*

10 (B) *CAPITAL CONTRIBUTION.—In connec-*
 11 *tion with the transfer required under subpara-*
 12 *graph (A), the Federal National Mortgage Asso-*
 13 *ciation shall contribute, in any form or manner*
 14 *the Federal Housing Finance Agency may deter-*
 15 *mine, subject to the approval right of the Sec-*
 16 *retary of the Treasury in the Senior Preferred*
 17 *Stock Purchase Agreement, any capital necessary*
 18 *to ensure that the multifamily subsidiary estab-*
 19 *lished under subsection (a)(1)(B) has, in the de-*
 20 *termination of the FHFA Director, sufficient*
 21 *capital to carry out its multifamily business, in-*
 22 *cluding the ability to obtain warehouse lines of*
 23 *credit.*

24 (C) *ENSURING CONTINUATION OF ONGOING*
 25 *OPERATION OF MULTIFAMILY BUSINESS.—In car-*

1 *rying out the multifamily business transferred*
 2 *pursuant to subparagraph (A), the multifamily*
 3 *subsidiary established under subsection (a)(1)(B)*
 4 *shall ensure that any such business continues to*
 5 *operate, as applicable, consistent with—*

6 *(i) the Delegated Underwriting and*
 7 *Servicing Lender Program established by*
 8 *the Federal National Mortgage Association;*

9 *(ii) any other programs, activities, and*
 10 *contractual agreements of the enterprises*
 11 *that support the enterprises' provision of li-*
 12 *quidity to the multifamily housing market;*
 13 *and*

14 *(iii) the provisions of this title.*

15 *(2) FREDDIE MAC MULTIFAMILY SUBSIDIARY.—*

16 *(A) IN GENERAL.—Notwithstanding the*
 17 *provisions under title VI or any other provision*
 18 *of law, effective on the date on which the multi-*
 19 *family subsidiary is established under subsection*
 20 *(a)(2)(B), all employees, functions, activities, in-*
 21 *frastructure, property, including the K Series*
 22 *Structured Pass-Through Certificates originated*
 23 *and offered under the Program Plus Lender Pro-*
 24 *gram and other intellectual property, platforms,*
 25 *technology, or any other object or service of the*

1 *Federal Home Loan Mortgage Corporation nec-*
2 *essary to the support, maintenance, and oper-*
3 *ation of the multifamily business of the Federal*
4 *Home Loan Mortgage Corporation shall be*
5 *transferred and contributed, without cost, to the*
6 *multifamily subsidiary.*

7 (B) *CAPITAL CONTRIBUTION.—In connec-*
8 *tion with the transfer required under subpara-*
9 *graph (A), the Federal Home Loan Mortgage*
10 *Corporation shall contribute, in any form or*
11 *manner the Federal Housing Finance Agency*
12 *may determine, subject to the approval right of*
13 *the Secretary of the Treasury in the Senior Pre-*
14 *ferred Stock Purchase Agreement, any capital*
15 *necessary to ensure that the multifamily sub-*
16 *siduary established under subsection (a)(2)(B)*
17 *has, in the determination of the FHFA Director,*
18 *sufficient capital to carry out its multifamily*
19 *business, including the ability to obtain ware-*
20 *house lines of credit.*

21 (C) *ENSURING CONTINUATION OF ONGOING*
22 *OPERATION OF MULTIFAMILY BUSINESS.—In car-*
23 *rying out the multifamily business transferred*
24 *pursuant to subparagraph (A), the multifamily*
25 *subsidiary established under subsection (a)(2)(B)*

1 *shall ensure that any such business continues to*
 2 *operate, as applicable, consistent with—*

3 *(i) the K Series Structured Pass-*
 4 *Through Certificates originated and offered*
 5 *under the Program Plus Lender Program*
 6 *established by the Federal Home Loan*
 7 *Mortgage Corporation;*

8 *(ii) any other programs, activities, and*
 9 *contractual agreements of the enterprises*
 10 *that support the enterprises' provision of li-*
 11 *quidity to the multifamily housing market;*
 12 *and*

13 *(iii) the provisions of this title.*

14 *(c) MULTIFAMILY SUBSIDIARIES.—*

15 *(1) IN GENERAL.—The multifamily subsidiaries*
 16 *established by the Federal National Mortgage Associa-*
 17 *tion and the Federal Home Loan Mortgage Corpora-*
 18 *tion under subsection (a) may retain a limited multi-*
 19 *family mortgage loan portfolio to—*

20 *(A) aggregate mortgage loans for pooled se-*
 21 *curities executions;*

22 *(B) implement pilot mortgage loan pro-*
 23 *grams and other risk-sharing transactions and*
 24 *product modification testing;*

1 (C) engage in the financing of properties
 2 with rent-regulatory restrictions, off-campus stu-
 3 dent housing, and senior and assisted living de-
 4 velopments; and

5 (D) perform additional activities as may be
 6 established by the Corporation for the purpose of
 7 facilitating the continuation of existing multi-
 8 family activities.

9 (2) *PORTFOLIO REDUCTION APPLICABILITY.*—For
 10 purposes of expeditiously meeting the multifamily
 11 market minimum criteria required under section 601,
 12 the multifamily subsidiaries established under sub-
 13 section (a) shall not be subject to the portfolio reduc-
 14 tion required under section 605.

15 **SEC. 702. DISPOSITION OF MULTIFAMILY BUSINESSES.**

16 (a) *AUTHORITY TO MANAGE DISPOSITION OF MULTI-*
 17 *FAMILY BUSINESSES.*—Notwithstanding any provision of
 18 title VI or any other provision of law, the Federal Housing
 19 Finance Agency may, on or before the system certification
 20 date, manage the sale, transfer, or disposition for value of
 21 property, including intellectual property, technology, plat-
 22 forms, and legacy systems, infrastructure and processes of
 23 an enterprise relating to the operation and maintenance of
 24 the multifamily business of an enterprise.

1 (b) *REQUIRED ESTABLISHMENT OF WELL-FUNC-*
2 *TIONING MULTIFAMILY COVERED SECURITY MARKET.—In*
3 *exercising the authority in subsection (a), the Federal Hous-*
4 *ing Finance Agency shall manage any disposition of the*
5 *multifamily business of an enterprise in a manner con-*
6 *sistent with—*

7 (1) *the establishment of a well-functioning multi-*
8 *family covered security market;*

9 (2) *the provision of broad access to multifamily*
10 *financing; and*

11 (3) *facilitating competition in the multifamily*
12 *covered security market by—*

13 (A) *providing open access to performance*
14 *information on the legacy multifamily business*
15 *of an enterprise;*

16 (B) *providing for reasonable licensing of the*
17 *multifamily proprietary systems of an enter-*
18 *prise; and*

19 (C) *setting market share limitations, fees, or*
20 *additional capital standards on multifamily*
21 *business assets that were sold, transferred, or dis-*
22 *posed.*

1 **SEC. 703. APPROVAL AND SUPERVISION OF MULTIFAMILY**
 2 **GUARANTORS.**

3 (a) *STANDARDS FOR APPROVAL OF MULTIFAMILY*
 4 *GUARANTORS.—*

5 (1) *IN GENERAL.—The Corporation shall de-*
 6 *velop, adopt, and publish standards for the approval*
 7 *by the Corporation of multifamily guarantors to—*

8 (A) *issue multifamily covered securities;*
 9 *and*

10 (B) *guarantee the timely payment of prin-*
 11 *cipal and interest on multifamily covered securi-*
 12 *ties collateralized by eligible multifamily mort-*
 13 *gage loans and insured by the Corporation.*

