

[DISCUSSION DRAFT]

113TH CONGRESS  
2D SESSION

**H. R.** \_\_\_\_\_

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

IN THE HOUSE OF REPRESENTATIVES

Ms. WATERS introduced the following bill; which was referred to the  
Committee on \_\_\_\_\_

**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 Opportunities Move the Economy Forward Act  
6 of 2014” or the “HOME Forward Act of 2014”.

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

Sec. 1. Short title; table of contents.

Sec. 2. Definitions.

## TITLE I—NATIONAL MORTGAGE FINANCE ADMINISTRATION

- Sec. 101. Establishment.
- Sec. 102. Director.
- Sec. 103. Advisory Board; status of employees.
- 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  
NMFA

## Subtitle A—Duties and Authorities

- Sec. 201. Duties and responsibilities of the NMFA.
- Sec. 202. Credit risk-sharing mechanisms, products, structures, contracts, or other security agreements.
- Sec. 203. Mortgage Insurance Fund.
- Sec. 204. Insurance.
- Sec. 205. General powers.
- Sec. 206. Exemptions.

## Subtitle B—Formation and Oversight of the Mortgage Securities Cooperative

- Sec. 211. Establishment of the Mortgage Securities Cooperative.
- Sec. 212. Issuer standards.
- Sec. 213. Capital requirements.
- Sec. 214. Limited authority to hold eligible mortgage loans.
- Sec. 215. Responsibility to ensure broad market access.

## Subtitle C—Oversight of Market Participants

- Sec. 221. Approval of private mortgage insurers.
- Sec. 222. Approval of servicers and mortgage servicing standards.
- Sec. 223. Authority related to oversight of bond guarantors and other private market credit risk guarantors.
- Sec. 224. Additional authority relating to oversight of market participants.
- Sec. 225. Civil money penalties.
- Sec. 226. Protection of privilege and other matters relating to disclosures by market participants.

## Subtitle D—Transparency in Market Operations

- Sec. 231. Review of loan documents; disclosures.
- Sec. 232. Investor immunity.
- Sec. 233. Uniform securitization agreements.
- Sec. 234. Uniform mortgage database.
- Sec. 235. Electronic registration of eligible mortgages.

## Subtitle E—NMFA Structure

- Sec. 241. Office of Underwriting.
- Sec. 242. Office of Securitization.
- Sec. 243. Office of Federal Home Loan Bank Supervision.

TITLE III—TRANSFER OF POWERS, PERSONNEL, AND PROPERTY  
TO NMFA 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. Residual corpus of enterprises in conservatorship.
- Sec. 306. 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. Market Access Fund..
- Sec. 405. Additional taxpayer protections.

TITLE V—WIND DOWN OF FANNIE MAE AND FREDDIE MAC

- Sec. 501. Transition.
- Sec. 502. Wind down.
- Sec. 503. Aligning purpose of conservatorship with NMFA.
- Sec. 504. Conforming loan limits.
- Sec. 505. Portfolio reduction.
- Sec. 506. Repeal of mandatory housing goals.
- Sec. 507. Fair Housing Act compliance.

TITLE VI—MULTIFAMILY HOUSING FINANCE REFORM

- Sec. 601. Short title.
- Sec. 602. Findings.
- Sec. 603. Definitions.
- Sec. 604. Establishment of multifamily platform.
- Sec. 605. Transition.
- Sec. 606. Membership.
- Sec. 607. Governance of multifamily platform.
- Sec. 608. Capitalization; funding.
- Sec. 609. Oversight of multifamily platform.
- Sec. 610. Multifamily mortgage insurance.
- Sec. 611. Catastrophic insurance.
- Sec. 612. Exemptions.

TITLE VII—MULTIPLE LENDER ISSUES

- Sec. 701. Multiple lender issues.

TITLE VIII—GENERAL PROVISIONS

- Sec. 801. Authority to issue regulations.
- Sec. 802. Accounting method.
- Sec. 803. Rule of construction.
- Sec. 804. Severability.

**1 SEC. 2. DEFINITIONS.**

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

1           (1) ADMINISTRATION.—The term “Administra-  
2           tion” means the National Mortgage Finance Admin-  
3           istration established under title I.

4           (2) APPROVED PRIVATE MORTGAGE INSURER.—  
5           The term “approved private mortgage insurer”  
6           means an insurer that is approved by the Adminis-  
7           tration pursuant to section 221 to provide private  
8           mortgage insurance on eligible mortgages.

9           (3) APPROVED SERVICER.—The term “ap-  
10          proved servicer” means a servicer that is approved  
11          by the Administration pursuant to section 222 to  
12          administer eligible mortgages.

13          (4) CHARTER.—The term “charter” means—  
14                (A) with respect to the Federal National  
15                Mortgage Association, the Federal National  
16                Mortgage Association Charter Act (12 U.S.C.  
17                1716 et seq.); and

18                (B) with respect to the Federal Home  
19                Loan Mortgage Corporation, the Federal Home  
20                Loan Mortgage Corporation Act (12 U.S.C.  
21                1451 et seq.).

22          (5) COVERED SECURITY.—The term “covered  
23          security” means a mortgage-backed security—

24                (A) collateralized by eligible mortgages;

1 (B) which is issued subject to such credit-  
2 risk sharing mechanism, product, structure,  
3 contract, or other securitization agreement as  
4 established by the Administration pursuant to  
5 title II; and

6 (C) which is eligible for and receives insur-  
7 ance by the Administration pursuant to title II.

8 (6) DIRECTOR.—The term “Director” means  
9 the Director of the National Mortgage Finance Ad-  
10 ministration, unless the context otherwise requires.

11 (7) ELIGIBLE MORTGAGE.—

12 (A) IN GENERAL.—The term “eligible  
13 mortgage” means a mortgage—

14 (i) that is a residential real estate  
15 loan secured by a property with 1 to 4 sin-  
16 gle family units that has been originated in  
17 compliance with section 129C(b) of the  
18 Truth in Lending Act (15 U.S.C.  
19 1639c(b)) (as added by section 1412 of the  
20 Dodd-Frank Wall Street Reform and Con-  
21 sumer Protection Act (Public Law 111–  
22 203; 124 Stat; 2145; commonly referred to  
23 as the “Ability-to-Repay and Qualified  
24 Mortgage Rule”);

1 (ii) has a maximum original principal  
2 obligation amount that does not exceed the  
3 conforming loan limitation for the area de-  
4 termined under section 504;

5 (iii) the outstanding principal balance  
6 of which at the time of purchase of insur-  
7 ance available under title II—

8 (I) is less than 80 percent of the  
9 value of the property securing the  
10 mortgage;

11 (II) is not less than 80 percent  
12 but not more than 85 percent of the  
13 value of the property securing the  
14 mortgage, provided that not less than  
15 12 percent of the unpaid principal  
16 balance of the mortgage, accounting  
17 for any downpayment required under  
18 subparagraph (D), is insured by—

19 (aa) an approved private  
20 mortgage insurer; or

21 (bb) lender recourse or other  
22 credit enhancement that meets  
23 standards comparable to the  
24 standards required of private

1 mortgage insurers under section  
2 211;

3 (III) is not less than 85 percent  
4 but not more than 90 percent of the  
5 value of the property securing the  
6 mortgage, provided that not less than  
7 25 percent of the unpaid principal  
8 balance of the mortgage, accounting  
9 for any downpayment required under  
10 subparagraph (D), is insured by—

11 (aa) an approved private  
12 mortgage insurer; or

13 (bb) lender recourse or other  
14 credit enhancement that—

15 (AA) meets standards  
16 comparable to the standards  
17 required of private mortgage  
18 insurers under section 211;  
19 and

20 (BB) is approved by  
21 the Administration; or

22 (IV) is not less than 90 percent  
23 but not more than 95 percent of the  
24 value of the property securing the  
25 mortgage, provided that not less than

1           30 percent of the unpaid principal  
2           balance of the mortgage, accounting  
3           for any downpayment required under  
4           subparagraph (D), is insured by—

5                   (aa) an approved private  
6                   mortgage insurer; or

7                   (bb) lender recourse or other  
8                   credit enhancement that—

9                           (AA) meets standards  
10                           comparable to the standards  
11                           required of private mortgage  
12                           insurers under section 211;  
13                           and

14                           (BB) is approved by  
15                           the Administration;

16                   (iv) having a downpayment which  
17                   shall be equal to not less than 5 percent of  
18                   purchase price of the property securing the  
19                   mortgage, unless the mortgage meets such  
20                   other requirements as the Administration  
21                   shall specify to protect against the addi-  
22                   tional risk;

23                   (v) that is insured by an approved  
24                   State licensed title insurance company;



1 (vi) that contains such terms and pro-  
2 visions with respect to insurance, property  
3 maintenance, repairs, alterations, payment  
4 of taxes, default, reserves, delinquency  
5 charges, foreclosure proceedings, anticipa-  
6 tion of maturity, additional and secondary  
7 liens, and other matters, including matters  
8 that set forth terms and provisions for es-  
9 tablishing escrow accounts, performing fi-  
10 nancial assessments, or limiting the  
11 amount of any payment made available  
12 under the mortgage as the Administration  
13 may prescribe; and

14 (vii) that contains such other terms or  
15 characteristics as the Administration, in  
16 consultation with the Bureau of Consumer  
17 Financial Protection, may determine nec-  
18 essary or appropriate.

19 (B) RENTAL PROPERTIES; FIRST-TIME  
20 HOMEBUYERS.—Notwithstanding subparagraph  
21 (A), the Administration shall issue rules to pro-  
22 vide that such term shall also include—

23 (i) loans on rental properties that are  
24 not covered by the standards referred to in  
25 subparagraph (A)(i); and

1 (ii) loans made to first-time home-  
2 owners having an initial downpayment of  
3 3.5 percent.

4 (8) 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 (9) FEDERAL BANKING AGENCIES.—The  
11 term—

12 (A) “Federal banking agency” means, indi-  
13 vidualy, 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           (10) 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           (11) 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          (12) INSURED DEPOSITORY INSTITUTION.—The  
11          term “insured depository institution” means—

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

15                 (B) a credit union that meets the defini-  
16                 tion of “depository institution” as that term is  
17                 defined under section 19(b) of the Federal Re-  
18                 serve Act (12 U.S.C. 461).

19          (13) ISSUER.—The term “Issuer” means the  
20          Mortgage Securities Cooperative established under  
21          section 211.

22          (14) NMFA CERTIFICATION DATE.—The term  
23          “NMFA certification date” means the date on which  
24          the Director certifies that the Administration is  
25          operational and able to perform the insurance func-

1 tions for covered securities as provided in this Act,  
2 which date shall be not later than 5 years after the  
3 date of enactment of this Act, unless extended by  
4 not more than one additional year by the Secretary  
5 of the Treasury for cause.

6 (15) SENIOR PREFERRED STOCK PURCHASE  
7 AGREEMENT.—The term “Senior Preferred Stock  
8 Purchase Agreement” means—

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

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

1 (16) ISSUER.—The term “Issuer” means the  
2 issuer that is established pursuant to section 211—

3 (A) to issue covered securities; and

4 (B) to purchase insurance offered by the  
5 Administration pursuant to title II on a covered  
6 security subject to applicable rules concerning  
7 first loss credit enhancement.

8 (17) TRANSFER DATE.—The term “transfer  
9 date” means the date that is 1 year after the date  
10 of enactment of this Act.

## 11 **TITLE I—NATIONAL MORTGAGE** 12 **FINANCE ADMINISTRATION**

### 13 **SEC. 101. ESTABLISHMENT.**

14 (a) ESTABLISHMENT.—There is hereby established  
15 the National Mortgage Finance Administration which  
16 shall have the powers hereinafter granted.

17 (b) PURPOSE.—The purpose of the Administration  
18 shall be to—

19 (1) provide access to affordable mortgage cred-  
20 it, including 30-year fixed rate mortgages, by sup-  
21 porting a robust secondary mortgage market and the  
22 production of residential mortgage-backed securities;  
23 and

1           (2) protect the taxpayer from absorbing losses  
2           incurred in the secondary mortgage market during  
3           periods of economic stress.

4           (c) FEDERAL STATUS.—The Administration shall be  
5           an independent agency of the Federal Government.

6           (d) SUCCESSION.—The Administration shall have  
7           succession until dissolved by Act of Congress.

8           (e) PRINCIPAL OFFICE.—The Administration shall  
9           maintain its principal office in the District of Columbia  
10          and shall be deemed, for purposes of venue in civil actions,  
11          to be a resident thereof.

12          (f) AUTHORITY TO ESTABLISH OTHER OFFICES.—  
13          The Administration may establish such other offices in  
14          such other place or places as the Administration may deem  
15          necessary or appropriate in the conduct of its business.

16          (g) PROHIBITION.—The Administration shall not en-  
17          gage in mortgage origination.

18          **SEC. 102. DIRECTOR.**

19          (a) ESTABLISHMENT OF POSITION.—There is estab-  
20          lished the position of the Director of the Administration,  
21          who shall be the head of the Administration.

22          (b) APPOINTMENT; TERM.—

23                  (1) APPOINTMENT.—The Director shall be ap-  
24          pointed by the President, by and with the advice and

1 consent of the Senate, from among individuals  
2 who—

3 (A) are citizens of the United States; and

4 (B) have a demonstrated understanding of  
5 financial management or oversight and have a  
6 demonstrated understanding of the capital mar-  
7 kets, including the mortgage securities markets  
8 and housing finance.

9 (2) TERM.—The Director shall be appointed for  
10 a term of 5 years, unless removed before the end of  
11 such term for cause by the President.

12 (3) VACANCY.—

13 (A) IN GENERAL.—A vacancy in the posi-  
14 tion of Director that occurs before the expira-  
15 tion of the term for which a Director was ap-  
16 pointed shall be filled in the manner established  
17 under paragraph (1), and the Director ap-  
18 pointed to fill such vacancy shall be appointed  
19 only for the remainder of such term.

20 (B) ACTING DIRECTOR.—If the Senate has  
21 not confirmed a Director, the President may  
22 designate either the individual nominated but  
23 not yet confirmed for the position of Director,  
24 the Director of the Federal Housing Finance  
25 Agency, or other individual, to serve as the Act-

1           ing Director, and such Acting Director shall  
2           have all the rights, duties, powers, and respon-  
3           sibilities of the Director, until such time as a  
4           Director is confirmed by the Senate.

5           (4) SERVICE AFTER END OF TERM.—An indi-  
6           vidual may serve as the Director after the expiration  
7           of the term for which appointed until a successor  
8           has been appointed or confirmed.

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

13          (c) MEMBERSHIP ON FSOC.—The Dodd-Frank Wall  
14          Street Reform and Consumer Protection Act is amend-  
15          ed—

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

18                       “(E) the Federal Mortgage Insurance Cor-  
19                       poration, with respect to—

20                               “(i) the Mortgage Insurance Fund es-  
21                               tablished under title II of the Housing Op-  
22                               portunities Move the Economy Forward  
23                               Act of 2014; and



1                   “(ii) the Federal Home Loan Banks  
2                   or the Federal Home Loan Bank Sys-  
3                   tem.”; and

4                   (2) in section 111(b)(1)(H), by striking “Direc-  
5                   tor of the Federal Housing Finance Agency” and in-  
6                   serting “Director of the National Mortgage Finance  
7                   Administration”.

8 **SEC. 103. ADVISORY BOARD; STATUS OF EMPLOYEES.**

9                   (a) ESTABLISHMENT OF ADVISORY BOARD.—

10                   (1) ESTABLISHMENT.— The Administration  
11                   shall establish an Advisory Board to advise and con-  
12                   sult with the Administration in the exercise of its ac-  
13                   tivities with regard to covered securities and covered  
14                   multifamily securities, and to provide information on  
15                   practices and market conditions in the secondary  
16                   mortgage market.

