

113TH CONGRESS
1ST SESSION

S. 1373

To increase access to refinancing for homeowners, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JULY 25, 2013

Mr. MERKLEY introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

A BILL

To increase access to refinancing for homeowners, 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.**

4 This Act may be cited as the “Rebuilding American
5 Homeownership Act of 2013”.

6 **SEC. 2. DEFINITIONS.**

7 In this Act, the following definitions shall apply:

8 (1) CURRENT BORROWER.—The term “current
9 borrower” means a mortgagor that—

10 (A) has made each payment on an eligible
11 mortgage, within the month in which the pay-

1 ment was due, during the 6-month period pre-
2 ceding the date of refinancing of the eligible
3 mortgage under this Act; and

4 (B) has not been more than 30 days delin-
5 quent on an eligible mortgage more than once
6 during the 1-year period preceding the date of
7 refinancing of the mortgage under this Act.

8 (2) DIRECTOR.—The term “Director” means
9 the Director of the Federal Housing Finance Agen-
10 cy.

11 (3) ELIGIBLE MORTGAGE.—The term “eligible
12 mortgage”—

13 (A) means any mortgage that—

14 (i) is an existing first mortgage—

15 (I) that was made for purchase
16 of, or refinancing of another first
17 mortgage, on a 1- to 4-family owner-
18 occupied dwelling, including a condo-
19 minium or a share in a cooperative
20 ownership housing association; and

21 (II) with a current loan-to-value
22 ratio in excess of 80 percent, but not
23 greater than 140 percent;

24 (ii) was originated on or before May
25 31, 2009;

1 (iii) is not owned or guaranteed by an
2 enterprise; and

3 (iv) with respect to which, the mort-
4 gator is a current borrower; and

5 (B) does not include any mortgage that is
6 insured or guaranteed by any program of the
7 Federal Housing Administration, the Depart-
8 ment of Housing and Urban Development, the
9 Government National Mortgage Association, the
10 Department of Agriculture, or the Department
11 of Veterans Affairs.

12 (4) ENTERPRISE.—The term “enterprise”
13 means the Federal National Mortgage Association
14 and the Federal Home Loan Mortgage Corporation.

15 (5) GUARANTEE FEE.—The term “guarantee
16 fee” has the same meaning as in section 1327(a) of
17 the Housing and Community Development Act of
18 1992 (12 U.S.C. 4547(a)).

19 **SEC. 3. REFINANCING AUTHORITY.**

20 (a) ENTERPRISE REFINANCING AUTHORITY.—

21 (1) PROGRAM.—Each enterprise shall establish
22 and carry out a program under this section to pro-
23 vide for the refinancing of eligible mortgages.

24 (2) AUTHORITY.—Notwithstanding any provi-
25 sion of the Federal National Mortgage Association

1 Charter Act (12 U.S.C. 1716 et seq.) and the Fed-
2 eral Home Loan Mortgage Corporation Act (12
3 U.S.C. 1451 et seq.), in carrying out the refinancing
4 program required under paragraph (1), an enter-
5 prise may purchase, guarantee, service, sell, lend on
6 the security of, refinance, or otherwise deal in eligi-
7 ble mortgages.

8 (b) IMPLEMENTATION AUTHORITY.—

9 (1) IN GENERAL.—Subject to paragraph (2),
10 each enterprise may prescribe any requirements,
11 terms, and conditions that such enterprise deter-
12 mines necessary to carry out the refinancing pro-
13 gram required under subsection (a), including with
14 respect to any underwriting criteria, such as—

15 (A) verification of a borrower's employ-
16 ment, income, reserves, and assets;

17 (B) a borrower's credit history;

18 (C) property valuation requirements;

19 (D) representations and warranties;

20 (E) eligible property type and occupancy
21 requirements; and

22 (F) continuation of the second-lien posi-
23 tion, or release, of any junior liens on the prop-
24 erty.

1 (2) EXISTING CREDIT ENHANCEMENTS TO BE
2 RETAINED.—In order to participate in the refi-
3 nancing program required under subsection (a), an
4 eligible mortgage with existing credit enhancement
5 coverage must continue to maintain or otherwise
6 transfer such coverage to the new mortgage that is
7 a result of the refinancing of the eligible mortgage
8 authorized by this section.