14 (2) *REQUIRED STANDARDS.—The standards re-*
 15 *quired under paragraph (1) shall include—*

16 (A) *the financial history and condition of*
 17 *the multifamily guarantor;*

18 (B) *a requirement that the multifamily*
 19 *guarantor maintain capital levels as defined by*
 20 *the Corporation, pursuant to subsection (h);*

21 (C) *the capability of the management of the*
 22 *multifamily guarantor;*

23 (D) *the general character and fitness of the*
 24 *officers and directors of the multifamily guar-*
 25 *antor, including the compliance history of the*
 26 *multifamily guarantor's officers and directors*

1 *with Federal and State laws and the rules and*
2 *regulations promulgated by self-regulatory orga-*
3 *nizations (as defined in section 3(a)(26) of the*
4 *Securities Exchange Act of 1934 (15 U.S.C.*
5 *78c(a)(26)), as applicable;*

6 *(E) the risk presented by the multifamily*
7 *guarantor to the Mortgage Insurance Fund;*

8 *(F) the adequacy of insurance and fidelity*
9 *coverage of the multifamily guarantor;*

10 *(G) the ability of the multifamily guarantor*
11 *to—*

12 *(i) ensure that eligible multifamily*
13 *mortgage loans that collateralize a multi-*
14 *family covered security insured under this*
15 *Act are originated in compliance with the*
16 *requirements of this Act;*

17 *(ii) oversee multifamily servicers and*
18 *specialty servicers conducting servicing ac-*
19 *tivities on eligible multifamily mortgage*
20 *loans, which may be governed under the*
21 *terms of seller-servicer guides in effect at ei-*
22 *ther of the enterprises on the date of enact-*
23 *ment of this Act; and*

24 *(iii) oversee counterparties in credit*
25 *risk-sharing transactions;*

1 (H) the capacity of the multifamily guar-
 2 antor to take the first loss position, *pari passu*
 3 position, or transfer investment risk and credit
 4 risk to private market holders;

5 (I) that the multifamily guarantor has the
 6 capacity to guarantee eligible multifamily mort-
 7 gage loans in a manner that furthers the pur-
 8 poses of the Corporation as described in section
 9 201(b)(5);

10 (J) a requirement that the multifamily
 11 guarantor submit audited financial statements to
 12 the Corporation;

13 (K) that the multifamily guarantor does not
 14 originate eligible multifamily mortgage loans
 15 and is not an affiliate of a person that actively
 16 engages in the business of originating eligible
 17 multifamily mortgage loans; and

18 (L) a requirement that the multifamily
 19 guarantor has the capacity to meet the require-
 20 ment of section 704.

21 (3) CONSULTATION AND COORDINATION.—To
 22 promote consistency and minimize regulatory conflict,
 23 the Corporation shall consult and coordinate with ap-
 24 propriate Federal and State regulators and officials

1 *when developing standards pursuant to this sub-*
2 *section.*

3 **(b) APPLICATION AND APPROVAL.—**

4 **(1) APPLICATION PROCESS.—**

5 **(A) IN GENERAL.—***The Corporation shall*
6 *establish an application process, in such form*
7 *and manner and requiring such information as*
8 *the Corporation may require, for the approval of*
9 *a multifamily guarantor under this section.*

10 **(B) APPLICATION REVIEW.—***The Corpora-*
11 *tion shall establish internal timelines for its*
12 *processing of an application under this section,*
13 *including timelines for any action to approve or*
14 *to deny an application under this section.*

15 **(C) PROHIBITION ON CONTROL BY INSURED**
16 **DEPOSITORY INSTITUTIONS OR AFFILIATES OF**
17 **INSURED DEPOSITORY INSTITUTIONS.—**

18 **(i) IN GENERAL.—***It shall be unlawful*
19 *for an insured depository institution or an*
20 *affiliate of an insured depository institution*
21 *to control an approved multifamily guar-*
22 *antor.*

23 **(ii) RULE OF CONSTRUCTION REGARD-**
24 **ING CONTROL.—***For purposes of this sub-*
25 *paragraph, any insured depository institu-*

tion or affiliate of an insured depository institution has control over an approved multifamily guarantor if the company directly or indirectly or acting through 1 or more other persons owns, controls, or has power to vote 10 percent or more of any class of voting shares of the approved multifamily guarantor.

(D) *EXPEDITED APPLICATION PROCESS.*—

The Corporation may establish an expedited application process for an applicant applying to become an approved multifamily guarantor, provided that any such applicant—

(i) proposes to use a credit risk-sharing mechanism approved under subsection (c); and

(ii) otherwise meets the requirements of this section.

(2) *APPROVAL.*—The Corporation may approve any application made pursuant to paragraph (1), provided the multifamily guarantor meets the standards established under subsection (a).

(3) *DENIAL.*—The Corporation shall have the authority to deny any application made pursuant to paragraph (1) if an officer or director of the multi-

1 *family guarantor has, at any time prior to the date*
 2 *of the approval of such application, been—*

3 *(A) subject to a statutory disqualification*
 4 *pursuant to section 3(a)(39) of the Securities*
 5 *Exchange Act of 1934 (15 U.S.C. 78c(a)(39)); or*

6 *(B) suspended, removed, or prohibited from*
 7 *participation pursuant to section 8(g) of the*
 8 *Federal Deposit Insurance Act (12 U.S.C.*
 9 *1818(g)), prohibited from certain action pursu-*
 10 *ant to paragraphs (6) or (7) of section 8(e) of the*
 11 *Federal Deposit Insurance Act (12 U.S.C.*
 12 *1818(e)), subject to an action resulting in a*
 13 *written agreement or other written statement*
 14 *under section 8(u)(1) of the Federal Deposit In-*
 15 *surance Act (12 U.S.C. 1818(u)(1)), for which a*
 16 *violation may be enforced by an appropriate*
 17 *Federal banking agency, or subject to any final*
 18 *order issued with respect to any administrative*
 19 *enforcement proceeding initiated by such agency*
 20 *under section 8 of the Federal Deposit Insurance*
 21 *Act (12 U.S.C. 1818).*

22 *(4) NOTICE AND PUBLICATION.—The Corpora-*
 23 *tion shall—*

24 *(A) provide prompt notice to a multifamily*
 25 *guarantor of the approval or denial of any ap-*

1 *plication of the multifamily guarantor to become*
 2 *an approved multifamily guarantor under this*
 3 *section;*

4 *(B) publish a notice in the Federal Register*
 5 *upon approval of any multifamily guarantor;*
 6 *and*

7 *(C) maintain an updated list of approved*
 8 *multifamily guarantors on the website of the*
 9 *Corporation.*

10 *(c) CREDIT RISK-SHARING MECHANISMS.—*

11 *(1) CONSIDERATION AND APPROVAL.—The Cor-*
 12 *poration shall—*

13 *(A) consider and approve credit risk-shar-*
 14 *ing mechanisms that may be employed by an ap-*
 15 *proved multifamily guarantor to manage the*
 16 *credit risk related to guarantees provided for*
 17 *multifamily covered securities; and*

18 *(B) approve any credit risk-sharing mecha-*
 19 *nism undertaken by an enterprise as of the date*
 20 *of enactment of this Act, including—*

21 *(i) the Delegated Underwriting and*
 22 *Servicing Lender Program established by*
 23 *the Federal National Mortgage Association;*

24 *(ii) the K Series Structured Pass-*
 25 *Through Certificates originated and offered*

1 *under the Program Plus Lender Program*
 2 *established by the Federal Home Loan*
 3 *Mortgage Corporation;*