17                   (2) MEMBERSHIP.—In appointing the members  
18                   of the Advisory Board, the Director shall appoint ex-  
19                   perts who—

20                   (A) have demonstrated technical, academic  
21                   or professional understanding of, and practical,  
22                   disciplinary, vocational, or regulatory experience  
23                   working in, the fields of mortgage lending,  
24                   mortgage insurance markets, or asset manage-  
25                   ment;

1 (B) have demonstrated technical, aca-  
2 demic, or professional understanding of, and  
3 practical, disciplinary, vocational, or regulatory  
4 experience working with lenders having less  
5 than \$10,000,000,000 in total assets, who shall  
6 comprise not fewer than one-third of the mem-  
7 bers of the Advisory Board;

8 (C) have demonstrated technical, academic,  
9 or professional understanding of, and practical,  
10 disciplinary, vocational, or regulatory experience  
11 working in multifamily housing development,  
12 who shall comprise not fewer than one-fourth of  
13 the members of the Advisory Board; and

14 (D) have demonstrated technical, aca-  
15 demic, or professional understanding of, and  
16 practical, disciplinary, vocational, or regulatory  
17 experience working in the development of hous-  
18 ing for extremely-low, very-low and low-income  
19 individuals, which shall comprise not fewer than  
20 one-fifth of the members of the Advisory Board.

21 (3) MEETINGS.—The Advisory Board shall  
22 meet from time to time, but, at a minimum, shall  
23 meet at least four times in each year.

1           (4) COMPENSATION AND TRAVEL EXPENSES.—  
2           Members of the Advisory Board who are not full-  
3           time employees of the United States shall—

4                   (A) be entitled to receive compensation at  
5                   a rate fixed by the Director while attending  
6                   meetings of the Advisory Board, including trav-  
7                   el time; and

8                   (B) be allowed travel expenses, including  
9                   transportation and subsistence, while away  
10                  from their homes or regular places of business.

11          (5) REPORTS.—The Director shall periodically  
12          submit 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,  
15          a written report outlining the activities of the Advi-  
16          sory Board, the input provided to the Administration  
17          from the Advisory Board, and any actions taken to  
18          act upon the recommendations of the Advisory  
19          Board. Such periodic reports may be included in the  
20          report required under section 106.

21          (b) STATUS OF EMPLOYEES.—

22                  (1) IN GENERAL.—A director, Advisory Board  
23                  member, officer, or employee of the Administration  
24                  has no liability under the Securities Act of 1933 (15  
25                  U.S.C. 77a et seq.) with respect to any claim arising

1 out of or resulting from any act or omission by such  
2 person within the scope of such person's employment  
3 in connection with any transaction involving the Ad-  
4 ministration. This subsection shall not be construed  
5 to limit personal liability for criminal acts or omis-  
6 sions, willful or malicious misconduct, acts or omis-  
7 sions for private gain, or any other acts or omissions  
8 outside the scope of such person's employment.

9 (2) EFFECT ON OTHER LAW.—

10 (A) IN GENERAL.—This subsection does  
11 not affect—

12 (i) any other immunities and protec-  
13 tions that may be available to such person  
14 under applicable law with respect to such  
15 transactions; or

16 (ii) any other right or remedy against  
17 the Administration, against the United  
18 States under applicable law, or against any  
19 person other than a person described in  
20 paragraph (1) participating in such trans-  
21 actions.

22 (B) RULE OF CONSTRUCTION.—This sub-  
23 section shall not be construed to limit or alter  
24 in any way the immunities that are available

1 under applicable law for Federal officials and  
2 employees not described in this subsection.

3 **SEC. 104. OFFICE OF THE INSPECTOR GENERAL.**

4 (a) OFFICE OF INSPECTOR GENERAL.—

5 (1) IN GENERAL.—There is established the Of-  
6 fice of the Inspector General of the National Mort-  
7 gage Finance Administration. The head of the Office  
8 of the Inspector General of the National Mortgage  
9 Finance Administration shall be the Inspector Gen-  
10 eral of the National Mortgage Finance Administra-  
11 tion (in this section referred to as the “Inspector  
12 General”), who shall be appointed by the President.

13 (2) ADDITIONAL RESPONSIBILITIES.—In addi-  
14 tion to carrying out the requirements established  
15 under the Inspector General Act of 1978 (5 U.S.C.  
16 App.), the Inspector General shall—

17 (A) conduct, supervise, and coordinate au-  
18 dits and investigations relating to the programs  
19 and operations of the Administration, including  
20 the adequacy of placement of credit risk and  
21 oversight of approved entities, with respect to—

22 (i) the oversight and supervision of  
23 the Federal Home Loan Banks and the  
24 Federal Home Loan Bank System; and

1 (ii) the contracting practices and pro-  
2 cedures of the Administration; and

3 (B) recommend policies for the purpose of  
4 addressing any deficiencies, inefficiencies, gaps,  
5 or failures in the administration of such pro-  
6 grams and operations.

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

14 (A) the adequacy of insurance fees charged  
15 by the Director under title II;

16 (B) the adequacy of the Mortgage Insur-  
17 ance Fund established under title II; and

18 (C) the effectiveness of credit risk place-  
19 ment and capital requirements adopted by the  
20 Administration, including the extent to which  
21 the Government is protected from loss and the  
22 increase in costs to borrowers.

23 (b) AMENDMENTS TO INSPECTOR GENERAL ACT OF  
24 1978.—Section 11 of the Inspector General Act of 1978  
25 (5 U.S.C. App.) is amended—

1 (1) in paragraph (1), by inserting “Director of  
2 the National Mortgage Finance Administration;”  
3 after “the Director of the Federal Housing Finance  
4 Agency;”; and

5 (2) in paragraph (2), by inserting “the National  
6 Mortgage Finance Administration,” after “the Fed-  
7 eral Housing Finance Agency,”.

8 (c) COMPENSATION.—The annual rate of basic pay  
9 of the Inspector General shall be the annual rate of basic  
10 pay provided for positions at level III of the Executive  
11 Schedule under section 5314 of title 5, United States  
12 Code.

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

14 (a) COMPENSATION.—

15 (1) IN GENERAL.—The Director may appoint  
16 and fix the compensation of such officers, attorneys,  
17 economists, examiners, and other employees as may  
18 be necessary for carrying out the functions of the  
19 Administration.

20 (2) RATES OF PAY.—Rates of basic pay and the  
21 total amount of compensation and benefits for all  
22 employees of the Administration may be—

23 (A) set and adjusted by the Director with-  
24 out regard to the provisions of chapter 51 or

1 subchapter III of chapter 53 of title 5, United  
2 States Code; and

3 (B) reasonably increased, notwithstanding  
4 any limitation set forth in paragraph (3), if the  
5 Director determines such increases are nec-  
6 essary to attract and hire qualified employees.

7 (3) PARITY.—The Director may provide addi-  
8 tional compensation and benefits to employees of the  
9 Administration, of the same type of compensation or  
10 benefits that are then being provided by any agency  
11 referred to under section 1206 of the Financial In-  
12 stitutions Reform, Recovery, and Enforcement Act  
13 of 1989 (12 U.S.C. 1833b) or, if not then being pro-  
14 vided, could be provided by such an agency under  
15 applicable provisions of law, rule, or regulation. In  
16 setting and adjusting the total amount of compensa-  
17 tion and benefits for employees, the Director shall  
18 consult with and seek to maintain comparability  
19 with the agencies referred to under section 1206 of  
20 the Financial Institutions Reform, Recovery, and  
21 Enforcement Act of 1989 (12 U.S.C. 1833b).

22 (b) DETAIL OF GOVERNMENT EMPLOYEES.—Upon  
23 the request of the Director, any Federal Government em-  
24 ployee may be detailed to the Administration without re-



1 imbursement, and such detail shall be without interruption  
2 or loss of civil service status or privilege.

3 (c) EXPERTS AND CONSULTANTS.—The Director  
4 may procure the services of experts and consultants as the  
5 Director considers necessary or appropriate.

6 (d) TECHNICAL AND PROFESSIONAL ADVISORY COM-  
7 MITTEES.—The Director may appoint such special advi-  
8 sory, technical, or professional committees as may be use-  
9 ful in carrying out the functions of the Administration.

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

11 (a) REPORTS.—

12 (1) IN GENERAL.—The Administration shall  
13 submit, on an annual basis, to the Committee on  
14 Banking, Housing, and Urban Affairs of the Senate  
15 and the Committee on Financial Services of the  
16 House of Representatives a written report of its op-  
17 erations, activities, budget, receipts, and expendi-  
18 tures for the preceding 12-month period.

19 (2) CONTENTS OF REPORT.—The report re-  
20 quired under subsection (a) shall include an analysis  
21 of—

22 (A) with respect to the Mortgage Insur-  
23 ance Fund established under section 203—

24 (i) the current financial condition of  
25 the Mortgage Insurance Fund;

1 (ii) the exposure of the Mortgage In-  
2 surance Fund to changes in those eco-  
3 nomic factors most likely to affect the con-  
4 dition of that fund;

5 (iii) a current estimate of the re-  
6 sources needed for the Mortgage Insurance  
7 Fund to achieve the purposes of this Act;  
8 and

9 (iv) any findings, conclusions, and rec-  
10 ommendations for legislative and adminis-  
11 trative actions considered appropriate to  
12 the future activities of the Administration;

13 (B) the secondary mortgage market, the  
14 housing market, and the economy, including the  
15 affordability of mortgage finance, and the use  
16 of stress tests, and how such analysis was used  
17 to determine and set the reserve ratio for the  
18 Mortgage Insurance Fund for the preceding 12-  
19 month period;

20 (C) the state of the private markets for  
21 placement of first-loss credit risk, current opti-  
22 mal methods, and the estimated cost for a loan  
23 of placing such risk;

24 (D) whether or not the actual reserve ratio  
25 of the Mortgage Insurance Fund met—

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

3 (ii) the reserve ratio goals established  
4 in section 203(e);

5 (E) how the Administration intends to en-  
6 sure that the goals set for the reserve ratio for  
7 the Mortgage Insurance Fund are to be met  
8 and maintained for the next 12-month period,  
9 and such analysis shall include a detailed and  
10 descriptive plan of the actions that the Admin-  
11 istration intends to take pursuant to its au-  
12 thorities under this Act;

13 (F) how the Administration has provided  
14 access to affordable mortgage credit, including  
15 30-year fixed rate mortgages, in its support of  
16 a robust secondary mortgage market and the  
17 production of residential mortgage-backed secu-  
18 rities;

19 (G) the state of the private label mortgage-  
20 backed securities market, and such analysis  
21 shall include the submission of a reasonable set  
22 of administrative, regulatory, and any appro-  
23 priate legislative proposals on how to minimize  
24 the Federal Government's footprint in the sec-  
25 ondary mortgage market; and

1 (H) the effect that change in loan limits  
2 would have on the secondary mortgage market,  
3 the housing market, and the economy.

4 (b) TESTIMONY.—The Director of the Administra-  
5 tion, on an annual basis, shall provide testimony to the  
6 Committee on Banking, Housing, and Urban Affairs of  
7 the Senate and the Committee on Financial Services of  
8 the House of Representatives.

9 (c) AUDITS.—

10 (1) ANNUAL AUDIT.—The Comptroller General  
11 of the United States shall annually audit the finan-  
12 cial transactions and conditions of the Administra-  
13 tion and the Mortgage Insurance Fund in accord-  
14 ance with the United States generally accepted gov-  
15 ernment auditing standards as may be prescribed by  
16 the Comptroller General.

17 (2) PLACE OF AUDIT.—The audit required  
18 under this subsection shall be conducted at the place  
19 or places where accounts of the Administration and  
20 the Mortgage Insurance Fund, as applicable, are  
21 normally kept.

22 (3) ACCESS.—The representatives of the Comp-  
23 troller General shall have access to the personnel  
24 and to all books, accounts, documents, papers,  
25 records (including electronic records), reports, files,

1 and all other papers, automated data, or property  
2 belonging to or under the control of or used or em-  
3 ployed by the Administration or the Mortgage Insur-  
4 ance Fund pertaining to its financial transactions  
5 and necessary to facilitate the audit required under  
6 this subsection, and such representatives shall be af-  
7 forded full facilities for verifying transactions with  
8 the balances or securities held by depositories, fiscal  
9 agents, and custodians.

10 (4) POSSESSION AND CUSTODY.—All such  
11 books, accounts, documents, records, reports, files,  
12 papers, and property of the Administration and the  
13 Mortgage Insurance Fund used to carry out the  
14 audit required under this subsection shall remain in  
15 the possession and custody of the Administration  
16 and the Mortgage Insurance Fund, as applicable.

17 (5) PERMISSIBLE DUPLICATION.—The Comp-  
18 troller General may obtain and duplicate any such  
19 books, accounts, documents, records, working pa-  
20 pers, automated data and files, or other information  
21 relevant to such audit without cost to the Comp-  
22 troller General and the Comptroller General's right  
23 of access to such information shall be enforceable  
24 pursuant to section 716(c) of title 31, United States  
25 Code.

1 (6) REPORT.—

2 (A) SUBMISSION TO CONGRESS.—The  
3 Comptroller General shall submit to Congress a  
4 report of each annual audit conducted under  
5 this subsection.

6 (B) REQUIRED CONTENT.—The report to  
7 Congress required under subparagraph (A)  
8 shall—

9 (i) set forth the scope of the audit;  
10 and

11 (ii) include—

12 (I) the statement of assets and li-  
13 abilities and surplus or deficit;

14 (II) the statement of income and  
15 expenses;

16 (III) the statement of sources  
17 and application of funds;

18 (IV) such comments and infor-  
19 mation as the Comptroller General  
20 may deem necessary to inform Con-  
21 gress of the financial operations and  
22 condition of the Administration, to-  
23 gether with such recommendations  
24 with respect thereto as the Comp-  
25 troller General may deem advisable;

1 (V) condition of the Mortgage In-  
2 surance Fund;

3 (VI) actions of the Administra-  
4 tion regarding the placement of credit  
5 risk by originators or the issuer;

6 (VII) adequacy of the Adminis-  
7 tration's analysis of the impact of  
8 such actions concerning credit risk on  
9 the affordability of mortgages for bor-  
10 rowers;

11 (VIII) adequacy of underwriting  
12 standards imposed by the Administra-  
13 tion; and

14 (IX) adequacy of Administration  
15 oversight of retained assets of the  
16 Issuer.

17 (7) ASSISTANCE AND COSTS.—

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

1 countants for temporary periods or for special  
2 purposes.

3 (B) COST OF AUDIT COVERED BY ADMINIS-  
4 TRATION.—

5 (i) IN GENERAL.—Upon the request  
6 of the Comptroller General, the Director of  
7 the Administration shall transfer to the  
8 Comptroller General from funds available,  
9 the amount requested by the Comptroller  
10 General to cover the reasonable costs of  
11 any audit and report conducted by the  
12 Comptroller General pursuant to this sub-  
13 section.

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

23 **SEC. 107. INITIAL FUNDING.**

24 (a) IN GENERAL.—Section 1316 of the Federal  
25 Housing Enterprises Financial Safety and Soundness Act



1 of 1992 (12 U.S.C. 4516) is amended by adding at the  
2 end the following:

3       “(i) ANNUAL ASSESSMENTS RELATING TO INITIAL  
4 FUNDING OF THE NMFA.—Notwithstanding title V of  
5 the Housing Opportunities Move the Economy Forward  
6 Act of 2014 or any other provision of law, for the period  
7 beginning on the date of enactment of this subsection and  
8 ending on the NMFA certification date (as that date is  
9 set forth under section 2(14) of the Housing Opportunities  
10 Move the Economy Forward Act of 2014, the Director of  
11 the Federal Housing Finance Agency, in consultation with  
12 the Director of the National Mortgage Finance Adminis-  
13 tration, shall establish and collect from the enterprises an-  
14 nual assessments in addition to those required under sub-  
15 section (a) in an amount not exceeding the amount suffi-  
16 cient to provide for the reasonable costs (including admin-  
17 istrative costs) and expenses of the Administration. All  
18 amounts collected under this subsection shall be trans-  
19 ferred to the National Mortgage Finance Administration.  
20 The annual assessment shall be payable semiannually for  
21 each fiscal year, on October 1 and April 1.”.