9 (3) MAXIMUM TERM OF THE NEW MORT-
10 GAGE.—The term of any new mortgage that is a re-
11 sult of the refinancing of an eligible mortgage au-
12 thorized by this section shall not exceed 30 years.

13 (4) MAXIMUM LOAN AMOUNT.—The maximum
14 original principal obligation of any new mortgage
15 that is a result of the refinancing of an eligible
16 mortgage authorized by this section shall not exceed
17 the limitation in law governing the maximum origi-
18 nal principal obligation on conventional mortgages
19 that may be purchased or guaranteed by an enter-
20 prise, as such law is in effect on the date of the clos-
21 ing of the new mortgage.

22 (c) REGULATIONS.—The Director may issue any reg-
23 ulations, guidance, or directives necessary to carry out the
24 refinancing program required under subsection (a).

1 **SEC. 4. GUARANTEE FEES.**

2 (a) **REQUIREMENT TO CHARGE A GUARANTEE**
3 **FEE.**—Each enterprise shall charge a guarantee fee in
4 connection with any guarantee of the timely payment of
5 principal and interest on securities, notes, and other obli-
6 gations based on or backed by eligible mortgages refi-
7 nanced under this Act.

8 (b) **AMOUNT.**—

9 (1) **IN GENERAL.**—The amount of the guar-
10 antee fee required to be charged by an enterprise
11 pursuant to subsection (a) shall be actuarially deter-
12 mined by the Director to cover the expected risk of
13 default on the pool of eligible mortgages refinanced
14 under this Act backing the security, note, or other
15 obligation to which the enterprises' guarantee ap-
16 plies.

17 (2) **RULE OF CONSTRUCTION.**—In calculating
18 the expected risk of default pursuant to paragraph
19 (1), the Director shall ensure that any default prob-
20 ability assumptions used to model such risk—

21 (A) are reasonable, including with respect
22 to the arrival rate of default and the magnitude
23 risk of default; and

24 (B) are not unduly weighted to cover his-
25 torical stress or crisis scenarios.

1 (3) PROHIBITION ON ADDITIONAL CHARGES.—

2 In determining the amount of any guarantee fee re-
3 quired to be charged pursuant to subsection (a), nei-
4 ther the Director nor an enterprise may charge any
5 additional fee, price adjustment, premium, or other
6 amount other than that which is determined in ac-
7 cordance with paragraph (1).

8 (4) PROHIBITION ON OFFSETS.—The Director
9 shall prohibit an enterprise from offsetting the cost
10 of the guarantee fee required to be charged pursuant
11 to subsection (a) to mortgage originators, borrowers,
12 and investors by decreasing other charges, fees, or
13 premiums, or in any other manner.

14 (c) AUTHORITY TO LIMIT OFFER OF GUARANTEE.—
15 The Director shall prohibit an enterprise from consum-
16 mating any offer for a guarantee on any security, note,
17 or other obligation based on or backed by eligible mort-
18 gages refinanced under this Act, if the guarantee is incon-
19 sistent with the requirements of this section.

20 **SEC. 5. REPORTS.**

21 The Director shall include, in the annual report sub-
22 mitted to the Congress pursuant to section 1319B of the
23 Federal Housing Enterprises Financial Safety and Sound-
24 ness Act of 1992 (12 U.S.C. 4521), information on the

1 use and impact of the program established under section
2 3. The information provided shall include—

3 (1) a review and analysis of the effectiveness of
4 the program in—

5 (A) reducing the rate of mortgage default
6 and delinquency;

7 (B) preventing foreclosure; and

8 (C) supporting stable homeownership; and

9 (2) any recommendations the Director considers
10 appropriate regarding the program.

11 **SEC. 6. SUNSET.**

12 (a) **TERMINATION.**—The provisions of this Act, and
13 any program or authorities established or granted therein
14 or derived therefrom, shall terminate on December 31,
15 2014.

16 (b) **EXTENSION.**—The Director, upon transmission of
17 a written notification to Congress, may extend the authori-
18 ties provided under this Act for a 1-year period.

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