4 *(iii) any other program, activity, or*
 5 *contractual agreement of an enterprise that*
 6 *supports the enterprise's provision of liquid-*
 7 *ity to the multifamily housing market; and*

8 *(iv) any credit risk-sharing mechanism*
 9 *based on the mechanisms described in clause*
 10 *(i), (ii), or (iii), with modifications ap-*
 11 *proved by the Corporation.*

12 (2) *RULE OF CONSTRUCTION.*—*Nothing in para-*
 13 *graph (1) shall be construed to—*

14 (A) *prevent private market holders from*
 15 *taking a first loss position on multifamily cov-*
 16 *ered securities guaranteed by an approved multi-*
 17 *family guarantor; or*

18 (B) *limit an approved multifamily guar-*
 19 *antor from engaging in other forms of risk-shar-*
 20 *ing using mechanisms that have not been consid-*
 21 *ered or approved by the Corporation.*

22 (3) *REPORT.*—*Each report required by section*
 23 *302(b)(5) shall include a description of each credit*
 24 *risk-sharing mechanism approved by the Corporation*
 25 *pursuant to this subsection.*

1 (4) *NOTICE AND PUBLICATION.*—*The Corpora-*
 2 *tion shall—*

3 (A) *provide prompt notice to any person*
 4 *seeking approval for a credit risk-sharing mecha-*
 5 *nism of the approval or denial of that credit*
 6 *risk-sharing mechanism under this subsection;*
 7 *and*

8 (B) *make available updated information re-*
 9 *garding approved credit risk-sharing mecha-*
 10 *nisms on the website of the Corporation.*

11 (5) *APPLICABILITY OF THE COMMODITY EX-*
 12 *CHANGE ACT AND SECURITIES ACT OF 1933.—*

13 (A) *EXEMPTION FROM THE COMMODITY EX-*
 14 *CHANGE ACT; PRIOR CONSULTATION RE-*
 15 *QUIRED.—*

16 (i) *EXEMPTION.*—*No counterparty that*
 17 *enters into a swap, as that term is defined*
 18 *in section 1a of the Commodity Exchange*
 19 *Act (7 U.S.C. 1a), for purposes of struc-*
 20 *turing any credit risk-sharing mechanism*
 21 *that is approved by the Corporation pursu-*
 22 *ant to this section, which credit risk-sharing*
 23 *mechanism is designed to be used or is used*
 24 *by a private market holder to assume losses*
 25 *and to reduce the specific risks arising from*

1 *losses realized under such credit risk-shar-*
 2 *ing mechanism associated with any multi-*
 3 *family covered security insured in accord-*
 4 *ance with section 303 or section 305, shall*
 5 *be deemed, by reason of such swap trans-*
 6 *action, to be a commodity pool, as that*
 7 *term is defined in section 1a of the Com-*
 8 *modity Exchange Act (7 U.S.C. 1a).*

9 (ii) *PRIOR CONSULTATION RE-*
 10 *QUIRED.—Before approving any credit risk-*
 11 *sharing mechanism that would be exempt*
 12 *from the Commodity Exchange Act pursu-*
 13 *ant to subparagraph (A), the Corporation*
 14 *shall consult with the Commodity Futures*
 15 *Trading Commission.*

16 (B) *EXEMPTION FROM SECTION 27B OF THE*
 17 *SECURITIES ACT OF 1933; PRIOR CONSULTATION*
 18 *REQUIRED.—*

19 (i) *EXEMPTION.—Any credit risk-shar-*
 20 *ing mechanism that is approved by the Cor-*
 21 *poration pursuant to this section, which*
 22 *credit risk-sharing mechanism is designed*
 23 *to be used or is used by a private market*
 24 *holder to assume losses and to reduce the*
 25 *specific risks arising from losses realized*

1 *under such credit risk-sharing mechanism*
 2 *associated with any multifamily covered se-*
 3 *curity insured in accordance with section*
 4 *303 or section 305, shall be exempt from*
 5 *section 27B of the Securities Act of 1933*
 6 *(15 U.S.C. 77z-2a).*

7 (ii) *PRIOR CONSULTATION RE-*
 8 *QUIRED.—Before approving any credit risk-*
 9 *sharing mechanism that would be exempt*
 10 *from section 27B of the Securities Act of*
 11 *1933 pursuant to subparagraph (A), the*
 12 *Corporation shall consult with the Securi-*
 13 *ties and Exchange Commission.*

14 (d) *REQUIREMENT TO MAINTAIN APPROVAL STA-*
 15 *TUS.—*

16 (1) *AUTHORITY TO ISSUE ORDER.—If the Cor-*
 17 *poration determines that an approved multifamily*
 18 *guarantor approved under this section no longer*
 19 *meets the standards for such approval or violates a*
 20 *requirement under this Act, including any standard,*
 21 *regulation, or order promulgated in accordance with*
 22 *this Act, the Corporation may—*

23 (A) *suspend or revoke the approved status of*
 24 *the approved multifamily guarantor; or*

1 (B) take any other action with respect to
 2 such approved multifamily guarantor as may be
 3 authorized under this Act.

4 (2) *RULE OF CONSTRUCTION.*—The suspension or
 5 revocation of the approved status of an approved mul-
 6 tifamily guarantor under this section shall have no
 7 effect on the status as a multifamily covered security
 8 of any multifamily covered security collateralized by
 9 eligible multifamily mortgage loans with which the
 10 approved multifamily guarantor contracted prior to
 11 the suspension or revocation.

12 (3) *PUBLICATION.*—The Corporation shall—

13 (A) promptly publish a notice in the Fed-
 14 eral Register upon suspension or revocation of
 15 the approval of any approved multifamily guar-
 16 antor; and

17 (B) maintain an updated list of such ap-
 18 proved multifamily guarantors on the website of
 19 the Corporation.

20 (4) *DEFINITION.*—In this subsection, the term
 21 “violate” includes any action, taken alone or with
 22 others, for or toward causing, bringing about, partici-
 23 pating in, counseling, or aiding or abetting, a viola-
 24 tion of the requirements under this Act.

1 (e) *PRUDENTIAL STANDARDS FOR SUPERVISION.*—The
 2 Corporation shall prescribe prudential standards for ap-
 3 proved multifamily guarantors in order to—

4 (1) *ensure—*

5 (A) *the safety and soundness of approved*
 6 *multifamily guarantors; and*

7 (B) *the maintenance of approval standards*
 8 *by approved multifamily guarantors; and*

9 (2) *minimize the risk presented to the Mortgage*
 10 *Insurance Fund.*

11 (f) *REPORTS AND EXAMINATIONS.*—For purposes of
 12 determining whether an approved multifamily guarantor
 13 is fulfilling the requirements under this Act, the Corpora-
 14 tion shall have the authority to require reports from and
 15 examine an approved multifamily guarantor, in the same
 16 manner and to the same extent as the Federal Deposit In-
 17 surance Corporation has with respect to an insured deposi-
 18 tory institution under the provisions of subsection (a) of
 19 section 9 of the Federal Deposit Insurance Act (12 U.S.C.
 20 1819).