22       (b) TREATMENT OF ASSESSMENTS.—

23           (1) DEPOSIT.—Amounts received by the Ad-  
24 ministration from assessments imposed under sec-  
25 tion 1316(i) of the Federal Housing Enterprises Fi-

1        nancial Safety and Soundness Act of 1992 shall be  
2        deposited by the Administration in the manner pro-  
3        vided in section 5234 of the Revised Statutes of the  
4        United States (12 U.S.C. 192) for monies deposited  
5        by the Comptroller of the Currency.

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

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

20           (4) USE OF FUNDS.—

21            (A) IN GENERAL.—The Administration  
22       may use any amounts received from assess-  
23       ments imposed under section 1316(i) of the  
24       Federal Housing Enterprises Financial Safety  
25       and Soundness Act of 1992—

1 (i) for compensation of the employees  
2 of the Administration; and

3 (ii) for all other expenses of the Ad-  
4 ministration.

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

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

18 (i) guaranteed as to principal and in-  
19 terest by the United States with maturities  
20 suitable to the needs of the Administra-  
21 tion; and

22 (ii) bearing interest at a rate deter-  
23 mined by the Secretary of the Treasury  
24 taking into consideration current market  
25 yields on outstanding marketable obliga-

1                   tions of the United States of comparable  
2                   maturity.

3 **TITLE II—DUTIES, RESPONSIBIL-**  
4 **ITIES, AND STRUCTURE OF**  
5 **THE NMFA**

6 **Subtitle A—Duties and Authorities**

7 **SEC. 201. DUTIES AND RESPONSIBILITIES OF THE NMFA.**

8           (a) STANDARDS.—In carrying out the duties under  
9 section 101(b), the Administration shall—

10           (1) minimizes any potential long-term negative  
11 cost on the taxpayer;

12           (2) ensure, to the maximum extent possible—

13                   (A) a liquid and resilient national housing  
14 finance market for single-family and multi-  
15 family housing; and

16                   (B) the availability of affordable mortgage  
17 credit, including the 30-year fixed rate mort-  
18 gage;

19           (3) develop standard form credit risk-sharing  
20 mechanisms, products, structures, contracts, or  
21 other security agreements that place private capital  
22 in the position of taking first losses on credit risk  
23 in front of the insurance fund for covered securities  
24 insured under this Act;

1           (4) provide insurance on any covered security  
2           on which requirements for first loss regarding credit  
3           risk have been met either in the markets or by the  
4           Issuer;

5           (5) ensure that all geographic locations have ac-  
6           cess to both single-family and multifamily mortgage  
7           credit;

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

13          (7) establish and maintain a Mortgage Insur-  
14          ance Fund;

15          (8) facilitate securitization of eligible mortgages  
16          originated by credit unions and community and mid-  
17          size banks without securitization capabilities;

18          (9) enforce discipline and integrity in the mar-  
19          ket for covered securities by setting standards for  
20          the Issuer and for approval of private mortgage in-  
21          surers, servicers, bond guarantors, and other poten-  
22          tial obligors;

23          (10) establish, operate, and maintain a data-  
24          base for the collection, public use, and dissemination  
25          of uniform loan level information on eligible mort-

1 gages consistent with protecting the privacy of the  
2 borrower;

3 (11) develop, adopt, and publish standard uni-  
4 form securitization agreements for covered securi-  
5 ties;

6 (12) establish, operate, and maintain an elec-  
7 tronic registry system for eligible mortgages that  
8 collateralize covered securities insured under this  
9 Act;

10 (13) oversee and supervise use of the common  
11 securitization platform developed by the business en-  
12 tity announced by the Federal Housing Finance  
13 Agency and established by the enterprises;

14 (14) examine any loans held by the Issuer to  
15 ensure that assets that can feasibly be securitized  
16 without excessive costs are sold;

17 (15) monitor the state of the markets for plac-  
18 ing credit risk and determine the cost to the bor-  
19 rower of differing methods;

20 (16) ensure that capital requirement placed on  
21 the Issuer and the reserve requirements of the Mort-  
22 gage Insurance Fund are adequate to address credit  
23 or counterparty risk held by the Issuer; and

24 (17) ensure that credit unions and community  
25 and mid-size banks have equal access to the common

1 securitization platform and any other securitization  
2 platforms and are not discriminated against through  
3 discounts for volume pricing or other mechanisms.

4 (b) SCOPE OF AUTHORITY.—The authority of the Ad-  
5 ministration shall include the authority to exercise such  
6 incidental powers as may be necessary or appropriate to  
7 fulfill the duties and responsibilities of the Administration  
8 set forth under section 101(b).

9 (c) DELEGATION OF AUTHORITY.—The Director may  
10 delegate to officers and employees of the Administration  
11 any of the functions, powers, or duties of the Administra-  
12 tion, as the Director determines appropriate.

13 **SEC. 202. CREDIT RISK-SHARING MECHANISMS, PRODUCTS,**  
14 **STRUCTURES, CONTRACTS, OR OTHER SECU-**  
15 **RITY AGREEMENTS.**

16 (a) IN GENERAL.—The Director shall adopt rules  
17 concerning credit risk sharing mechanisms, products,  
18 structures, contracts, or other security agreements used  
19 to place or retain first-loss positions regarding credit risk  
20 by the Issuer with regard to a covered security or the  
21 originator regarding loans placed in such securities.

22 (b) PRIVATE CAPITAL.—Private capital backing cov-  
23 ered securities may include that of private market partici-  
24 pants that purchase notes linked to credit risk or that  
25 guarantee credit risk, credit risk held by the originator,

1 credit risk covered by capital set aside for credit risk by  
2 the Issuer, or similar mechanisms approved by the Direc-  
3 tor.

4 (c) RESIDUAL CREDIT RISK.—With regard to each  
5 product developed, the Director shall determine the  
6 amounts of credit risk losses that the product would cover  
7 and, if relevant, the amount of counterparty credit risk  
8 created by the product. The Director shall determine the  
9 amount of capital that the Issuer shall hold to cover such  
10 residual credit and counterparty risk.

11 (d) CONTENT OF RULES.—The rules required in sub-  
12 section (a) shall be designed to maximize the amount of  
13 first loss credit risk that can be placed in the private mar-  
14 kets, while minimizing additional costs to the borrowers.  
15 Such rules may apply to either the loan originators or the  
16 issuer, or both.

17 (e) STANDARD.—The Director shall ensure that the  
18 private capital used to cover first loss credit risk, com-  
19 bined with the capital required to be retained by the  
20 Issuer, is adequate to cover losses that might be incurred  
21 as a result of adverse economic conditions, wherein such  
22 conditions are generally consistent with the economic con-  
23 ditions, including national home price declines, observed  
24 in the United States during moderate to severe recessions  
25 experienced during the last 100 years.



1 (f) PROTECTION OF TAXPAYERS.—If the Director  
2 permits the Issuer to place or the originators to retain  
3 or place less than 5 percent of the first-loss credit risk,  
4 it shall adjust the amount of the capital requirements for  
5 the Issuer accordingly and may adjust the guarantee fee  
6 paid to the Mortgage Insurance Fund to protect taxpayers  
7 against the additional risk assumed by the Mortgage In-  
8 surance Fund. The Director also may determine to in-  
9 crease the extent to which private mortgage insurance is  
10 required in connection with loans placed in guaranteed se-  
11 curities.

12 (g) CONSULTATION.—In determining the appropriate  
13 balance between placement of first losses credit risk and  
14 capital requirements, the Director shall consult with the  
15 Secretary of the Treasury and the Chairman of the Board  
16 of Governors of the Federal Reserve Board. The Director  
17 also shall conduct such consultation concerning the appro-  
18 priate level of guarantee fees to be contributed to the  
19 Mortgage Insurance Fund.

20 (h) DEVELOPMENT WINDOW FOR RISK-SHARING  
21 MECHANISMS.—

22 (1) IN GENERAL.—The Director shall complete  
23 the development and implementation of the initial  
24 mechanisms, products, structures, contracts, or  
25 other security agreements required under subsection

1 (a) not later than 5 years after the date of enact-  
2 ment of this Act.

3 (2) EXAMINATION OF VARIOUS MECHANISMS.—

4 In developing the mechanisms, products, structures,  
5 contracts, or other security agreements required  
6 under subsection (a), the Director shall—

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

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

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

23 (i) minimizes any potential long-term  
24 negative cost to the taxpayer;

1 (ii) impacts the availability of mort-  
2 gage credit for consumers;

3 (iii) impacts the ability of small finan-  
4 cial institutions, such as credit unions and  
5 community banks, to participate in the  
6 housing finance markets;

7 (iv) influences mortgage affordability;

8 (v) allows for loan modifications and  
9 foreclosure prevention alternatives;

10 (vi) interacts with the To-Be-An-  
11 nounced market; and

12 (vii) facilitates market liquidity and  
13 resiliency; and

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

18 (3) REPORT.—

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

1 Senate and the Committee on Financial Serv-  
2 ices of the House of Representatives that—

3 (i) analyzes of the cost of placing  
4 credit risk exposure in the private markets,  
5 examining credit spreads in the markets;  
6 surveys by other agencies of credit condi-  
7 tions; comparisons between the cost of  
8 raising funds in the capital markets and  
9 the pricing of mortgage credit risk; and  
10 such other measures as the Administration  
11 believes are appropriate in analyzing the  
12 cost and availability of private credit risk  
13 placement;

14 (ii) details the benefits and drawbacks  
15 of each mechanism, product, structure,  
16 contract, or other security agreement that  
17 the Director considered in carrying out the  
18 requirement of this section;

19 (iii) describes the operation and exe-  
20 cution of any mechanisms, products, struc-  
21 tures, contracts, or other security agree-  
22 ments that the Director determines best  
23 fulfills the requirements of this section;  
24 and

1 (iv) explains how the Director arrived  
2 at the determination made under clause  
3 (iii).

4 (B) SUBSEQUENT REPORTS.—After the ex-  
5 piration of the 5-year period provided in para-  
6 graph (1) and the submission of the report re-  
7 quired under subparagraph (A), each time the  
8 Director develops an additional credit risk-shar-  
9 ing mechanism, product, structure, contract, or  
10 other security agreement that fulfills the re-  
11 quirements of this section, the Director shall  
12 submit a report to the Committee on Banking,  
13 Housing, and Urban Affairs of the Senate and  
14 the Committee on Financial Services of the  
15 House of Representatives addressing the iden-  
16 tical concerns set forth under clauses (i)  
17 through (iv) of subparagraph (A).

18 **SEC. 203. MORTGAGE INSURANCE FUND.**

19 (a) ESTABLISHMENT.—There is established the  
20 Mortgage Insurance Fund, which the Administration  
21 shall—

22 (1) maintain and administer; and

23 (2) use to cover losses incurred on covered secu-  
24 rities insured under this Act, when such losses ex-  
25 ceed the first position losses absorbed by private

1 market holders of such securities and the capital  
2 held by the Issuer pursuant to section 213.

3 (b) DEPOSITS.—The Mortgage Insurance Fund shall  
4 be credited with any—

5 (1) insurance fee amounts required to be depos-  
6 ited in the Fund under this section; and

7 (2) amounts earned on investments pursuant to  
8 subsection (h).

9 (c) FIDUCIARY RESPONSIBILITY.—The Director shall  
10 have the responsibility to ensure that the Mortgage Insur-  
11 ance Fund remains financially sound.

12 (d) USE.—

13 (1) IN GENERAL.—The Mortgage Insurance  
14 Fund shall be solely available to the Administration  
15 for use by the Administration to carry out the func-  
16 tions authorized by this Act and may not be used or  
17 otherwise diverted to cover any other expense of the  
18 Federal Government.

19 (2) EXEMPTION FROM APPORTIONMENT.—Not-  
20 withstanding any other provision of law, amounts re-  
21 ceived by the Mortgage Insurance Fund pursuant to  
22 any fees collected under this section shall not be  
23 subject to apportionment for the purposes of chapter  
24 15 of title 31, United States Code, or under any  
25 other authority.

1 (e) RESERVE RATIO GOALS FOR MORTGAGE INSUR-  
2 ANCE FUND.—

3 (1) IN GENERAL.—The Director shall endeavor  
4 to ensure that the Mortgage Insurance Fund attains  
5 a reserve balance—

6 (A) of 1.25 percent of the sum of the out-  
7 standing principal balance of the covered securi-  
8 ties for which insurance is being provided under  
9 this title within 7 years of the NMFA certifi-  
10 cation date, and to strive to maintain such ratio  
11 thereafter, subject to subparagraph (B); and

12 (B) of 2.25 percent of the sum of the out-  
13 standing principal balance of the covered securi-  
14 ties for which insurance is being provided under  
15 this title within 12 years of the NMFA certifi-  
16 cation date, and to strive to maintain such ratio  
17 at all times thereafter.

18 (2) AUTHORITY TO REDUCE.—The Director  
19 may reduce such percentages if a determination is  
20 made that the level of reserves held by the Fund is  
21 considered to be actuarially fair by an actuary hired  
22 by the Administration for that purpose. To be con-  
23 sidered to be actuarially fair for purposes of this  
24 paragraph, reserves held in the Fund, in combina-  
25 tion with the capital held by the Issuer for the risks

1 that it holds, should be adequate to cover losses at  
2 least equal to any experienced in the housing mar-  
3 kets over the last 100 years.

4 (f) MAINTENANCE OF RESERVE RATIO; ESTABLISH-  
5 MENT OF FEES.—

6 (1) ESTABLISHMENT OF FEES.—The Adminis-  
7 tration shall charge and collect a fee, and may in its  
8 discretion increase or decrease such fee, in connec-  
9 tion with any insurance provided under this title  
10 to—

11 (A) achieve and maintain the reserve ratio  
12 goals established under subsection (e);

13 (B) achieve such reserve ratio goals, if the  
14 actual balance of such reserve is below the goal  
15 amounts established under subsection (e); and

16 (C) fund the operations of the Administra-  
17 tion.

18 (2) FEE CONSIDERATIONS.—In exercising the  
19 authority granted under paragraph (1), the Adminis-  
20 tration shall consider—

21 (A) the expected operating expenses of the  
22 Mortgage Insurance Fund;

23 (B) the risk of loss to the Mortgage Insur-  
24 ance Fund in carrying out the requirements  
25 under this Act;



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

6 (D) economic conditions generally affecting  
7 the mortgage markets;

8 (E) the extent to which the reserve ratio of  
9 the Mortgage Insurance Fund met—

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

12 (ii) the reserve ratio goals established  
13 in subsection (e); and

14 (F) any other factor that the Administra-  
15 tion determines appropriate.

16 (3) FEE UNIFORMITY.—The fee required under  
17 paragraph (1)—

18 (A) shall be set at a uniform amount appli-  
19 cable to all institutions purchasing insurance  
20 under this title;

21 (B) may not vary—

22 (i) by geographic location; or

23 (ii) by the size of the institution to  
24 which the fee is charged;

1 (C) may not be based on the volume of in-  
2 surance to be purchased by an originator; and

3 (D) may vary based on past performance  
4 of loans supplied by the originator.

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) INVESTMENTS.—Amounts in the Mortgage Insur-  
10 ance Fund that are not otherwise employed—

11 (1) shall be invested in obligations of the  
12 United States; and

13 (2) may not be invested in any covered security  
14 insured under this Act.

15 (h) INITIAL FUNDING.—The Federal Housing Fi-  
16 nance Agency, in consultation with the Secretary of the  
17 Treasury, shall have authority to dedicate a portion of the  
18 guarantee fees received by the enterprises during the pe-  
19 riod in which they continue to conduct new business to  
20 initial funding of the Mortgage Insurance Fund.

21 **SEC. 204. INSURANCE.**

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

1 curred on such security. Payment under the insurance  
2 shall take place after first loss credit risk placement or  
3 retention and the capital of the Issuer has been exhausted,  
4 as determined by the Administration.

5 (b) CASH PAYMENTS; CONTINUED OPERATIONS.—In  
6 the event of a payment default on an eligible mortgage  
7 that collateralizes a covered security insured under this  
8 section that exceeds the first loss position assumed by a  
9 private market holder and the capital of the Issuer has  
10 been exhausted, the Administration shall—

11 (1) pay, in cash when due, any shortfalls in  
12 payment of principal and interest under the eligible  
13 mortgage; and

14 (2) continue to charge and collect any fees for  
15 the provision of insurance relating to the covered se-  
16 curity.

17 (c) FULL FAITH AND CREDIT.—The full faith and  
18 credit of the United States is pledged to the payment of  
19 all amounts which may be required to be paid under any  
20 insurance provided under this section.

21 (d) PROHIBITION ON FEDERAL ASSISTANCE.—

22 (1) PROHIBITION.—Subject to paragraph (2)  
23 and notwithstanding any other provision of law, no  
24 Federal funds may be used to purchase or guarantee  
25 obligations of, issue lines of credit to, provide direct

1 or indirect access to any financing provided by the  
2 United States Government to, or provide direct or  
3 indirect grants and aid to any private market holder  
4 of the first loss position on a covered security which,  
5 on or after the date of enactment of this Act, has  
6 defaulted on its obligations, is at risk of defaulting,  
7 or is likely to default, absent such assistance from  
8 the United States Government.

9 (2) INAPPLICABILITY.—Paragraph (1) shall not  
10 apply with respect to liquidity facilities intended to  
11 address market conditions or related to the timing  
12 of payments.

13 **SEC. 205. GENERAL POWERS.**

14 (a) CORPORATE POWERS.—The National Mortgage  
15 Finance Administration shall have power—

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

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

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, including the es-  
7           tablishment of such subgroups or corporate entities  
8           as are useful in conducting its business..

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

16          (c) EXEMPTION FROM CERTAIN TAXES.—The Ad-  
17          ministration, including its franchise, capital, reserves, sur-  
18          plus, mortgages or other security holdings, and income  
19          shall be exempt from all taxation now or hereafter imposed  
20          by the United States, by any territory, dependency, or pos-  
21          session thereof, or by any State, county, municipality, or  
22          local taxing authority, except that any real property of the  
23          Administration shall be subject to State, territorial, coun-  
24          ty, municipal, or local taxation to the same extent accord-  
25          ing to its value as other real property is taxed.

1 (d) EXCLUSIVE USE OF NAME.—No individual, asso-  
2 ciation, partnership, or corporation, except the bodies cor-  
3 porate named under section 101, shall hereafter use the  
4 words “National Mortgage Finance Administration” or  
5 any combination of such words, as the name or a part  
6 thereof under which the individual, association, partner-  
7 ship, or corporation shall do business. Violations of the  
8 foregoing sentence may be enjoined by any court of gen-  
9 eral jurisdiction at the suit of the proper body corporate.  
10 In any such suit, the plaintiff may recover any actual dam-  
11 ages flowing from such violation, and, in addition, shall  
12 be entitled to punitive damages (regardless of the exist-  
13 ence or nonexistence of actual damages) of not exceeding  
14 \$100 for each day during which such violation is com-  
15 mitted or repeated.

16 (e) FISCAL AGENTS.—The Federal Reserve banks  
17 are authorized and directed to act as depositories,  
18 custodians, and fiscal agents for the Administration on be-  
19 half of the Mortgage Insurance Fund, and such banks  
20 shall be reimbursed for such services in such manner as  
21 may be agreed upon. The Administration, in consultation  
22 with the Board of Governors of the Federal Reserve Sys-  
23 tem, may authorize use of the Federal Reserve banks by  
24 the Issuer.

1 **SEC. 206. EXEMPTIONS.**

2 (a) SECURITIES EXEMPT FROM SEC REGULA-  
3 TION.—

4 (1) IN GENERAL.—All covered securities in-  
5 sured or guaranteed by the Administration shall, to  
6 the same extent as securities that are direct obliga-  
7 tions of or obligations guaranteed as to principal or  
8 interest by the United States, be deemed to be ex-  
9 empt securities within the meaning of the laws ad-  
10 ministered by the Securities and Exchange Commis-  
11 sion.

12 (2) CONFORMING AMENDMENT.—The first sen-  
13 tence of section 3(a)(2) of the Securities Act of 1933  
14 (15 U.S.C. 77c(a)(2)) is amended by inserting “or  
15 any covered security, as such term is defined under  
16 section 2 of the Housing Opportunities Move the  
17 Economy Forward Act of 2014;” after “Federal Re-  
18 serve bank;”.

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

22 (1) in paragraph (3)(B)—

23 (A) by striking “Association, the” and in-  
24 serting “Association and the”; and

25 (B) by striking “and the Federal home  
26 loan banks”; and



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

2 “(7) COVERED SECURITIES INSURED BY THE  
3 NATIONAL MORTGAGE FINANCE ADMINISTRATION.—  
4 Notwithstanding any other provision of this section,  
5 the requirements of this section shall not apply to  
6 any covered security, as such term is defined in sec-  
7 tion 2 of the Housing Opportunities Move the Econ-  
8 omy Forward Act of 2014, insured or guaranteed by  
9 the National Mortgage Finance Administration.”.

10 **Subtitle B—Formation and Over-**  
11 **sight of the Mortgage Securities**  
12 **Cooperative**

13 **SEC. 211. ESTABLISHMENT OF THE MORTGAGE SECURITIES**  
14 **COOPERATIVE.**

15 (a) ESTABLISHMENT.—There shall be established a  
16 cooperative entity to be known as the Mortgage Securities  
17 Cooperative that shall serve as the sole issuer for covered  
18 securities to be insured under section 204.

19 (b) MEMBERSHIP.—Institutions that wish to issue in-  
20 sured covered securities through the Issuer, or to con-  
21 tribute loans into a mechanism for aggregating loans from  
22 multiple originators, shall be members of the Issuer, sub-  
23 ject to such rules as established or approved by the Ad-  
24 ministration.

1           (c) GOVERNANCE.—Governance of the Issuer shall be  
2 on the basis of one-member, one-vote. The board of the  
3 Issuer shall have representation of originators of a range  
4 of sizes and charters to ensure that small institutions are  
5 adequately represented. The Administration may establish  
6 or approve rules regarding governance and board rep-  
7 resentation.

8           (d) COMMON SECURITIZATION PLATFORM.—Subject  
9 to such rules as the Director may establish, the Issuer may  
10 use the common securitization platform established by the  
11 enterprises to issue covered securities that are subject to  
12 the guarantee, subject to such requirements as the Direc-  
13 tor of the Federal Housing Finance Agency and the Sec-  
14 retary of the Treasury shall establish.

15          (e) CORPORATE POWERS.—The Issuer shall have  
16 power—

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

19           (2) to enter into and perform contracts, leases,  
20 cooperative agreements, or other transactions, on  
21 such terms as it may deem appropriate, with any  
22 agency or instrumentality of the United States, or  
23 with any State, Territory, or possession, or the Com-  
24 monwealth of Puerto Rico, or with any political sub-

1 division thereof, or with any person, firm, associa-  
2 tion, or corporation;

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

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

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

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

1           (7) to prescribe, repeal, and amend or modify,  
2 rules or requirements governing the manner in  
3 which its general business may be conducted;

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

7           (9) to do all things as are necessary or inci-  
8 dental to the proper management of its affairs and  
9 the proper conduct of its business, including the es-  
10 tablishment of such subgroups or corporate entities  
11 as are useful in conducting its business.

12       (f) EXEMPTION FROM CERTAIN TAXES.—The Issuer,  
13 including its franchise, capital, reserves, surplus, mort-  
14 gages or other security holdings, and income shall be ex-  
15 empt from all taxation now or hereafter imposed by any  
16 territory, dependency, or possession thereof, or by any  
17 State, county, municipality, or local taxing authority, ex-  
18 cept that any real property of the Issuer shall be subject  
19 to State, territorial, county, municipal, or local taxation  
20 to the same extent according to its value as other real  
21 property is taxed.

22       (g) EXCLUSIVE USE OF NAME.—No individual, asso-  
23 ciation, partnership, or corporation, except for the Issuer,  
24 shall hereafter use the words “Mortgage Securities Coop-  
25 erative” or any combination of such words, as the name

1 or a part thereof under which the individual, association,  
2 partnership, or corporation shall do business. Violations  
3 may be enjoined by any court of general jurisdiction at  
4 the suit of the proper body corporate. In any such suit,  
5 the plaintiff may recover any actual damages flowing from  
6 such violation, and, in addition, shall be entitled to puni-  
7 tive damages (regardless of the existence or nonexistence  
8 of actual damages) of not exceeding \$100 for each day  
9 during which such violation is committed or repeated.

10 **SEC. 212. ISSUER STANDARDS.**

11 (a) IN GENERAL.—The Administration shall develop,  
12 adopt, and publish standards for issuance of covered secu-  
13 rities, including standards with respect to the Issuer’s  
14 ability to—

15 (1) aggregate eligible mortgage loans into pools;

16 (2) securitize eligible mortgage loans for sale to  
17 private investors as a covered security;

18 (3) transfer or otherwise place credit risk with  
19 private market participants in accordance with the  
20 risk-sharing mechanisms developed by the Adminis-  
21 tration under section 202;

22 (4) ensure equitable access to the secondary  
23 mortgage market for covered securities for all insti-  
24 tutions regardless of size or geographic location;

1           (5) create mechanisms for multi-lender pools  
2           for smaller lenders that will be acceptable to the pri-  
3           vate market; and

4           (6) ensure that eligible mortgage loans that  
5           collateralize a covered security insured under this  
6           title are originated in compliance with the require-  
7           ments of this Act.

8           (b) **ADDITIONAL REQUIRED STANDARDS.**—The  
9           standards required under subsection (a) shall include—

10           (1) the financial condition of the Issuer;

11           (2) the adequacy of the capital structure of the  
12           Issuer;

13           (3) the risk presented by the Issuer to the  
14           Mortgage Insurance Fund;

15           (4) the adequacy of insurance and fidelity cov-  
16           erage of the Issuer;

17           (5) a requirement that the Issuer submit au-  
18           dited financial statements to the Administration;

19           (6) the capacity of the Issuer to secure first  
20           loss credit enhancement on its own behalf or to en-  
21           sure that its member provide such enhancement to  
22           loans insured through the Issuer;

23           (7) standards for membership by originators of  
24           mortgages, including standards relating to the safety  
25           and soundness of prospective members and regard-

1       ing the underwriting and other practices of such  
2       members, including the retention or placement of  
3       credit risk; and

4               (8) any other standard the Administration de-  
5       termines necessary or appropriate.

6       **SEC. 213. CAPITAL REQUIREMENTS.**

7       (a) ESTABLISHMENT.—The Administration shall es-  
8       tablish capital standards that the Issuer shall be required  
9       to meet in order to protect the Mortgage Insurance Fund  
10      from the risk of loss. Such standards shall take account  
11      the risk of the mortgages securitized and the quality of  
12      the first-loss credit risk placement or retention by origina-  
13      tors or the Issuer.

14      (b) BUILDING CAPITAL.—The Administration shall  
15      not require that all capital be paid in advance prior to  
16      the operation of the Issuer, but may allow capital of the  
17      Issuer to be built through retained earnings. Such capital  
18      may include preferred shares issued by the Department  
19      of Treasury for the purpose of providing early capitaliza-  
20      tion to the Issuer. The Administration may determine to  
21      treat any required capital to be paid in to the Issuer to  
22      differ by the size of the member.

23      (c) ADDED RISK.—To the extent that market condi-  
24      tions have limited the level of credit risk that may be  
25      placed in the private markets, the Administration shall in-

1 crease the capital requirements to which the Issuer is sub-  
2 ject in order to provide adequate protection to the Mort-  
3 gage Insurance Fund for the added risk.

4 (d) FORM.—The Administration may determine the  
5 form in which such capital shall be held, and any other  
6 standard that the Administration determines to be nec-  
7 essary or appropriate.

8 **SEC. 214. LIMITED AUTHORITY TO HOLD ELIGIBLE MORT-**  
9 **GAGE LOANS.**

10 (a) AUTHORITY.—The Issuer may hold a limited  
11 amounts of eligible mortgage loans, subject to the over-  
12 sight and rules of the Administration, for the following  
13 purposes:

14 (1) To work out troubled loans that were in-  
15 cluded in guaranteed issuance.

16 (2) To assemble loans for current issuance.

17 (3) To hold loans from the smallest lenders  
18 until such loans can be aggregated into multi-lender  
19 loans.

20 (4) To hold multi-family loans until such loans  
21 can be securitized.

22 (b) SECURITIZATION.—The Administration shall ex-  
23 amine the loans retained by the Issuer each year and may  
24 determine that loans held can be securitized promptly  
25 without undue economic burden.



1 **SEC. 215. RESPONSIBILITY TO ENSURE BROAD MARKET AC-**  
2 **CESS.**

3 (a) **RESPONSIBILITY.**—Consistent with the purposes  
4 of this Act, the Issuer shall facilitate a robust secondary  
5 market for eligible mortgages across the spectrum of cred-  
6 itworthy borrowers, including borrowers in underserved  
7 rural and urban markets.

8 (b) **EVALUATION AND REPORTING OF COMPLI-**  
9 **ANCE.**—Within one year of the NMFA certification date,  
10 the Administration shall establish guidelines or rules for  
11 evaluating compliance by the Issuer with subsection (a)  
12 to ensure broad market access and for rating the extent  
13 of such compliance. The Administration shall evaluate  
14 such compliance and rate the performance of the Issuer  
15 as to the extent of such compliance. The Administration  
16 shall include in such evaluation and rating in the report  
17 submitted pursuant to section 106 for that year.

18 (c) **PROHIBITION OF CONSIDERATION OF AFFORD-**  
19 **ABLE HOUSING FUND AND CAPITAL MAGNET FUND FOR**  
20 **ENSURING BROAD MARKET ACCESS.**—In determining  
21 whether the Issuer has complied with subsection (a), the  
22 Administration may not consider any amounts used under  
23 sections 402 or 403 of this Act.

24 (d) **ENFORCING COMPLIANCE WITH THE RESPONSI-**  
25 **BILITY TO ENSURE BROAD MARKET ACCESS.**—

1           (1) AUTHORITY.—The Director shall monitor  
2 and enforce compliance subsection (a).

3           (2) NOTICE AND PRELIMINARY DECISION.—If,  
4 after a review of the report required under sub-  
5 section (b), the Director preliminarily determines  
6 that the Issuer has not fulfilled the responsibility to  
7 ensure broad market access pursuant to subsection  
8 (a), the Director shall provide written notice to the  
9 Issuer of such a preliminary determination, the rea-  
10 sons for such determination, and the information on  
11 which the NMFA based the determination.

12           (3) RESPONSE PERIOD.—During the 30-day pe-  
13 riod beginning on the date on which the Issuer is  
14 provided notice under paragraph (2), the Issuer may  
15 submit any written information that the Issuer con-  
16 siders appropriate for consideration by the Director  
17 in finally determining whether such failure has oc-  
18 curred or whether achievement of such duty was or  
19 is feasible. The Director may extend the period for  
20 response for good cause for not more than 30 addi-  
21 tional days.