21 (g) *ENFORCEMENT.*—The Corporation shall have the
 22 authority to enforce the provisions of this Act with respect
 23 to an approved multifamily guarantor, in the same manner
 24 and to the same extent as the Federal Deposit Insurance
 25 Corporation has with respect to an insured depository insti-

1 *tution under the provisions of subsections (b) through (n)*
 2 *of section 8 of the Federal Deposit Insurance Act (12 U.S.C.*
 3 *1818).*

4 *(h) CAPITAL STANDARDS.—*

5 *(1) IN GENERAL.—Pursuant to the requirement*
 6 *to establish capital and related solvency standards*
 7 *under section 309(b), the Corporation shall establish*
 8 *standards for approved multifamily guarantors as*
 9 *follows:*

10 *(A) GUARANTOR ACTIVITIES.—The capital*
 11 *standard for eligible multifamily mortgage loans*
 12 *that collateralize multifamily covered securities*
 13 *insured by the Corporation shall require an ap-*
 14 *proved multifamily guarantor to hold 10 percent*
 15 *capital.*

16 *(B) AGGREGATION ACTIVITIES.—An ap-*
 17 *proved multifamily guarantor shall hold capital*
 18 *in an amount comparable to that which is re-*
 19 *quired to be held by insured depository institu-*
 20 *tions and their affiliates with respect to their ap-*
 21 *plicable aggregating activities.*

22 *(C) SOLVENCY LEVELS.—An approved mul-*
 23 *tifamily guarantor shall maintain solvency levels*
 24 *adequate for the approved multifamily guarantor*
 25 *to withstand losses that might be incurred by the*

1 *approved multifamily guarantor in a period of*
 2 *economic stress, including national and regional*
 3 *multifamily housing price declines, such as those*
 4 *observed during moderate to severe recessions in*
 5 *the United States.*

6 (2) *RISK-SHARING CONSIDERATIONS.—*

7 (A) *IN GENERAL.—For purposes of para-*
 8 *graph (1)(A), the Corporation shall consider the*
 9 *extent, amount, and form of risk-sharing and*
 10 *risk mitigation through the use by approved*
 11 *multifamily guarantors of credit risk-sharing*
 12 *mechanisms approved pursuant to subsection (c).*
 13 *The Corporation shall allow such risk-sharing*
 14 *and risk mitigation to fulfill required amounts*
 15 *of capital to be held under paragraph (1)(A)*
 16 *while maintaining an appropriate structure of*
 17 *capital as determined by the Corporation.*

18 (B) *EQUIVALENT TREATMENT.—For pur-*
 19 *poses of paragraph (2)(A), the Corporation shall*
 20 *seek to ensure equivalent capital treatment be-*
 21 *tween approved credit risk-sharing mechanisms*
 22 *approved under subsection (c) with similar per-*
 23 *formance histories.*

24 (3) *OTHER CONSIDERATION.—To reflect the dif-*
 25 *ferences between single-family and multifamily busi-*

nesses, the capital standards established under paragraph (1)(A) may differ from the capital standards established under section 311 for approved guarantors.

(4) *STRESS TESTS.*—The Corporation shall conduct appropriate stress tests of each approved multifamily guarantor that has total assets of more than \$10,000,000,000, provided that such stress tests shall be—

(A) specifically tailored to the business model of the approved multifamily guarantor; and

(B) utilized to—

(i) ensure the safety and soundness of the approved multifamily guarantor; and

(ii) minimize the risk the approved multifamily guarantor may present to the Mortgage Insurance Fund.

(i) *RESOLUTION AUTHORITY FOR FAILING MULTIFAMILY GUARANTORS.*—

(1) *IN GENERAL.*—Notwithstanding any other provision of Federal law, the law of any State, or the constitution of any State, the Corporation shall—

(A) have the authority to act, in the same manner and to the same extent, with respect to

1 *an approved multifamily guarantor as the Fed-*
2 *eral Deposit Insurance Corporation has with re-*
3 *spect to an insured depository institution under*
4 *subsections (c) through (s) of section 11 of the*
5 *Federal Deposit Insurance Act (12 U.S.C. 1821),*
6 *section 12 of the Federal Deposit Insurance Act*
7 *(12 U.S.C. 1822), and section 13 of the Federal*
8 *Deposit Insurance Act (12 U.S.C. 1823), while*
9 *tailoring such actions to the specific business*
10 *model of the approved multifamily guarantor, as*
11 *may be necessary to properly exercise such au-*
12 *thority under this subsection;*

13 *(B) in carrying out any authority provided*
14 *in subparagraph (A), act, in the same manner*
15 *and to the same extent, with respect to the Mort-*
16 *gage Insurance Fund as the Federal Deposit In-*
17 *surance Corporation may act with respect to the*
18 *Deposit Insurance Fund under the provisions of*
19 *the Federal Deposit Insurance Act set forth in*
20 *subparagraph (A);*

21 *(C) prescribe regulations governing the ap-*
22 *plicable rights, duties, and obligations of an ap-*
23 *proved multifamily guarantor placed into resolu-*
24 *tion under this subsection, its creditors, counter-*
25 *parties, and other persons, as the Corporation*

1 *deems necessary to properly exercise the author-*
 2 *ity provided in subparagraph (A);*

3 *(D) consistent with the authorities provided*
 4 *in subparagraph (A), immediately place an in-*
 5 *solvent approved multifamily guarantor into re-*
 6 *ceivership; and*

7 *(E) upon placing an approved multifamily*
 8 *guarantor into receivership, treat multifamily*
 9 *covered securities insured by the Corporation*
 10 *under section 303 in the same manner as the*
 11 *Federal Deposit Insurance Corporation treats de-*
 12 *posit liabilities under section 11(d)(11)(A)(ii) of*
 13 *the Federal Deposit Insurance Act and insured*
 14 *deposits under section 11(f) of the Federal De-*
 15 *posit Insurance Act, where the Corporation shall*
 16 *have the same right of subrogation as the Federal*
 17 *Deposit Insurance Corporation has under section*
 18 *11(g) of the Federal Deposit Insurance Act.*

19 *(2) LEAST-COST RESOLUTION REQUIRED.—The*
 20 *Corporation may not exercise any authority under*
 21 *paragraph (1) with respect to any approved multi-*
 22 *family guarantor unless the total amount of the ex-*
 23 *penditures by the Corporation and obligations in-*
 24 *curring by the Corporation in connection with the ex-*
 25 *ercise of any such authority with respect to such ap-*

1 *proved multifamily guarantor is the least costly to the*
 2 *Mortgage Insurance Fund, consistent with the least*
 3 *cost approach specified in the Federal Deposit Insur-*
 4 *ance Act (12 U.S.C. 1811 et seq.), of all possible meth-*
 5 *ods for meeting the Corporation's obligations under*
 6 *this Act and expeditiously concluding its resolution*
 7 *activities, subject to section 13 of the Federal Deposit*
 8 *Insurance Act where the Corporation and the Board*
 9 *of Directors shall have the same authority as the Fed-*
 10 *eral Deposit Insurance Corporation and the Federal*
 11 *Deposit Insurance Corporation's board of directors.*

12 (3) *TAXPAYER PROTECTION.*—*The Corporation,*
 13 *in carrying out any authority provided in this sub-*
 14 *section, shall prescribe regulations to ensure that any*
 15 *amounts owed to the United States, unless the United*
 16 *States agrees or consents otherwise, shall have pri-*
 17 *ority following administrative expenses of the receiver*
 18 *when satisfying unsecured claims against an ap-*
 19 *proved multifamily guarantor, or the receiver there-*
 20 *for, that are proven to the satisfaction of the receiver.*

21 (j) *HEARING.*—*Upon notice of denial of an application*
 22 *for approval under subsection (b) or upon a notice of sus-*
 23 *pension or revocation of the approved status of an approved*
 24 *multifamily guarantor under subsection (d), the applicant*
 25 *or approved multifamily guarantor shall be afforded a hear-*

1 ing under subsection (h) of section 8 of the Federal Deposit
 2 Insurance Act (12 U.S.C. 1818(h)), in the same manner
 3 and to the same extent as if the Corporation were the appro-
 4 priate Federal banking agency, provided that the approved
 5 multifamily guarantor submits a request to the Corporation
 6 for a hearing not later than 10 days after the date on which
 7 the notice is published under subsection (b)(3) or (d)(3).

8 (k) *PROHIBITED ACTIVITY.*—An approved multifamily
 9 guarantor may not—

10 (1) originate eligible multifamily mortgage
 11 loans; or

12 (2) be an affiliate of a person that actively en-
 13 gages in the business of originating eligible multi-
 14 family mortgage loans.

15 (l) *GUARANTORS REQUIRED TO PAY CLAIMS.*—Subject
 16 to such standards as the Corporation may provide, an ap-
 17 proved multifamily guarantor may not for any reason
 18 withhold payment of funds that would ensure holders of
 19 multifamily covered securities receive timely payment of
 20 principal and interest on multifamily covered securities.
 21 The Corporation shall by regulation develop a process for
 22 the mediation and resolution of disputed payment amounts.

23 **SEC. 704. MULTIFAMILY HOUSING REQUIREMENT.**

24 (a) *IN GENERAL.*—Each approved multifamily guar-
 25 antor shall ensure, during each calendar year, that at least

1 60 percent of the rental housing units which are contained
 2 in the eligible multifamily mortgage loans that collateralize
 3 all multifamily covered securities guaranteed by each such
 4 approved multifamily guarantor during the previous 24-
 5 month period were, at the time of origination, affordable
 6 to low-income families.

7 (b) *DETERMINATION OF AFFORDABILITY OF RENTAL*
 8 *HOUSING UNITS.*—For purposes of subsection (a), the af-
 9 fordability of rental housing units contained in an eligible
 10 multifamily mortgage loan shall be determined at the time
 11 of loan commitment by using—

12 (1) the most recent rent roll for an occupied
 13 property; or

14 (2) in the case of rental housing units that are
 15 newly constructed or substantially rehabilitated, a
 16 final pro-forma rent roll.

17 (c) *DETERMINATION OF COMPLIANCE.*—The Corpora-
 18 tion shall determine, during each calendar year, whether
 19 each approved multifamily guarantor has complied with
 20 the requirement under subsection (a).

21 (d) *SUSPENSION OR ADJUSTMENT.*—

22 (1) *IN GENERAL.*—The Corporation may suspend
 23 or adjust the requirement under subsection (a) for an
 24 approved multifamily guarantor or guarantors—

1 (A) during a period of unusual and exigent
 2 market conditions in the multifamily housing
 3 market as determined pursuant to section 305;
 4 or

5 (B) either—

6 (i) pursuant to information available
 7 to the Corporation demonstrating adverse
 8 market conditions in the multifamily hous-
 9 ing market; or

10 (ii) pursuant to a written request to
 11 suspend or adjust the requirement under
 12 subsection (a) made by an approved multi-
 13 family guarantor, which the Corporation
 14 may grant in whole or in part.

15 (2) CRITERIA FOR SUSPENSION OR ADJUST-
 16 MENT.—The Corporation may suspend or adjust the
 17 requirement under subsection (a) pursuant to para-
 18 graph (1)(B) only if—

19 (A) market and economic conditions require
 20 such an action; or

21 (B) efforts to meet the requirement under
 22 subsection (a) would result in—

23 (i) the constraint of liquidity in cer-
 24 tain market segments;

- 1 (ii) over-investment in certain market
 2 segments; or
 3 (iii) other consequences contrary to the
 4 intent of this section.

5 (3) *LIMITATION ON AUTHORITY.*—*The Corpora-*
 6 *tion shall narrowly tailor any suspension or adjust-*
 7 *ment made under paragraph (1)(B) to address the*
 8 *market conditions that prompted the suspension or*
 9 *adjustment.*

10 (4) *DETERMINATION.*—

11 (A) *PERIOD FOR PUBLIC COMMENT.*—*The*
 12 *Corporation shall, promptly upon a decision to*
 13 *pursue a suspension or adjustment under para-*
 14 *graph (1)(B)(i) or upon receipt of a request*
 15 *under paragraph (1)(B)(ii), seek public comment*
 16 *on the suspension or adjustment for a period of*
 17 *30 days.*

18 (B) *PERIOD FOR DETERMINATION.*—*The*
 19 *Corporation shall make a determination regard-*
 20 *ing any proposed suspension or adjustment with-*
 21 *in 30 days after the expiration of the public*
 22 *comment period provided under subparagraph*
 23 *(A).*

24 (C) *EXTENSIONS.*—*The Corporation may*
 25 *extend the period for determination provided*

under subparagraph (B) for a single additional 15-day period, but only if the Corporation requests additional information from the approved multifamily guarantor.

(5) *REVIEW OF SUSPENSION OR ADJUSTMENT.*—

(A) *ANNUAL REVIEW.*—The Corporation shall review any suspension or adjustment made by the Corporation under subparagraphs (A) or (B) of paragraph (1) at least annually to determine whether the suspension or adjustment satisfies the criteria established under paragraph (2).

(B) *PUBLICATION AND COMMENT.*—The Corporation shall—

(i) not less than annually, publish a list of all suspensions and adjustments in effect under this section; and

(ii) seek public comment as to the continued necessity of such suspensions or adjustments.

(e) *MIXED INCOME LIQUIDITY STUDY AND REVIEW.*—

(1) *STUDY.*—Not later than 2 years after the date of enactment of this Act, and periodically or as market conditions warrant thereafter, the Corporation shall conduct a study of liquidity in the market for financing the new construction or substantial reha-

1 *bilitation of mixed-income properties containing mul-*
 2 *tifamily units that—*

3 *(A) otherwise qualify under the requirement*
 4 *under subsection (a); and*

5 *(B) are financed by tax-exempt bonds that*
 6 *are issued by a State or local housing finance*
 7 *agency.*

8 *(2) ADJUSTMENT TO REQUIREMENT.—The Cor-*
 9 *poration may adjust the requirement under subsection*
 10 *(a), subject to the procedures provided under para-*
 11 *graphs (2) through (5) of subsection (d), if the Cor-*
 12 *poration finds based on a study conducted under*
 13 *paragraph (1) that—*

14 *(A) liquidity is constrained in the market*
 15 *for eligible multifamily mortgage loans for the*
 16 *mixed-income properties described in paragraph*
 17 *(1); and*

18 *(B) it is necessary to foster liquidity in that*
 19 *market.*

20 *(f) RULE OF CONSTRUCTION.—Nothing in this section*
 21 *shall be construed to authorize the Corporation to require*
 22 *an approved multifamily guarantor to exceed the 60 percent*
 23 *requirement set forth under subsection (a).*

24 *(g) DEFINITIONS; APPLICABILITY TO ENTERPRISES.—*
 25 *In this section—*

1 (1) the term “approved multifamily guarantor”
 2 includes an enterprise or any multifamily subsidiary
 3 established pursuant to section 701;

4 (2) the term “multifamily covered security” in-
 5 cludes a multifamily mortgage-backed security guar-
 6 anteed by an enterprise or any multifamily sub-
 7 sidiary established pursuant to section 701; and

8 (3) the term “eligible multifamily mortgage
 9 loan” includes a multifamily mortgage loan
 10 collateralizing a security guaranteed by an enterprise
 11 or any multifamily subsidiary established pursuant
 12 to section 701.