22           (4) CONSIDERATION OF INFORMATION AND  
23 FINAL DETERMINATION.— After the expiration of  
24 the response period under paragraph (3), or upon  
25 receipt of information provided during such period

1 by the Issuer, whichever occurs earlier, the Director  
2 shall issue a final determination as to whether the  
3 Issuer has failed to meet the duty pursuant to sub-  
4 section (a). In making a final determination, the Di-  
5 rector shall take into consideration any relevant in-  
6 formation submitted by the Issuer during the re-  
7 sponse period. The Director shall provide written no-  
8 tice, including a response to any information sub-  
9 mitted during the response period, to the Issuer, the  
10 Committee on Banking, Housing, and Urban Affairs  
11 of the Senate, and the Committee on Financial Serv-  
12 ices of the House of Representatives, of the final de-  
13 termination that Issuer has failed to meet the duty  
14 pursuant to subsection (a) and the reasons for each  
15 such final determination.

16 (5) REMEDIES INCLUDING HOUSING PLANS,  
17 CEASE AND DESIST ORDERS AND CIVIL MONETARY  
18 PENALTIES.—

19 (A) REQUIREMENT.—If the Director finds  
20 that the Issuer has failed to meet the duty pur-  
21 suant to subsection (a), the Director may re-  
22 quire that the Issuer submit a plan under this  
23 subsection subject to such deadline as the Di-  
24 rector shall establish.

1           (B) APPROVAL.—The Director shall review  
2           the submission by the Issuer, including a plan  
3           submitted under this subsection, and, not later  
4           than 30 days after submission, approve or dis-  
5           approve the plan or other action. The Director  
6           may extend the period for approval or dis-  
7           approval for a single additional 30-day period if  
8           the Director determines it necessary. The Di-  
9           rector shall approve any plan the Director de-  
10          termines is likely to succeed.

11          (C) DISAPPROVAL.—If the Director makes  
12          such a finding and the Issuer refuses to submit  
13          such a plan, submits an unacceptable plan, or  
14          fails to comply with the plan, the Director may  
15          issue a plan describing specific actions the  
16          Issuer will be required to take for the next cal-  
17          endar year and to make such improvements and  
18          changes in its operations as are reasonable in  
19          the remainder of the current year, in sufficient  
20          detail to enable the Director to monitor compli-  
21          ance periodically.

22          (D) NOTICE OF APPROVAL AND DIS-  
23          APPROVAL.—The Director shall provide written  
24          notice to the Issuer submitting a plan of the ap-  
25          proval or disapproval of the plan (which shall

1 include the reasons for any disapproval of the  
2 plan) and of any extension of the period for ap-  
3 proval or disapproval.

4 (E) CEASE AND DESIST PROCEEDINGS.—

5 (i) GROUNDS FOR ISSUANCE OF NO-  
6 TICE OF CHARGES.—The Director may  
7 issue and serve a notice of charges under  
8 this subparagraph upon the Issuer if the  
9 Director determines that the Issuer has  
10 failed to submit a plan that complies with  
11 this section within the applicable period; or  
12 the Issuer has failed to comply with a plan  
13 under this section.

14 (ii) PROCEDURE.—Each notice of  
15 charges issued under this subparagraph  
16 shall contain a statement of the facts and  
17 shall fix a time and place at which a hear-  
18 ing will be held to determine on the record  
19 whether an order to cease and desist from  
20 such conduct should issue. If the Director  
21 finds on the record made at a hearing that  
22 any conduct specified in the notice of  
23 charges has been established, the Director  
24 may issue and serve upon the Issuer an  
25 order requiring the Issuer to submit a

1 housing plan in compliance with this sec-  
2 tion and comply with the housing plan.

3 (iii) EFFECTIVE DATE.—An order  
4 under this subparagraph shall become ef-  
5 fective upon the expiration of the 30-day  
6 period beginning on the date of service of  
7 the order upon the Issuer (except in the  
8 case of an order issued upon consent,  
9 which shall become effective at the time  
10 specified therein), and shall remain effec-  
11 tive and enforceable as provided in the  
12 order, except to the extent that the order  
13 is stayed, modified, terminated, or set  
14 aside by action of the Director or other-  
15 wise.

16 (F) CIVIL MONEY PENALTIES.—

17 (i) AUTHORITY.—The Director may  
18 impose a civil money penalty, in accord-  
19 ance with the provisions of this subpara-  
20 graph, on the Issuer if the Issuer has  
21 failed to—

22 (I) submit information to the Ad-  
23 ministration pursuant to subsection  
24 (a) of this section;

1 (II) submit a housing plan or  
2 perform its responsibilities under a re-  
3 medial order issued pursuant to para-  
4 graph (5) of this subsection within the  
5 required period; or

6 (III) comply with a housing plan  
7 for the Issuer under paragraph (5) of  
8 this subsection.

9 (ii) PROCEDURES.—The Director shall  
10 establish standards and procedures gov-  
11 erning the imposition of civil money pen-  
12 alties under this subparagraph. Such  
13 standards and procedures—

14 (I) shall provide for the Director  
15 to notify the Issuer in writing of the  
16 determination of the Director to im-  
17 pose the penalty, which shall be made  
18 on the record;

19 (II) shall provide for the imposi-  
20 tion of a penalty only after the Issuer  
21 has been given an opportunity for a  
22 hearing on the record; and

23 (III) may provide for review by  
24 the Director of any determination or

1 order, or interlocutory ruling, arising  
2 from a hearing.

3 (iii) FACTORS IN DETERMINING  
4 AMOUNT OF PENALTY.—In determining  
5 the amount of a penalty under this sub-  
6 paragraph, the Director shall give consid-  
7 eration to factors including—

8 (I) the gravity of the offense;

9 (II) any history of prior offenses;

10 (III) ability to pay the penalty;

11 (IV) injury to the public;

12 (V) benefits received;

13 (VI) deterrence of future viola-  
14 tions;

15 (VII) the length of time that the  
16 Issuer should reasonably take to  
17 achieve the duty; and

18 (VIII) such other factors as the  
19 Director may determine, by regula-  
20 tion, to be appropriate.

21 (iv) SETTLEMENT BY DIRECTOR.—  
22 The Director may compromise, modify, or  
23 remit any civil money penalty which may  
24 be, or has been, imposed under this sub-  
25 paragraph.



1 (v) DEPOSIT.—The Director shall use  
2 any civil money penalties collected under  
3 this section to help fund the Housing  
4 Trust Fund established under section 1338  
5 of the Federal Housing Enterprises Finan-  
6 cial Safety and Soundness Act of 1992 (12  
7 U.S.C. 4568), the Capital Magnet Fund  
8 established under section 1339 of such Act  
9 (12 U.S.C. 4569), and the Market Access  
10 Fund established under section 404 of this  
11 Act, pursuant to the allocations provided  
12 in section 401 of this Act.

13 (e) CONSISTENCY WITH SAFETY AND SOUNDNESS.—  
14 The Administration shall take appropriate measures de-  
15 signed to ensure that the requirements under this section  
16 are implemented in a manner consistent with safety and  
17 soundness principles.

## 18 **Subtitle C—Oversight of Market** 19 **Participants**

### 20 **SEC. 221. APPROVAL OF PRIVATE MORTGAGE INSURERS.**

21 (a) STANDARDS FOR APPROVAL OF PRIVATE MORT-  
22 GAGE INSURERS.—

23 (1) IN GENERAL.—The Administration shall de-  
24 velop, adopt, and publish standards for the approval  
25 by the Administration of private mortgage insurers

1 to provide private mortgage insurance on eligible  
2 mortgages.

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

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

7 (B) the adequacy of the insurer's capital  
8 structure, including whether the insurer has  
9 sufficient capital to cover the first loss insur-  
10 ance obligations it assumes under this Act and  
11 that might be incurred in a period of economic  
12 stress, including, but not limited to, any period  
13 of economic stress that would result in a 30  
14 percent (or greater) national home price de-  
15 cline;

16 (C) the general character and fitness of  
17 the management of the insurer, including com-  
18 pliance history with Federal and State laws;

19 (D) the risk presented by such insurer to  
20 the Mortgage Insurance Fund;

21 (E) the adequacy of insurance and fidelity  
22 coverage of the insurer;

23 (F) a requirement that the insurer submit  
24 audited financial statements to the Director;  
25 and

1 (G) any other standard the Administration  
2 determines necessary or appropriate.

3 (b) APPLICATION AND APPROVAL.—

4 (1) APPLICATION PROCESS.—The Administra-  
5 tion shall establish an application process, in such  
6 form and manner and requiring such information as  
7 the Administration may require, for the approval of  
8 private mortgage insurers under this section.

9 (2) APPROVAL.—The Administration may ap-  
10 prove any application made pursuant to paragraph  
11 (1) provided the private mortgage insurer meets the  
12 standards adopted under subsection (a).

13 (3) PUBLICATION.—The Administration shall—

14 (A) publish in the Federal Register a list  
15 of newly approved private mortgage insurers;  
16 and

17 (B) maintain an updated list of approved  
18 private mortgage insurers on the website of the  
19 Administration.

20 (c) REVIEW, SUSPENSION, AND REVOCATION OF AP-  
21 PROVED STATUS.—

22 (1) IN GENERAL.—The Administration may re-  
23 view the status of any approved private mortgage in-  
24 surer if the Administration is notified of or becomes

1 aware of any violation by the insurer of this Act or  
2 the rules promulgated pursuant to this Act.

3 (2) SUSPENSION OR REVOCATION.—

4 (A) ADMINISTRATION AUTHORITY.—If the  
5 Administration determines, in a review pursu-  
6 ant to paragraph (1), that an approved private  
7 mortgage insurer no longer meets the standards  
8 for approval, the Administration may suspend  
9 or revoke the approved status of such insurer.

10 (B) RULE OF CONSTRUCTION.—The sus-  
11 pension or revocation of an approved private  
12 mortgage insurer's approved status under this  
13 paragraph shall have no effect on the status of  
14 any covered security or on previously contracted  
15 insurance written by such private mortgage in-  
16 surer.

17 (3) PUBLICATION.—The Administration shall—

18 (A) publish in the Federal Register a list  
19 of any approved private mortgage insurers who  
20 lost their approved status; and

21 (B) maintain an updated list of such insur-  
22 ers on the website of the Administration.

23 (d) APPEALS.—

24 (1) IN GENERAL.—

1 (A) APPEALS OF DENIALS OF APPLICA-  
2 TION.—A private mortgage insurer who submits  
3 an application under subsection (b)(1) to be-  
4 come an approved private mortgage insurer  
5 may appeal a decision of the Administration de-  
6 nying such application.

7 (B) APPEALS OF DENIALS OF BENEFITS  
8 OR SUSPENSIONS OF PARTICIPATION.—An ap-  
9 proved private mortgage insurer may appeal a  
10 decision of the Administration suspending or re-  
11 voking the approved status of such insurer.

12 (2) FILING OF APPEAL.—Any insurer who files  
13 an appeal under paragraph (1) shall file the appeal  
14 with the Administration not later than 90 days after  
15 the date on which the person receives notice of the  
16 decision of the Administration being appealed.

17 (3) FINAL DETERMINATION.—The Administra-  
18 tion shall make a final determination with respect to  
19 an appeal under paragraph (1) not later than 180  
20 days after the date on which the appeal is filed  
21 under paragraph (2).

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

1 (1) in satisfaction of the credit enhancement re-  
2 quired under section 2(7)(C), and

3 (2) to cover the first loss position of private  
4 market holders of such covered security,  
5 unless such mortgage insurer meets such heightened  
6 standards as the Administration may establish.

7 **SEC. 222. APPROVAL OF SERVICERS AND MORTGAGE SERV-  
8 ICING STANDARDS.**

9 (a) STANDARDS FOR APPROVAL OF SERVICERS.—

10 (1) IN GENERAL.—The Administration shall de-  
11 velop, adapt, and publish standards for the approval  
12 by the Administration of servicers to administer eli-  
13 gible mortgages, including standards with respect  
14 to—

15 (A) the financial history and condition of  
16 the servicer;

17 (B) the general character and fitness of  
18 the management of the servicer, including com-  
19 pliance history with Federal and State laws;

20 (C) the risk presented by such servicer to  
21 the Mortgage Insurance Fund;

22 (D) a requirement that the servicer submit  
23 audited financial statements to the Administra-  
24 tion; and

1 (E) any other standard the Administration  
2 determines necessary or appropriate.

3 (2) ADDITIONAL REQUIRED STANDARDS.—The  
4 Administration shall also develop and publish stand-  
5 ards for servicers that administer eligible mortgages,  
6 including standards with respect to—

7 (A) compensation structures which incent  
8 servicers to maximize returns to investors on  
9 both performing and non-performing eligible  
10 mortgages;

11 (B) the collection and forwarding of prin-  
12 cipal and interest payments;

13 (C) the maintenance of escrow accounts;

14 (D) the collection and payment of taxes  
15 and bona fide and reasonable insurance pre-  
16 miums;

17 (E) the application of fees imposed on bor-  
18 rowers in connection with the servicing of an el-  
19 igible mortgage, which shall be reasonably re-  
20 lated to costs;

21 (F) the maintenance of records on eligible  
22 mortgages;

23 (G) the establishment of foreclosure loss  
24 mitigation programs that seek to enhance inves-  
25 tor value and prevent, to the greatest extent

1 possible, the need to trigger any claim on insur-  
2 ance offered by the Administration pursuant to  
3 this title, including through affordable loan  
4 modifications, which shall include as an option  
5 modifications that reduce the unpaid principal  
6 balance of an eligible mortgage, consistent with  
7 a publically available net present value deter-  
8 mination as defined by the Administration;

9 (H) the establishment of procedures for  
10 the servicer to refrain from initiating a judicial  
11 or non-judicial foreclosure, or where a fore-  
12 closure has been initiated, from taking any ad-  
13 ditional steps in the judicial or non-judicial  
14 foreclosure, once an initial request for loss miti-  
15 gation has been made by the homeowner, until  
16 completion of the review of any loss mitigation  
17 application, including written notice to the  
18 homeowner documenting any denial and a req-  
19 uisite appeal process;

20 (I) a proscription against any servicer  
21 maintaining any financial interest in insurance  
22 products related to mortgages serviced by the  
23 servicer or its affiliates other than the coverage  
24 provided by the insurance;



1           (J) the advancement of principal and inter-  
2           est payments to investors in the case of a delin-  
3           quency by a borrower until such time as the  
4           borrower has made all payments in arrears or  
5           the property securing the eligible mortgage has  
6           been liquidated, including provisions for the ces-  
7           sation of advances when there is no longer any  
8           reasonable possibility of the recovery of such  
9           advances from the liquidation of the property or  
10          as appropriate to facilitate modification of the  
11          loan pursuant to subparagraph (G);

12          (K) the provision of information to the  
13          borrower, upon request, documentation estab-  
14          lishing the right to foreclose; and

15          (L) 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 may restrict the ability of the  
20          servicer to offer loss mitigation options.

21          (b) STANDARDS FOR SERVICING OF ELIGIBLE MORT-  
22          GAGES.—

23            (1) IN GENERAL.—The Administration shall de-  
24          velop, adopt and publish standards regarding the

1 servicing of eligible mortgages which shall provide as  
2 follows:

3 (A) PROHIBITION OF INTEREST.—

4 (i) IN GENERAL.—Subject to clause  
5 (iii), a servicer of an eligible mortgage, ap-  
6 proved pursuant to this subsection, or any  
7 affiliate of such servicer, may not own, or  
8 hold any interest in, any other residential  
9 mortgage loan that is secured by a mort-  
10 gage, deed of trust, or other equivalent  
11 consensual security interest on the same  
12 dwelling or residential real property that is  
13 subject to the eligible mortgage.

14 (ii) DEFINITION.—For purposes of  
15 this paragraph, the term “affiliate” means,  
16 with respect to a servicer, any person or  
17 entity that controls, or is controlled by, or  
18 is under common control with such  
19 servicer, as the Administration shall pre-  
20 scribe by regulation.

21 (iii) EXEMPTION.—Clause (i) shall not  
22 apply to—

23 (I) a servicer of a residential  
24 mortgage loan, or an affiliate of such  
25 a server, that owns the sole interest in

1 the mortgage, deed of trust, or other  
2 security interest that secures the resi-  
3 dential loan serviced by the servicer;  
4 or

5 (II) a servicer that is a State or  
6 local housing agency or State or local  
7 housing finance agency.

8 (B) FORCE-PLACED INSURANCE.—

9 (i) IN GENERAL.—If a borrower’s in-  
10 surance policy has not been paid, the  
11 servicer shall make payments on the cur-  
12 rent policy or seek reinstatement of such  
13 policy where necessary and then make such  
14 payments, unless the policy has been ter-  
15 minated for reasons other than non-  
16 payment. If escrow funds are not available,  
17 the servicer shall advance such funds. If  
18 the current policy cannot be continued and  
19 force-placed insurance is provided, the  
20 costs and the coverage should be substan-  
21 tially equivalent to that provided in a  
22 standard homeowner’s insurance policy.

23 (ii) DEFINITION.— For purposes of  
24 this paragraph, the term “force-placed in-  
25 surance” shall have the meaning given

1 such term in section 6(k) of the Real Es-  
2 tate Settlement Procedures Act of 1974  
3 (12 U.S.C. 2605(k); as added by section  
4 1463 of the Dodd-Frank Wall Street Re-  
5 form and Consumer Protection Act; Public  
6 Law 111–203; 124 Stat. 2182).

7 (C) PROHIBITION ON SETTLEMENT SERV-  
8 ICES.—

9 (i) IN GENERAL.—No servicer of an  
10 eligible mortgage shall render a real estate  
11 settlement service in connection with a  
12 transaction involving an eligible mortgage  
13 through a subsidiary of such person or  
14 through insourcing.

15 (ii) DEFINITION.— For purposes of  
16 this paragraph, the term “insourcing”  
17 means providing for services to be con-  
18 ducted by the servicer’s affiliated entities.

19 (D) RECORDS; POINT OF CONTACT.—Each  
20 servicer of an eligible mortgage, or agents of  
21 such servicer, shall, with respect to the bor-  
22 rower, establish—

23 (i) a single electronic record for each  
24 account, the contents of which shall be ac-  
25 cessible throughout the servicer, or agents

1 of such servicer, including to all loss miti-  
2 gation staff, all foreclosure staff, and all  
3 bankruptcy staff; and

4 (ii) a single point of contact for the  
5 borrower for all loss mitigation activities.

6 (E) STAFFING AND DOCUMENTATION FOR  
7 FORECLOSURE, LOSS MITIGATION, BANKRUPTCY  
8 OPERATIONS.—Each servicer of an eligible  
9 mortgage, or agents of such servicer, shall—

10 (i) maintain adequate staffing and  
11 systems for tracking borrower documents  
12 and information that are relevant to fore-  
13 closure, loss mitigation, bankruptcy, and  
14 other servicing operations;

15 (ii) maintain adequate staffing and  
16 caseload limits for employees responsible  
17 for handling foreclosure, loss mitigation,  
18 bankruptcy, and related communication  
19 with borrowers and housing counselors;

20 (iii) set reasonable minimum experi-  
21 ence, education, and training requirements  
22 for loan modification staff; and

23 (iv) document electronically each ac-  
24 tion on a foreclosure, loan modification,  
25 bankruptcy, or other servicing file, includ-

1           ing all communication with the borrower  
2           and other parties.

3           (F) TRANSFER OF SERVICING.—Each  
4           servicer of an eligible mortgage, for any trans-  
5           fer of servicing to a successor servicer, shall—

6                   (i) inform the successor servicer (in-  
7                   cluding a subservicer) whether a loan  
8                   modification is pending;

9                   (ii) ensure that the successor servicer  
10                  shall accept and continue processing prior  
11                  loan modification requests; and

12                  (iii) ensure that successor servicer  
13                  shall honor trial and permanent loan modi-  
14                  fication agreements entered into by the  
15                  transferring servicer.

16          (c) COORDINATION WITH OTHER REGULATORS.—In  
17          developing the standards required under subsections (a)  
18          and (b), the Administration shall coordinate with the Bu-  
19          reau of Consumer Financial Protection, and, to the extent  
20          the Administration determines practical and appropriate,  
21          the other Federal Banking agencies.

22          (d) APPLICATION AND APPROVAL.—

23                  (1) APPLICATION PROCESS.—The Administra-  
24                  tion shall establish an application process—

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

5 (B) that does not discriminate against or  
6 otherwise disadvantage small servicers.

7 (2) APPROVAL.—The Administration may ap-  
8 prove any application made pursuant to paragraph  
9 (1) provided the servicer meets the standards under  
10 subsection (a).

11 (3) PUBLICATION.—The Administration shall—

12 (A) cause to be published in the Federal  
13 Register a list of newly approved servicers; and

14 (B) maintain an updated list of approved  
15 servicers on the website of the Administration.

16 (4) SMALL SERVICER EXEMPTION.—The Ad-  
17 ministration shall by rule, after consultation with the  
18 Bureau, provide exemptions to, or adjustments for,  
19 the provisions of this section for approved small  
20 servicers, in order to reduce the regulatory burdens  
21 while appropriately balancing protection of the Mort-  
22 gage Insurance Fund.

23 (e) REVIEW, PENALTY ASSESSMENT, SUSPENSION  
24 AND REVOCATION OF APPROVED STATUS.—

1           (1) REVIEW OF PERFORMANCE.—The Adminis-  
2           tration shall periodically review the performance of  
3           approved servicers. In connection with such review,  
4           the Administration shall periodically publish a pub-  
5           licly-available scorecard outlining servicer perform-  
6           ance relative to benchmarks.

7           (2) PENALTY ASSESSMENT.—The Administra-  
8           tion may assess civil monetary penalties, consistent  
9           with section 225, in connection with a servicer fail-  
10          ing to comply with any standards pursuant to the  
11          servicing of eligible mortgages under this section.

12          (3) REVIEW OF APPROVED STATUS.—The Ad-  
13          ministration may review the status of any approved  
14          servicer if the Administration is notified of or be-  
15          comes aware of any violation by the servicer of this  
16          Act or the rules promulgated pursuant to this Act,  
17          including any failure by an approved servicer to  
18          comply with the terms set forth in any uniform  
19          securitization agreement developed under this Act.

20          (4) COORDINATION.—In conducting a review  
21          authorized pursuant to paragraphs (1) and (3), the  
22          Administration shall—

23                 (A) provide reasonable notice to, and co-  
24                 ordinate with, the appropriate Federal banking  
25                 agency or State regulatory agency, as appro-



1           appropriate, for an approved servicer that is regu-  
2           lated by such Federal banking agency or State  
3           regulatory agency before commencing an exam-  
4           ination of the approved servicer under this sec-  
5           tion; and

6                   (B) to the fullest extent possible—

7                           (i) rely on the examinations, inspec-  
8                           tions, and reports of the appropriate Fed-  
9                           eral banking agency or State regulatory  
10                          agency, as appropriate, for an approved  
11                          servicer that is regulated by such Federal  
12                          banking agency or State regulatory agency;

13                          (ii) avoid duplication of examination  
14                          activities, reporting requirements, and re-  
15                          quests for information; and

16                          (iii) ensure that approved servicers  
17                          are not subject to conflicting supervisory  
18                          demands by the Administration, appro-  
19                          priate Federal banking agencies, or State  
20                          regulatory agencies, as appropriate.

21           (5) SUSPENSION OR REVOCATION.—

22                   (A) AUTHORITY.—If the Administration  
23                   determines, in a review pursuant to paragraph  
24                   (3), that an approved servicer no longer meets  
25                   the standards for approval, the Administration

1           may suspend or revoke the approved status of  
2           such servicer.

3           (B) STATUS OF COVERED SECURITY.—The  
4           suspension or revocation of an approved  
5           servicer’s approved status under this paragraph  
6           shall have no effect on the status of any covered  
7           security.

8           (6) PUBLICATION.—The Administration shall—

9           (A) cause to be published in the Federal  
10          Register a list of any approved servicers who  
11          lose their approved status; and

12          (B) maintain an updated list of such  
13          servicers on the website of the Administration.

14          (f) APPEALS.—

15          (1) IN GENERAL.—

16          (A) APPEALS OF DENIALS OF APPLICA-  
17          TION.—A servicer who submits an application  
18          under subsection (d)(1) to become an approved  
19          servicer may appeal a decision of the Adminis-  
20          tration denying such application.

21          (B) APPEALS OF DENIALS OF BENEFITS  
22          OF SUSPENSIONS OF PARTICIPATION.—An ap-  
23          proved servicer may appeal a decision of the  
24          Administration suspending or revoking the ap-  
25          proved status of such servicer.

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

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

11          (g) BORROWER OMBUDSMAN.—The Administration  
12          shall establish an Office of the Ombudsman to receive  
13          complaints from homeowners, homeowners' representa-  
14          tives, and other designated third parties. The Ombudsman  
15          shall have the authority to investigate, including the right  
16          to obtain information, documents, and records, in what-  
17          ever form kept, from the servicer, and to resolve disputes  
18          between any homeowner and the servicer of an eligible  
19          mortgage. The Ombudsman shall coordinate with the Bu-  
20          reau of Consumer Financial Protection in the exercise of  
21          this subsection.

22          (h) TRANSFER OF MASTER SERVICING.—

23                 (1) AUTHORITY OF ISSUER.—The Issuer shall  
24                 have the right to transfer master servicing on a cov-  
25                 ered security in the event that the current approved

1       servicer or servicers have failed to appropriately pro-  
2       tect the Mortgage Insurance Fund.

3           (2) AUTHORITY OF BOND GUARANTOR.—Sub-  
4       ject to the rules promulgated by the Issuer, if the  
5       credit risk-sharing on a covered security required  
6       pursuant to section 202 is provided by an approved  
7       bond guarantor, such guarantor shall have the right  
8       to transfer master servicing on a covered security in  
9       the event that the approved bond guarantor can  
10      demonstrate that the current approved servicer or  
11      servicers have failed to appropriately protect their  
12      investment, including by failing to meet any stand-  
13      ard identified under subsection (a)(2).

14           (3) PETITION BY PRIVATE MARKET HOLD-  
15      ERS.—If the credit-risk sharing on a covered secu-  
16      rity required pursuant to section 202 is provided  
17      using any other mechanisms for private credit risk-  
18      sharing other than by bond guarantors as specified  
19      in paragraph (2), and the Issuer has not yet already  
20      transferred master servicing on a covered security  
21      pursuant to paragraph (1), the private market hold-  
22      ers of the first loss position in a covered security  
23      may petition the Issuer for a change in approved  
24      servicers if the private market holders can dem-  
25      onstrate that their current approved servicer or

1 servicers have failed to appropriately protect their  
2 investment, including by failing to meet any stand-  
3 ard identified under subsection (a)(2).

4 (4) CESSATION OF COMPENSATION.—Once the  
5 transfer of servicing under paragraphs (1) through  
6 (3) has occurred, the approved servicer from whom  
7 such servicing rights are extinguished shall cease to  
8 receive compensation for any such servicing activities  
9 related to those rights.

10 (5) SUSPENSION OF FORECLOSURES.—Once the  
11 transfer of servicing under paragraphs (1) through  
12 (3) has occurred, the servicer to whom the servicing  
13 rights were transferred shall suspend the completion  
14 of any foreclosure for an eligible mortgage loan  
15 whose servicing rights have been transferred for a  
16 period of 60 days.

17 (6) SERVICER SUCCESSION PLANS.—The Ad-  
18 ministration may establish a succession plan for  
19 each approved servicer, including provisions for—

20 (A) a specialized servicer to replace the ap-  
21 proved servicer if the performance of the eligi-  
22 ble single-family mortgage loan pool serviced by  
23 such approved servicer deteriorates to specified  
24 levels; and

1 (B) a plan to achieve continuity of contact  
2 for borrowers upon the replacement of the ap-  
3 proved servicer.

4 (7) NOTICE OF TRANSFER OF SERVICING  
5 RIGHTS BY CURRENT SERVICER.—

6 (A) NOTICE TO ADMINISTRATION.—The  
7 Administration shall develop a process by which  
8 an approved servicer shall provide notice to the  
9 Administration of any transfer of any servicing  
10 rights of such approved servicer to another ap-  
11 proved servicer.

12 (B) AUTHORITY OF FMIC TO PREVENT,  
13 HALT, OR RESCIND A TRANSFER.—The process  
14 required to be developed under subparagraph  
15 (A) shall include the development of procedures  
16 to permit the Administration to prevent, halt,  
17 or rescind any transfer of servicing rights from  
18 an approved servicer to a servicer that is not  
19 approved to service eligible single-family mort-  
20 gage loans under this section or to any servicer  
21 whose approved status has been suspended or  
22 revoked pursuant to subsection (e)(5).

1 **SEC. 223. AUTHORITY RELATED TO OVERSIGHT OF BOND**  
2 **GUARANTORS AND OTHER PRIVATE MARKET**  
3 **CREDIT RISK GUARANTORS.**

4 (a) STANDARDS FOR APPROVAL.—

5 (1) IN GENERAL.—The Administration shall de-  
6 velop, adopt, and publish standards for the approval  
7 by the Administration of bond guarantors or private  
8 market participants that will guarantee credit risk  
9 related to covered securities. Such standards shall  
10 cover any credit risk holder that will have a con-  
11 tinuing obligation to the originator or Issuer.

12 (2) REQUIRED STANDARDS.—The standards  
13 under paragraph (1) shall include—

14 (A) the financial history and condition of  
15 the guarantor;

16 (B) minimum capital levels adequate to en-  
17 sure that the guarantor can meet any credit  
18 losses it guarantees;

19 (C) the general character and fitness of  
20 the management of the guarantor, including  
21 compliance history with Federal and State laws;

22 (D) the risk presented by the guarantor to  
23 the Mortgage Insurance Fund;

24 (E) the adequacy of insurance and fidelity  
25 coverage of the guarantor;

1 (F) a requirement that the guarantor sub-  
2 mit audited financial statements to the Direc-  
3 tor;

4 (G) a requirement that the guarantor meet  
5 a minimum tangible threshold as the Adminis-  
6 tration determines necessary; and

7 (H) any other standard the Administration  
8 deems appropriate.

9 (b) RULE OF CONSTRUCTION.—A covered security  
10 that a bond guarantor has insured or in which a bond  
11 guarantor or other private market entity has guaranteed  
12 credit risk shall be deemed to have satisfied the require-  
13 ments for placement of credit risk under section 202, pro-  
14 vided that it meets all requirements of the Administration.

15 (c) APPLICATION AND APPROVAL.—

16 (1) APPLICATION PROCESS.—

17 (A) IN GENERAL.—The Administration  
18 shall establish an application process, in such  
19 form and manner and requiring such informa-  
20 tion as the Administration may require, for the  
21 approval under this section of bond guarantors  
22 and private market entities that will guarantee  
23 credit risk.

24 (B) APPLICATION PROCESS BY INSURED  
25 DEPOSITORY INSTITUTIONS.—If an insured de-



1           pository institution seeks approval under this  
2           section, such institution may only submit its ap-  
3           plication via a separately capitalized affiliate or  
4           subsidiary.