13 **SEC. 705. ESTABLISHMENT OF SMALL MULTIFAMILY PROP-**
 14 **ERTY PROGRAM.**

15 (a) *PILOT PROGRAM.*—The Corporation shall establish
 16 at least 1 pilot program, to be administered by the Office
 17 of Multifamily Housing, in consultation with the Office of
 18 Consumer and Market Access, to test and assess methods
 19 or products designed to increase secondary mortgage market
 20 access for multifamily properties comprised of not more
 21 than 50 units or with mortgages not exceeding \$3,000,000
 22 (as adjusted for inflation).

23 (b) *ACTIVITIES.*—In administering the pilot program
 24 required under subsection (a), the Corporation shall—

1 (1) review, and may approve, proposals from
 2 regulated entities or approved multifamily guaran-
 3 tors, including proposals focused on lending by small
 4 mortgage lenders, to participate in the pilot program
 5 by carrying out activities to decrease barriers to sec-
 6 ondary mortgage market access for multifamily prop-
 7 erties comprised of not more than 50 units or with
 8 mortgages not exceeding \$3,000,000 (as adjusted for
 9 inflation) through new risk-sharing, partnerships, or
 10 other mechanisms or incentives; and

11 (2) establish requirements governing the activi-
 12 ties of the pilot program, including requirements with
 13 respect to—

14 (A) any mid-course alterations of activities
 15 permitted under the pilot program, information
 16 sharing, reporting, and evaluation of the results
 17 of a pilot program; and

18 (B) the tracking of any allocations of
 19 amounts that may be distributed from the Mar-
 20 ket Access Fund.

21 (c) *USE OF MARKET ACCESS FUND.*—A regulated en-
 22 tity or approved multifamily guarantor that submits a pro-
 23 posal under subsection (b) may request, as part of the pro-
 24 posal, allocations from the Market Access Fund as necessary
 25 to support its proposed activities.

1 (d) *AMENDMENTS TO PILOT PROGRAM.*—*The Corpora-*
 2 *tion may amend a pilot program established under sub-*
 3 *section (a) as needed to accommodate the multifamily mort-*
 4 *gage market.*

5 (e) *PUBLICATION.*—*The Corporation shall make pub-*
 6 *licly available the results of a pilot program established*
 7 *under subsection (a).*

8 (f) *REQUIREMENT.*—*The Corporation shall consider*
 9 *the results of a pilot program established under subsection*
 10 *(a) for purposes of expanding and implementing new mech-*
 11 *anisms to decrease barriers to secondary mortgage market*
 12 *access for multifamily properties comprised of not more*
 13 *than 50 units or with mortgages not exceeding \$3,000,000*
 14 *(as adjusted for inflation).*

15 (g) *LIMITATION ON FUNDING.*—*The Corporation may*
 16 *not use funds from the Mortgage Insurance Fund to fund*
 17 *any pilot program activities conducted by a regulated enti-*
 18 *ty or approved multifamily guarantor under this section.*

19 **SEC. 706. MULTIFAMILY HOUSING STUDY.**

20 *The Office of Multifamily Housing shall conduct a*
 21 *study on the expansion of the Federal Home Loan Banks’*
 22 *Acquired Member Assets (“AMA”) programs to eligible mul-*
 23 *tifamily mortgage loans.*

1 **SEC. 707. MULTIFAMILY PLATFORM STUDY.**

2 (a) *IN GENERAL.*—Not later than 18 months after the
3 system certification date, the Corporation shall conduct a
4 study on the need, feasibility, costs, and merits of creating
5 a cooperatively-owned, nonprofit multifamily issuance
6 platform to securitize eligible multifamily mortgage loans.

7 (b) *CONTENT OF STUDY.*—The study required under
8 subsection (a) shall address—

9 (1) *competition between existing approved multi-*
10 *family guarantors;*

11 (2) *the barriers to entry for new multifamily*
12 *guarantors;*

13 (3) *the costs associated with developing a new*
14 *platform;*

15 (4) *the funding of smaller-balance multifamily*
16 *mortgage loans, including mortgage loans originated*
17 *by credit unions and community and mid-size banks*
18 *and other small-volume lenders in rural and other*
19 *underserved communities;*

20 (5) *standardized definitions and reporting and*
21 *payment requirements;*

22 (6) *stability in the multifamily lending market*
23 *in times of stress; and*

24 (7) *such other information as the Corporation*
25 *determines appropriate to further the purpose of the*
26 *study.*

1 (c) *CONSIDERATION.*—*In conducting the study re-*
 2 *quired under subsection (a), the Corporation shall consider*
 3 *whether any identified need to establish a multifamily*
 4 *securitization platform can and will be met by the Platform*
 5 *established under section 321, or any subsidiary or affiliate*
 6 *thereof.*

7 (d) *REPORT TO CONGRESS.*—*Not later than 18 months*
 8 *after the system certification date, the Corporation shall*
 9 *submit the study required under subsection (a) to the Com-*
 10 *mittee on Banking, Housing, and Urban Affairs of the Sen-*
 11 *ate and the Committee on Financial Services of the House*
 12 *of Representatives.*

13 ***SEC. 708. SHORT-TERM RESIDENTIAL HOUSING.***

14 (a) *IN GENERAL.*—*Section 513 of the National Hous-*
 15 *ing Act (12 U.S.C. 1731b) is amended—*

16 (1) *in subsection (b)—*

17 (A) *in clause (1), by striking “or” at the*
 18 *end; and*

19 (B) *by inserting before the period at the end*
 20 *the following: “, or (3) the project is a short-term*
 21 *residential property (as such term is defined in*
 22 *subsection (e) of this section) and is subject to a*
 23 *mortgage insured under section 207, provided*
 24 *that the Secretary has made a determination*
 25 *pursuant to the study and report required under*

1 *section 708(b) of the Housing Finance Reform*
 2 *and Taxpayer Protection Act that the provision*
 3 *of such insurance is appropriate”; and*

4 *(2) in subsection (e)—*

5 *(A) in clause (1), by striking “and” at the*
 6 *end; and*

7 *(B) by inserting before the period at the end*
 8 *the following: “, and (3) the term ‘short-term res-*
 9 *idential property’ means multifamily housing*
 10 *that (A) has more than 50 dwelling units that*
 11 *each contain a kitchen, including a full refrig-*
 12 *erator and cooking surface, and bathroom facili-*
 13 *ties, (B) provides mail boxes for each unit, (C)*
 14 *rents such units for a minimum stay of 7 days,*
 15 *and (D) does not provide food or beverage serv-*
 16 *ices, including in-room service, daily maid serv-*
 17 *ices, furnishing and laundering of linen without*
 18 *charge, or bellhop services”.*

19 *(b) STUDY.—*

20 *(1) IN GENERAL.—Not later than 6 months after*
 21 *the date of enactment of this Act, the Secretary of*
 22 *Housing and Urban Development shall—*

23 *(A) conduct and complete a study evalu-*
 24 *ating the risk of the provision of insurance under*
 25 *section 207 of the National Housing Act (12*

1 U.S.C. 1713) for short-term residential prop-
2 erties; and

3 (B) submit a report to the Committee on
4 Banking, Housing, and Urban Affairs of the
5 Senate and the Committee on Financial Services
6 of the House of Representatives, which shall in-
7 clude—

8 (i) the findings of the study required
9 under subparagraph (A); and

10 (ii) a determination as to whether any
11 additional risk presented to the General In-
12 surance Fund resulting from the provision
13 of insurance under section 207 of the Na-
14 tional Housing Act (12 U.S.C. 1713) for
15 short-term residential properties is appro-
16 priate.