5           (2) APPROVAL.—The Administration may ap-  
6           prove any application made pursuant to paragraph  
7           (1) provided the bond guarantor or private market  
8           entity meets the standards adopted under subsection  
9           (a).

10          (3) PUBLICATION.—The Administration shall—

11           (A) publish in the Federal Register a list  
12           of newly approved bond guarantors and private  
13           market entities that will guarantee credit risk;  
14           and

15           (B) maintain an updated list of approved  
16           bond guarantors and private market entities  
17           that will guarantee credit risk on the website of  
18           the Administration.

19          (d) REVIEW, SUSPENSION, AND REVOCATION OF AP-  
20          PROVED STATUS.—

21           (1) IN GENERAL.—The Administration may re-  
22           view the status of any approved bond guarantor or  
23           private market entities that will guarantee credit  
24           risk if the Administration is notified of or becomes

1 aware of any violation by the insurer of this Act or  
2 the rules promulgated pursuant to this Act.

3 (2) SUSPENSION OR REVOCATION.—

4 (A) ADMINISTRATION AUTHORITY.—If the  
5 Administration determines, in a review pursu-  
6 ant to paragraph (1), that an approved bond  
7 guarantor or private market entity that will  
8 guarantee credit risk no longer meets the stand-  
9 ards for approval, the Administration shall re-  
10 voke the approved status of such guarantor or  
11 entity.

12 (B) RULE OF CONSTRUCTION.—The rev-  
13 ocation of the approved status under this para-  
14 graph of a bond guarantor or private market  
15 entity to guarantee credit risk shall have no ef-  
16 fect on the status of any covered security.

17 (3) PUBLICATION.—The Administration shall—

18 (A) publish in the Federal Register a list  
19 of any approved bond guarantors or private  
20 market entities that will guarantee credit risk  
21 who lost their approved status; and

22 (B) maintain an updated list of such guar-  
23 antors and entities on the website of the Ad-  
24 ministration.

25 (e) APPEALS.—

1 (1) IN GENERAL.—

2 (A) APPEALS OF DENIALS OF APPLICA-  
3 TION.—A bond guarantor or private market en-  
4 tity that will guarantee credit risk who submits  
5 an application under subsection (c)(1) to be-  
6 come approved under this section may appeal a  
7 decision of the Administration denying such ap-  
8 plication.

9 (B) APPEALS OF DENIALS OF BENEFITS  
10 OR SUSPENSIONS OF PARTICIPATION.—An ap-  
11 proved bond guarantor or private market entity  
12 that will guarantee credit risk may appeal a de-  
13 cision of the Administration suspending or re-  
14 voking the approved status of such guarantor or  
15 entity.

16 (2) FILING OF APPEAL.—Any bond guarantor  
17 or private market entity that will guarantee credit  
18 risk who files an appeal under paragraph (1) shall  
19 file the appeal with the Administration not later  
20 than 90 days after the date on which the person re-  
21 ceives notice of the decision of the Administration  
22 being appealed.

23 (3) FINAL DETERMINATION.—The Administra-  
24 tion shall make a final determination with respect to  
25 an appeal under paragraph (1) not later than 180

1 days after the date on which the appeal is filed  
2 under paragraph (2).

3 (f) LIMITATIONS ON APPROVED BOND GUARANTORS  
4 OR OTHER PRIVATE MARKET CREDIT RISK GUAR-  
5 ANTOR.—With respect to any eligible mortgage or covered  
6 security insured under this Act, an approved bond insurer  
7 or other private market credit insurer may not also pro-  
8 vide insurance unless it meets such additional standards  
9 as the Administration may specify.

10 **SEC. 224. ADDITIONAL AUTHORITY RELATING TO OVER-**  
11 **SIGHT OF MARKET PARTICIPANTS.**

12 In carrying out its authorities under this subtitle, the  
13 Administration may, in its discretion, develop, publish,  
14 and adopt such other additional standards or require-  
15 ments as the Administration determines necessary to en-  
16 sure—

17 (1) competition among approved private mort-  
18 gage insurers, servicers, bond guarantors, and other  
19 approved private market participants in the sec-  
20 ondary mortgage market;

21 (2) competitive pricing among approved private  
22 mortgage insurers, servicers, bond guarantors, and  
23 other approved private market participants in the  
24 secondary mortgage market; and

1 (3) access to affordable mortgage credit, includ-  
2 ing 30-year fixed rate mortgages, in the secondary  
3 mortgage market.

4 **SEC. 225. CIVIL MONEY PENALTIES.**

5 (a) **AUTHORITY.**—The Administration may, in its dis-  
6 cretion, impose a civil money penalty on the Issuer or any  
7 approved private mortgage insurer, servicer, bond guar-  
8 antor, or other entity previously approved by the Adminis-  
9 tration that has failed to comply with or otherwise vio-  
10 lates—

11 (1) any standard adopted by the Administration  
12 pursuant to this subtitle; or

13 (2) any other requirement or provision of this  
14 Act, or any order, condition, rule, or regulation  
15 issued pursuant to this Act, applicable to the Issuer  
16 or to such private mortgage insurer, servicer, bond  
17 guarantor, or other entity as the case may be.

18 (b) **PROCEDURES.**—

19 (1) **ESTABLISHMENT.**—The Administration  
20 shall establish standards and procedures governing  
21 the imposition of civil money penalties under this  
22 section. Such standards and procedures—

23 (A) shall provide for the Administration to  
24 notify the Issuer or any approved private mort-  
25 gage insurer, servicer, bond guarantor, or other

1           entity, as the case may be, in writing of the de-  
2           termination of the Administration to impose the  
3           penalty, which shall be made on the record;

4           (B) shall provide for the imposition of a  
5           penalty only after the Issuer or any approved  
6           private mortgage insurer, servicer, bond guar-  
7           antor, or other entity, as the case may be, has  
8           been given an opportunity for a hearing on the  
9           record; and

10           (C) may provide for review by the Admin-  
11           istration of any determination or order, or in-  
12           terlocutory ruling, arising from a hearing.

13           (2) FACTORS DETERMINING AMOUNT OF PEN-  
14           ALTY.—In determining the amount of a penalty  
15           under this section, the Administration shall give con-  
16           sideration to factors including—

17           (A) the gravity of the offense;

18           (B) any history of prior offenses;

19           (C) ability to pay the penalty;

20           (D) injury to the public;

21           (E) benefits received;

22           (F) deterrence of future violations; and

23           (G) such other factors as the Administra-  
24           tion may determine, by regulation, to be appro-  
25           priate.

1 (c) ACTION TO COLLECT PENALTY.—If the Issuer or  
2 any previously approved private mortgage insurer,  
3 servicer, bond guarantor, or other entity, as the case may  
4 be, fails to comply with an order by the Administration  
5 imposing a civil money penalty under this section, the Ad-  
6 ministration may bring an action in the United States Dis-  
7 trict Court for the District of Columbia to obtain a mone-  
8 tary judgment against the Issuer or any previously ap-  
9 proved private mortgage insurer, servicer, bond guarantor,  
10 or other entity, as the case may be, and such other relief  
11 as may be available. The monetary judgment may, in the  
12 court’s discretion, include the attorneys’ fees and other ex-  
13 penses incurred by the United States in connection with  
14 the action. In an action under this subsection, the validity  
15 and appropriateness of the order imposing the penalty  
16 shall not be subject to review.

17 (d) SETTLEMENTS.—The Administration may com-  
18 promise, modify, or remit any civil money penalty which  
19 may be, or has been, imposed under this section.

20 (e) DEPOSIT OF PENALTIES.—The Administration  
21 shall use any civil money penalties collected under this sec-  
22 tion to help fund the Mortgage Insurance Fund estab-  
23 lished under section 203.

24 (f) SUSPENSION AND REVOCATION AUTHORITY.—  
25 Nothing in this section shall limit the authority of the Ad-

1 ministration to suspend or revoke the approved status of  
2 any private mortgage insurer, servicer, bond guarantor ,  
3 or other entity previously approved by the Administration.

4 **SEC. 226. PROTECTION OF PRIVILEGE AND OTHER MAT-**  
5 **TERS RELATING TO DISCLOSURES BY MAR-**  
6 **KET PARTICIPANTS.**

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

10 (1) in section 11(t)(2)(A) (12 U.S.C.  
11 1821(t)(2)(A)), by inserting after clause (v) the fol-  
12 lowing:

13 “(vii) The National Mortgage Finance  
14 Administration.”; and

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

16 (A) by inserting “the National Mortgage  
17 Finance Administration,” before “any Federal  
18 banking agency” each place that term appears;  
19 and

20 (B) by striking “such agency” each place  
21 that term appears and inserting “Administra-  
22 tion, agency”.

23 (b) PERMISSIBLE CONSULTATION WITH FEDERAL  
24 BANKING AGENCIES.—



1           (1) IN GENERAL.—Pursuant to its authority  
2           under section 103(c), to facilitate the consultive  
3           process, the Administration may share information  
4           with the Federal banking agencies, or any individual  
5           Federal banking agency, or any State bank super-  
6           visor, or foreign banking authority, on a one-time,  
7           regular, or periodic basis as determined by the Ad-  
8           ministration regarding the capital, asset and liabil-  
9           ities, financial condition, risk management practices  
10          or any other practice of the Issuer or any approved  
11          private mortgage insurer, servicer, bond guarantor,  
12          or other entity.

13          (2) PRIVILEGE PRESERVED.—Information  
14          shared by the Administration pursuant to paragraph  
15          (1) shall not be construed as waiving, destroying, or  
16          otherwise affecting any privilege or confidential sta-  
17          tus that the Issuer or any approved private mort-  
18          gage insurer, servicer, bond guarantor or any other  
19          person may claim with respect to such information  
20          under Federal or State law as to any person or enti-  
21          ty other than such agencies, agency, supervisor, or  
22          authority.

23          (3) RULE OF CONSTRUCTION.—No provision of  
24          this subsection may be construed as implying or es-  
25          tablishing that—

1 (A) any person waives any privilege appli-  
2 cable to information that is shared or trans-  
3 ferred under any circumstance to which this  
4 subsection does not apply; or

5 (B) any person would waive any privilege  
6 applicable to any information by submitting the  
7 information directly to the Federal banking  
8 agencies, or any individual Federal banking  
9 agency, or any State bank supervisor, or foreign  
10 banking authority, but for this subsection.

## 11 **Subtitle D—Transparency in** 12 **Market Operations**

### 13 **SEC. 231. REVIEW OF LOAN DOCUMENTS; DISCLOSURES.**

14 (a) IN GENERAL.—The Administration shall, by  
15 rule—

16 (1) require that the Issuer—

17 (A) grant access to private market inves-  
18 tors seeking to take the first loss position in a  
19 covered security to all—

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

23 (ii) servicing reports of any approved  
24 servicer relating to such mortgages; and

1 (B) disclose any other material information  
2 that a reasonable investor would want to know,  
3 and make no material omission of such infor-  
4 mation, relating to eligible mortgage loans  
5 collateralizing a covered security; and

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

8 (b) **PRIVACY PROTECTIONS.**—In prescribing the rules  
9 required under this section, the Administration shall take  
10 into consideration issues of consumer privacy and all stat-  
11 utes, rules, and regulations related to privacy of consumer  
12 credit information and personally identifiable information.  
13 Such rules shall expressly prohibit the identification of  
14 specific borrowers or the release of information that would  
15 enable the identification of a specific borrower.

16 **SEC. 232. INVESTOR IMMUNITY.**

17 Any private market investor that has purchased the  
18 first loss position in a covered security or that has other-  
19 wise invested in any covered security insured under this  
20 Act shall have immunity and protection from civil liability  
21 under Federal and State law, and no cause of action may  
22 be brought under Federal or State law against such inves-  
23 tor, with respect to whether or not eligible mortgages that  
24 collateralize a covered security insured under this Act have  
25 complied with the requirements of this Act, including, but

1 not limited to, with respect to any underwriting require-  
2 ments applicable to such mortgage, any representations or  
3 warranties made by the Issuer with respect to such mort-  
4 gages, or whether or not the terms of any uniform  
5 securitization agreement have been met.

6 **SEC. 233. UNIFORM SECURITIZATION AGREEMENTS.**

7 (a) IN GENERAL.—The Administration shall develop,  
8 adopt, and publish standard uniform securitization agree-  
9 ments for covered securities which are insured under this  
10 Act.

11 (b) REQUIRED CONTENT.—The standard uniform  
12 securitization agreements required to be developed under  
13 subsection (a) shall include terms relating to—

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

16 (A) regarding remittance schedules and  
17 payment delays; and

18 (B) permitting the transfer of servicing  
19 rights consistent with section 222(h);

20 (2) loss mitigation, including the development  
21 of uniform standards and practices—

22 (A) requiring servicers to offer home-  
23 owners affordable loan modifications, which  
24 shall include modifications that reduce the un-  
25 paid principal balance of an eligible mortgage,

1 consistent with a publically available net  
2 present value determination, as defined by the  
3 Administration; and

4 (B) requiring servicers to refrain from ini-  
5 tiating a judicial or non-judicial foreclosure, or  
6 where a foreclosure has been initiated, from  
7 taking any additional steps in the judicial or  
8 non-judicial foreclosure, once an initial request  
9 for loss mitigation has been made by the home-  
10 owner, until completion of the review of any  
11 loss mitigation application, including written  
12 notice to the homeowner documenting any de-  
13 nial and a requisite appeal process;

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

17 (4) indemnification and remedies, including for  
18 the restitution or indemnification of the Administra-  
19 tion with respect to early term delinquencies of eligi-  
20 ble mortgages collateralizing a covered security;

21 (5) the qualification, responsibilities, and duties  
22 of trustees; and

23 (6) any other terms or standards the Adminis-  
24 tration determines necessary or appropriate.

1 (c) DEFINING REPRESENTATION AND WARRANTY  
2 VIOLATIONS.—In developing the uniform securitization  
3 agreements required under subsection (a), the Administra-  
4 tion shall also develop, adopt, and publish clear and uni-  
5 form standards that define and illustrate what actions, or  
6 omissions to act, comprise a violation of the representa-  
7 tions and warranties clauses that are made a part of such  
8 agreements.

9 (d) CONSULTATION.—The Administration shall work  
10 with industry groups, including the Issuer and servicers,  
11 originators, mortgage investors, and other interested enti-  
12 ties, including stakeholders representing the interests of  
13 homeowners, to develop the uniform securitization agree-  
14 ments required under subsection (a).

15 (e) PRIVATE ISSUERS USING COMMON  
16 SECURITIZATION PLATFORM.—To the extent that the Ad-  
17 ministration determines that private issuers may use the  
18 common securitization platform for private securities that  
19 are not insured by the Mortgage Insurance Fund, the Ad-  
20 ministration may determine the extent to which such uni-  
21 form agreements are required for such private issuance.

22 **SEC. 234. UNIFORM MORTGAGE DATABASE.**

23 (a) UNIFORM MORTGAGE DATABASE.—The Adminis-  
24 tration shall establish, operate, and maintain a database

1 for the collection, public use, and dissemination of uniform  
2 loan level information on eligible mortgages relating to—

3 (1) loan characteristics;

4 (2) borrower information;

5 (3) the property securing the eligible mort-  
6 gages;

7 (4) loan data required at the time of application  
8 for insurance from the Administration under this  
9 title;

10 (5) the quality and consistency of appraisal and  
11 collateral data on eligible mortgages;

12 (6) industry-wide servicing data standards;

13 (7) the identification of subordinate liens that  
14 have been issued on the property securing an eligible  
15 mortgage, as well as the performance of such subor-  
16 dinate liens; and

17 (8) such other data, datasets, information,  
18 facts, or measurements as the Administration deter-  
19 mines appropriate to improve and enhance loan  
20 quality and operational efficiencies within the sec-  
21 ondary mortgage market.