17 (2) CONTENTS OF STUDY.—In conducting the
18 study required under paragraph (1)(A), the Secretary
19 of Housing and Urban Development shall—

20 (A) evaluate whether the provision of insur-
21 ance under section 207 of the National Housing
22 Act (12 U.S.C. 1713) for short-term residential
23 properties presents additional risk to the General
24 Insurance Fund; and

1 (B) consider any additional operational
 2 and logistical costs associated with providing
 3 such insurance.

4 (3) *DEFINITIONS.*—*In this subsection—*

5 (A) the term “General Insurance Fund”
 6 means the fund established under section 519 of
 7 the National Housing Act (12 U.S.C. 1735c);
 8 and

9 (B) the term “short-term residential prop-
 10 erties” has the meaning given the term under
 11 section 513(e)(3) of the National Housing Act
 12 (12 U.S.C. 1731b(e)(3)).

13 ***TITLE VIII—GENERAL*** 14 ***PROVISIONS***

15 ***SEC. 801. RULE OF CONSTRUCTION.***

16 *Nothing in this Act shall be construed to alter, super-*
 17 *sede, or interfere with the final ruling of a court of com-*
 18 *petent jurisdiction with respect to any provision of the Sen-*
 19 *ior Preferred Stock Purchase Agreement or amendments*
 20 *thereof of an enterprise.*

21 ***SEC. 802. SEVERABILITY.***

22 *If any provision of this Act or the application of any*
 23 *provision of this Act to any person or circumstance, is held*
 24 *invalid, the application of such provision to other persons*

1 *or circumstances, and the remainder of this Act, shall not*
 2 *be affected thereby.*

3 **SEC. 803. TRANSFER NOTIFICATION UNDER TILA.**

4 *(a) IN GENERAL.—Section 131(g) of the Truth in*
 5 *Lending Act (15 U.S.C. 1641(g)) is amended by striking*
 6 *paragraph (2) and inserting the following:*

7 *“(2) DEFINITIONS.—For purposes of this sub-*
 8 *section—*

9 *“(A) the term ‘mortgage loan’ means any*
 10 *consumer credit transaction that is secured by*
 11 *the principal dwelling of a consumer;*

12 *“(B) the term ‘securitized residential mort-*
 13 *gage’ means any residential mortgage loan that*
 14 *serves as collateral for a fixed-income or other se-*
 15 *curity that allows the holder of such security to*
 16 *receive payments dependent on the cash flow*
 17 *from such residential mortgage loan; and*

18 *“(C) the term ‘servicer’—*

19 *“(i) has the meaning provided in sec-*
 20 *tion 129A, except that such term includes a*
 21 *person who receives any payments from a*
 22 *mortgagor, including any amounts for es-*
 23 *crow accounts, and makes payments to the*
 24 *owner of the loan or other third parties, in-*
 25 *cluding payments made after default, pur-*

1 *suant to the terms of the relevant contracts;*

2 *and*

3 *“(ii) excludes State and local housing*

4 *agencies.”.*

5 *(b) DISCLOSURE OF FEES.—Section 5(c)(3) of the*

6 *Real Estate Settlement Procedures Act (12 U.S.C.*

7 *2605(c)(3)) is amended—*

8 *(1) by striking “Any notice required” and insert-*

9 *ing the following:*

10 *“(A) IN GENERAL.—Any notice required”;*

11 *and*

12 *(2) by adding at the end the following:*

13 *“(B) DISCLOSURE OF FEES REQUIRE-*

14 *MENT.—The transferee servicer shall provide to*

15 *the borrower, not more than 15 days after the ef-*

16 *fective date of transfer of the servicing of the*

17 *mortgage loan, a statement regarding the loan*

18 *which shows the following:*

19 *“(i) The application of all payments*

20 *and charges, including the date received, as*

21 *allocated to principal, interest, escrow, and*

22 *other charges.*

23 *“(ii) The status of the loan as of the*

24 *date of the transfer including whether the*

25 *loan is in default and whether any loss*

1 *mitigation application submitted by the*
 2 *borrower is pending.*

3 *“(iii) An itemization and explanation*
 4 *for all arrearages claimed to be due as of*
 5 *the date of the transfer.”.*

6 (c) *SAFE HARBOR FOR MISTAKEN PAYMENTS;*
 7 *FEES.—Section 131 of the Truth in Lending Act (15 U.S.C.*
 8 *1641) is amended—*

9 *(1) by redesignating subsection (g) as subsection*
 10 *(i); and*

11 *(2) by inserting after subsection (f) the following:*

12 *“(g) TREATMENT OF MISTAKEN LOAN PAYMENTS*
 13 *AFTER TRANSFER.—During the 60-day period beginning*
 14 *on the effective date of transfer of the servicing of any*
 15 *securitized residential mortgage loan, a late fee may not*
 16 *be imposed on the consumer with respect to any payment*
 17 *on such loan, and no such payment may be treated as late*
 18 *for any other purpose, if the payment is received by the*
 19 *transferor servicer (rather than the transferee servicer who*
 20 *should properly receive payment) on or before the applicable*
 21 *due date, including any grace period allowed under the loan*
 22 *documents.*

23 *“(h) FEE WAIVE UPON TRANSFER.—*

1 “(1) *IN GENERAL.*—*The creditor, new owner, or*
 2 *assignee of the mortgage loan, by itself or through its*
 3 *servicer, may not impose or collect—*

4 “(A) *any fee that is not listed as having*
 5 *been incurred in the notice to the consumer of*
 6 *the transfer of servicing of a securitized residen-*
 7 *tial mortgage loan; or*

8 “(B) *any fee incurred prior to the effective*
 9 *date of servicing transfer that is not disclosed on*
 10 *a periodic statement provided to the consumer*
 11 *prior to the effective date of servicing transfer of*
 12 *a securitized residential mortgage loan.*

13 “(2) *DEFINITIONS.*—*For purposes of this sub-*
 14 *section—*

15 “(A) *the term ‘securitized residential mort-*
 16 *gage’ means any residential mortgage loan that*
 17 *serves as collateral for a fixed-income or other se-*
 18 *curity that allows the holder of such security to*
 19 *receive payments dependent on the cash flow*
 20 *from such residential mortgage loan; and*

21 “(B) *the term ‘servicer’—*

22 “(i) *has the meaning provided in sec-*
 23 *tion 129A, except that such term includes a*
 24 *person who receives any payments from a*
 25 *mortgagor, including any amounts for es-*

1 crow accounts, and makes payments to the
 2 owner of the loan or other third parties, in-
 3 cluding payments made after default, pur-
 4 suant to the terms of the relevant contracts;
 5 and

6 “(ii) excludes State and local housing
 7 agencies.”.

8 **SEC. 804. INVESTMENT AUTHORITY TO SUPPORT RURAL IN-**
 9 **FRASTRUCTURE.**

10 Section 11 of the Federal Home Loan Bank Act (12
 11 U.S.C. 1431) is amended by adding at the end the following:

12 “(m) *MISSION INVESTMENTS FOR RURAL INFRA-*
 13 *STRUCTURE.*—In furtherance of its mission under section
 14 5, each Federal Home Loan Bank is authorized to purchase
 15 investment grade securities from nonmember cooperative
 16 lenders that have received financing from the Federal Fi-
 17 nancing Bank and that possess demonstrated experience in
 18 making loans to rural cooperatives. Such securities shall be
 19 secured investments collateralized by loans of the coopera-
 20 tive lender. The purchase of such securities shall be at the
 21 sole discretion of the Bank, consistent with such regulations,
 22 restrictions, and limitations as may be prescribed by the
 23 Board.”.

1 **SEC. 805. CONSOLIDATION OF SIMILAR HOUSING ASSIST-**
2 **ANCE PROGRAMS.**

3 (a) *REPORT.*—

4 (1) *IN GENERAL.*—Not later than 2 years after
5 the date of enactment of this Act, the Corporation, the
6 Secretary of Housing and Urban Development, the
7 Secretary of the Treasury, the Secretary of Agri-
8 culture, the Secretary of Veterans Affairs, the Sec-
9 retary of Labor, and the Secretary of the Interior
10 shall jointly submit to Congress a report, which
11 shall—

12 (A) identify and evaluate, based on need
13 and appropriateness, specific opportunities to
14 consolidate similar housing assistance programs,
15 which may include the programs identified in
16 the August 2012 Government Accountability Of-
17 fice report to Congress entitled “Opportunities
18 Exist to Increase Collaboration and Consider
19 Consolidation” (GAO-12-554);

20 (B) provide recommendations to Congress
21 for legislative action to appropriately streamline,
22 consolidate, or eliminate similar housing assist-
23 ance programs identified and evaluated under
24 subparagraph (A); and

25 (C) identify opportunities for cross-agency
26 collaboration of housing assistance efforts.

1 (2) *ACCESSIBILITY.*—*The report submitted under*
2 *paragraph (1) shall be made available on a publically*
3 *accessible Internet website.*

4 (b) *USE OF ADMINISTRATIVE AUTHORITY.*—

5 (1) *IN GENERAL.*—

6 (A) *The Director of the Office of Manage-*
7 *ment and Budget shall coordinate with the Sec-*
8 *retary of Housing and Urban Development, the*
9 *Secretary of the Treasury, the Secretary of Agri-*
10 *culture, the Secretary of Veterans Affairs, the*
11 *Secretary of Labor, and the Secretary of the In-*
12 *terior to consider and evaluate opportunities to*
13 *eliminate, consolidate, or streamline housing as-*
14 *sistance programs.*

15 (B) *The Director of the Office of Manage-*
16 *ment and Budget, in coordination with the Sec-*
17 *retary of Housing and Urban Development, the*
18 *Secretary of the Treasury, the Secretary of Agri-*
19 *culture, the Secretary of Veterans Affairs, the*
20 *Secretary of Labor, and the Secretary of the In-*
21 *terior, shall eliminate, consolidate, or streamline*
22 *any programs identified under subparagraph*
23 *(A) which they find appropriate.*

24 (2) *COST SAVINGS.*—*Any administrative cost*
25 *savings resulting from the consolidation, elimination,*

1 *or streamlining of housing assistance programs under*
2 *paragraph (1) shall be transferred as follows:*

3 *(A) 50 percent to the Housing Trust Fund*
4 *established under section 1338 of the Federal*
5 *Housing Enterprises Financial Safety and*
6 *Soundness Act of 1992 (12 U.S.C. 4568).*

7 *(B) 50 percent to the General Fund of the*
8 *Treasury to be used for deficit reduction.*

9 *(3) REPORT.—The Director of the Office of Man-*
10 *agement and Budget shall submit to Congress a re-*
11 *port on an annual basis of any actions taken to*
12 *streamline similar housing assistance programs, and*
13 *the cost savings resulting from such actions.*

14 *(c) RULE OF CONSTRUCTION.—Nothing in this section*
15 *shall be construed to grant the Director of the Office of Man-*
16 *agement and Budget, the Secretary of Housing and Urban*
17 *Development, the Secretary of the Treasury, the Secretary*
18 *of Agriculture, the Secretary of Veterans Affairs, the Sec-*
19 *retary of Labor, or the Secretary of the Interior any addi-*
20 *tional authority to eliminate, consolidate, or streamline*
21 *housing assistance programs that they did not have prior*
22 *to the date of enactment of this Act.*

1 **SEC. 806. BUREAU OF CONSUMER FINANCIAL PROTECTION**

2 **REVIEW; GAO REPORT.**

3 (a) *BUREAU OF CONSUMER FINANCIAL PROTECTION*
4 *REVIEW.*—

5 (1) *IN GENERAL.*—*Except as provided in para-*
6 *graph (2), not later than 3 months after the date of*
7 *enactment of this Act, the Bureau of Consumer Fi-*
8 *nancial Protection shall, after reviewing relevant data*
9 *and consulting with stakeholders, including represent-*
10 *atives of the manufactured housing industry and rep-*
11 *resentatives of consumers and homeowners, consider*
12 *and review the application of subsections (bb) and*
13 *(cc) of section 103 of the Truth in Lending Act (15*
14 *U.S.C. 1602) to manufactured housing loans, includ-*
15 *ing—*

16 (A) *the annual percentage rate coverage test*
17 *for high-cost mortgages;*

18 (B) *the total points and fees coverage test*
19 *for high-cost mortgages; and*

20 (C) *the definition of the term “mortgage*
21 *originator”.*

22 (2) *EXCEPTION.*—*The Bureau of Consumer Fi-*
23 *nancial Protection shall not be required to conduct*
24 *the review under paragraph (1) if the Bureau does*
25 *not receive relevant data relating to the review that*

1 *was not previously submitted to the Bureau on or be-*
2 *fore January 31, 2013.*

3 (3) *RULE OF CONSTRUCTION.*—*Nothing in para-*
4 *graph (1) shall be construed to require the Bureau of*
5 *Consumer Financial Protection to engage in rule-*
6 *making, including rulemaking to modify any rule re-*
7 *lating to subsection (bb) or (cc) of section 103 of the*
8 *Truth in Lending Act (15 U.S.C. 1602).*

9 (b) *GAO REPORT.*—*Not later than 10 months after the*
10 *date of enactment of this Act, the Comptroller General of*
11 *the United States shall conduct a study and issue a report*
12 *to Congress on the manufactured housing loan market,*
13 *which shall include an analysis of—*

14 (1) *the loan products available in the manufac-*
15 *tured housing loan market and the performance of*
16 *those products, which shall include a review of the un-*
17 *derwriting standards and portfolios of creditors that*
18 *originate manufactured housing loans, such as deposi-*
19 *tory institutions and finance companies;*

20 (2) *the characteristics of borrowers that partici-*
21 *pate in the manufactured housing loan market, in-*
22 *cluding—*

23 (A) *the creditworthiness of the borrower;*

24 (B) *the usage pattern of the borrower; and*

1 (C) the process for evaluating and com-
 2 paring loan products prior to purchase; and

3 (3) the potential impact on access to mortgage
 4 credit for manufactured housing loans if subsections
 5 (bb) and (cc) of section 103 of the Truth in Lending
 6 Act (15 U.S.C. 1602) were applied to manufactured
 7 housing loans, including—

8 (A) the annual percentage rate coverage test
 9 for high-cost mortgages;

10 (B) the total points and fees coverage test
 11 for high-cost mortgages;

12 (C) the definition of “mortgage originator”;

13 (D) borrower delinquency and default in the
 14 manufactured housing loan market; and

15 (E) competition in the manufactured hous-
 16 ing loan market.

17 **SEC. 807. DETERMINATION OF BUDGETARY EFFECTS.**

18 The budgetary effects of this Act, for the purpose of
 19 complying with the Statutory Pay-As-You-Go Act of 2010,
 20 shall be determined by reference to the latest statement titled
 21 “Budgetary Effects of PAYGO Legislation” for this Act,
 22 submitted for printing in the Congressional Record by the
 23 Chairman of the Senate Budget Committee, provided that
 24 such statement has been submitted prior to the vote on pas-
 25 sage.

Calendar No. 579

113TH CONGRESS
2^D Session

S. 1217

A BILL

To provide secondary mortgage market reform, and
for other purposes.

SEPTEMBER 18, 2014

Reported with an amendment