22 (b) CONSIDERATIONS.—In establishing the database  
23 required under subsection (a), the Administration shall  
24 take into consideration, build upon, and adopt to the ex-  
25 tent the Administration determines appropriate, the exist-

1 ing data standards developed by the Federal Housing Fi-  
2 nance Agency, the Consumer Financial Protection Bu-  
3 reau, the Federal Reserve Board, the Office of the Comp-  
4 troller of the Currency, and the Securities and Exchange  
5 Commission.

6 (c) REGULATIONS.—The Administration shall, by  
7 regulation—

8 (1) establish the manner and form by which  
9 any loan level information collected under subsection  
10 (a) may be accessed by the public, including permit-  
11 ting members of the public to access information on  
12 properties at no charge; and

13 (2) require that such loan level information be  
14 made available to the public in a uniform manner,  
15 in a form designed for ease and speed of access, ease  
16 and speed of downloading, and ease and speed of  
17 use.

18 (d) PROTECTION OF PERSONALLY IDENTIFIABLE IN-  
19 FORMATION.—The Administration shall ensure the protec-  
20 tion of any personally identifiable information contained  
21 in any information, or mix of information, collected and  
22 made available for public access, but may determine to  
23 allow access to data by address.



1 (e) MONTHLY UPDATE.—The database required  
2 under subsection (a) shall be updated not less frequently  
3 than once a month.

4 (f) CONSOLIDATION OF REPORTING SYSTEMS.—The  
5 Administration may choose to consolidate the Uniform  
6 Mortgage Database required under subsection (a) of this  
7 section and the Electronic Registration System required  
8 under section 235 if the Administration provides a written  
9 determination that such consolidation would improve the  
10 efficiency of mortgage data collection, the ease and speed  
11 of use of mortgage data, and the integrity and reliability  
12 of mortgage data, while preserving the protection of any  
13 personally identifiable information to the greatest extent  
14 possible.

15 **SEC. 235. ELECTRONIC REGISTRATION OF ELIGIBLE MORT-**  
16 **GAGES.**

17 (a) ESTABLISHMENT OF ELECTRONIC REGISTRATION  
18 SYSTEM.—The Administration shall establish, operate,  
19 and maintain an electronic registry system for all eligible  
20 mortgages purchased, guaranteed, or securitized by the  
21 Issuer. The system shall automate, centralize, standardize,  
22 and improve the tracking of changes in—

23 (1) the ownership of mortgages, deeds of trust,  
24 promissory notes, and other instruments relating to  
25 a covered security interest under the Act; and

1           (2) servicing rights for any mortgage loan cov-  
2           ered under the Act.

3           (b) IDENTIFICATION OF MORTGAGES AND NOTES.—

4           The tracking system shall assign an identification number  
5           to each security instrument and its related promissory  
6           note upon initial registration with the system. The identi-  
7           fication number shall continue to identify the security in-  
8           strument and note through all subsequent assignments  
9           and transfers. The Administration shall develop a num-  
10          bering system that will assign unique numbers to partici-  
11          pants to help in the identification of individual partici-  
12          pants.

13          (c) INDIVIDUALS AUTHORIZED TO MAKE REGISTRY

14          ENTRIES.—The Administration shall develop procedures  
15          to register individuals authorized to make entries in the  
16          data system. The procedures shall require that servicers  
17          and agents of loan owners identify the principal for whom  
18          each individual is authorized to act, the scope of the agen-  
19          cy, and the identity of the individual's employer.

20          (d) CUSTODY OF NOTE.—The tracking system shall

21          identify by name and street address the entity holding  
22          physical custody of the original promissory note for each  
23          eligible mortgage purchased, guaranteed or securitized by  
24          the Issuer that is in paper form. If the note is in electronic  
25          format and it is not registered in the system, the system

1 shall reference an electronic database where the note is  
2 registered. The electronic note registry shall be accessible  
3 to the public without charge.

4 (e) MANDATORY PARTICIPATION.—Participation in  
5 the registry system shall be mandatory for all eligible  
6 mortgages purchased, guaranteed, or securitized by the  
7 Issuer. Holders of loans or their agents shall have a duty  
8 to register each eligible mortgage purchased, guaranteed,  
9 or securitized by the Issuer and maintain the accuracy of  
10 current system data. All transfers, assignments, and other  
11 changes in the holding of covered promissory notes and  
12 security instruments, and servicing rights, shall be entered  
13 into the system. The tracking system will identify each en-  
14 tity entered in the system by name, address, and other  
15 contact information. If there is more than one servicer for  
16 a particular purchased, guaranteed, or securitized by the  
17 Issuer, each servicer shall be identified in the system, in-  
18 cluding whether the entity is a master servicer,  
19 subservicer, or other servicer.

20 (f) BORROWER ACCESS TO INFORMATION.—To the  
21 extent that the Administration permits issuers of private  
22 securities that are not insured under this Act to use the  
23 common securitization platform, it may adopt appropriate  
24 rules to ensure that a borrower has access to any informa-  
25 tion necessary under this section and section 234.

1 (g) ENFORCEMENT OF REGISTRY REQUIREMENTS;  
2 SANCTIONS.—The Administration shall develop a schedule  
3 of sanctions that shall be imposed upon an originator or  
4 holder or its agent in the event that the loan owner or  
5 agent fails to maintain accurate current information in the  
6 system for an eligible mortgage purchased, guaranteed, or  
7 securitized by the Issuer. The sanctions shall be in a form  
8 that will be effective to deter non-compliance.

9 (h) FREE ACCESS.—All information on the registry  
10 shall be electronically accessible, at no charge, to the pub-  
11 lic.

12 (i) STATE AND LOCAL LAW.—Nothing in this Act  
13 shall be deemed to preempt or limit State and local law  
14 regarding recording or registration of interests in land or  
15 the foreclosure of interests in land.

## 16 **Subtitle E—NMFA Structure**

### 17 **SEC. 241. OFFICE OF UNDERWRITING.**

18 (a) ESTABLISHMENT.—There is established within  
19 the National Mortgage Finance Administration an Office  
20 of Underwriting which shall be headed by the Deputy Di-  
21 rector of Underwriting, who shall be appointed by the Di-  
22 rector.

23 (b) RESPONSIBILITIES.—The Office of Underwriting  
24 shall ensure, through oversight, analysis, and examination,  
25 that eligible mortgages that collateralize a covered security

1 insured under this Act comply with the requirements of  
2 this Act, including with respect to—

3 (1) the submission of complete and accurate  
4 loan data on eligible mortgages;

5 (2) the identification of ineligible mortgage  
6 loans;

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

9 (4) any other activity that the Director deter-  
10 mines appropriate.

11 **SEC. 242. OFFICE OF SECURITIZATION.**

12 (a) ESTABLISHMENT.—There is established within  
13 the National Mortgage Finance Administration an Office  
14 of Securitization which shall be headed by the Deputy Di-  
15 rector of Securitization, who shall be appointed by the Di-  
16 rector.

17 (b) RESPONSIBILITIES.—

18 (1) IN GENERAL.—The Office of Securitization  
19 shall—

20 (A) oversee and supervise the common  
21 securitization platform developed by the busi-  
22 ness entity announced by the Federal Housing  
23 Finance Agency and established by the enter-  
24 prises, including by requiring that the platform

1 have system capabilities to permit the issuance  
2 of multi-lender covered securities; and

3 (B) ensure that credit unions, community  
4 and mid-size banks, and small non-depository  
5 lenders have equitable access to any such plat-  
6 form, including through the development and  
7 facilitation of options for multi-lender pools of  
8 eligible mortgages to be securitized and issued  
9 as covered securities through such platform.

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

12 (A) IN GENERAL.—The Administration,  
13 acting through the Office of Securitization, may  
14 promulgate rules—

15 (i) regarding the use of the common  
16 securitization platform described under  
17 paragraph (1)(A); and

18 (ii) to permit securities other than  
19 covered securities to be issued through  
20 such platform for reasonable compensation.

21 (B) CONTENT OF RULES.—Any rule that  
22 may be promulgated under subparagraph (A)  
23 may include a requirement that any security to  
24 be issued through the common securitization  
25 platform be subject to a uniform securitization

1 agreement developed under section 233 and  
2 such other requirements as the Administration  
3 shall specify. Such rules shall include any rules  
4 necessary to differentiate adequately between  
5 securities of a private sector issuer that are not  
6 guaranteed by the Mortgage Insurance Fund  
7 and covered securities issued by the Issuer.

8 **SEC. 243. OFFICE OF FEDERAL HOME LOAN BANK SUPER-**  
9 **VISION.**

10 (a) ESTABLISHMENT.—There is established within  
11 the National Mortgage Finance Administration an Office  
12 of Federal Home Loan Bank Supervision which shall be  
13 headed by the Deputy Director of Federal Home Loan  
14 Bank Supervision, who shall be appointed by the Director.

15 (b) RESPONSIBILITIES.—The Office of Federal Home  
16 Loan Bank Supervision shall oversee, coordinate, and su-  
17 pervise the Federal Home Loan Banks and the Federal  
18 Home Loan Bank System, including the transition of all  
19 activities transferred to the Administration pursuant to  
20 section 301.

1 **TITLE III—TRANSFER OF POW-**  
2 **ERS, PERSONNEL, AND PROP-**  
3 **ERTY TO NMFA FROM FHFA**

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

5 (a) FEDERAL HOME LOAN BANK FUNCTIONS  
6 TRANSFERRED.—

7 (1) TRANSFER OF FUNCTIONS.—There are  
8 transferred to the Administration all functions of the  
9 Federal Housing Finance Agency and the Director  
10 of the Federal Housing Finance Agency relating  
11 to—

12 (A) the supervision of the Federal Home  
13 Loan Banks and the Federal Home Loan Bank  
14 System; and

15 (B) all rulemaking authority of the Federal  
16 Housing Finance Agency and the Director of  
17 the Federal Housing Finance Agency relating  
18 to the Federal Home Loan Banks and the Fed-  
19 eral Home Loan Bank System.

20 (2) POWERS, AUTHORITIES, RIGHTS, AND DU-  
21 TIES.—The Administration shall succeed to all pow-  
22 ers, authorities, rights, and duties that were vested  
23 in the Federal Housing Finance Agency and the Di-  
24 rector of the Federal Housing Finance Agency, in-  
25 cluding all conservatorship or receivership authori-



1 ties, on the day before the transfer date in connec-  
2 tion with the functions and authorities transferred  
3 under paragraph (1). Notwithstanding requirements  
4 for mandatory use of the receivership authority, the  
5 Administration, in consultation with the Secretary of  
6 the Treasury, the Secretary of Housing and Urban  
7 Development, and the Chairman of the Board of  
8 Governors of the Federal Reserve System, shall have  
9 authority to determine whether the Issuer shall be  
10 placed in receivership, regardless of its capital level.

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

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

16 (1) IN GENERAL.—All regulations, orders, de-  
17 terminations, and resolutions described under para-  
18 graph (2) shall remain in effect according to the  
19 terms of such regulations, orders, determinations,  
20 and resolutions, and shall be enforceable by or  
21 against the Administration until modified, termi-  
22 nated, set aside, or superseded in accordance with  
23 applicable law by the Administration, any court of  
24 competent 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          (c) DISPOSITION OF AFFAIRS.—During the period  
15          preceding 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 Administration may use  
3 the property and services of the Federal Housing Fi-  
4 nance Agency to perform functions which have been  
5 transferred to the Administration until such time as  
6 the Agency is abolished under section 303 to facili-  
7 tate the orderly transfer of functions transferred  
8 under this section, any other provision of this Act,  
9 or any amendment made by this Act to any other  
10 provision 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 Administration 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 Administra-  
25 tion may use the services of employees and other personnel

1 of the Federal Housing Finance Agency, on a reimburs-  
2 able basis, to perform functions which have been trans-  
3 ferred to the Administration for such time as is reasonable  
4 to facilitate the orderly transfer of functions pursuant to  
5 this section, any other provision of this Act, or any amend-  
6 ment 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 Administration under this section shall abate by  
20 reason of the enactment of this Act, except that the  
21 Administration shall be substituted for the Director  
22 of the Federal Housing Finance Agency as a party  
23 to 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 Administration” each place that term  
6 appears;

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

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 Administration” 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) ADMINISTRATION.—The term ‘Adminis-  
20 tration’ means the National Mortgage Finance Ad-  
21 ministration established under title I of the Housing  
22 Opportunities Move the Economy Forward Act of  
23 2014.”; and

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

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

9 (A) in subsection (a)—

10 (i) in the matter preceding paragraph  
11 (1), by striking “the regulated entities”  
12 and inserting “the enterprises”; and

13 (ii) in paragraph (1), by striking “and  
14 under section 20 of the Federal Home  
15 Loan Bank Act”;

16 (B) in subsection (b), by striking para-  
17 graph (2);

18 (C) in subsection (c)—

19 (i) by striking “any regulated entity”  
20 and inserting “any enterprise”;

21 (ii) by striking “the regulated entity”  
22 and inserting “the enterprise”;

23 (iii) by striking “a regulated entity”  
24 each place such term appears and inserting  
25 “an enterprise”;

1 (iv) by striking “such regulated enti-  
2 ty” each place such term appears and in-  
3 sserting “such enterprise”; and

4 (v) by striking “such entity” and in-  
5 sserting “such enterprise”; and

6 (D) in subsection (e)—

7 (i) by striking “each regulated entity”  
8 and inserting “each enterprise”; and

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

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

15 (A) in the heading to the subsection, by  
16 “FEDERAL HOUSING FINANCE AGENCY” and  
17 inserting “NATIONAL MORTGAGE FINANCE AD-  
18 MINISTRATION”;

19 (B) by striking “Federal Housing Finance  
20 Agency” and inserting “National Mortgage Fi-  
21 nance Administration”; and

22 (C) by striking “Federal Housing Finance  
23 Agency’s” and inserting “National Mortgage  
24 Finance Administration’s”.

1           (4) EFFECTIVE DATE.—The amendments made  
2           by this subsection shall take effect on the transfer  
3           date.

4 **SEC. 302. TRANSFER AND RIGHTS OF EMPLOYEES OF THE**  
5 **FHFA.**

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

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

19           (c) GUARANTEED POSITIONS.—Each employee trans-  
20 ferred under subsection (a) shall be guaranteed a position  
21 with the same status, tenure, grade, and pay as that held  
22 on the day immediately preceding the transfer. Employees  
23 who remain with Federal Housing Finance Agency to as-  
24 sist with wind down of the entities shall be ensured of  
25 transfer to the Administration at a later date.



1 (d) APPOINTMENT AUTHORITY FOR EXCEPTED EM-  
2 PLOYEES.—

3 (1) IN GENERAL.—In the case of an employee  
4 occupying a position in the excepted service, any ap-  
5 pointment authority established under law or by reg-  
6 ulations of the Office of Personnel Management for  
7 filling such position shall be transferred, subject to  
8 paragraph (2).

9 (2) DECLINE OF TRANSFER.—The Administra-  
10 tion may decline a transfer of authority under para-  
11 graph (1), to the extent that such authority relates  
12 to a position excepted from the competitive service  
13 because of its confidential, policymaking, policy-de-  
14 termining, or policy-advocating character.

15 (e) REORGANIZATION.—If the Administration deter-  
16 mines, after the end of the 1-year period beginning on the  
17 transfer date, that a reorganization of the combined work-  
18 force is required, that reorganization shall be deemed a  
19 major reorganization for purposes of affording affected  
20 employee retirement under section 8336(d)(2) or  
21 8414(b)(1)(B) of title 5, United States Code.

22 (f) EMPLOYEE BENEFIT PROGRAMS.—

23 (1) IN GENERAL.—Any employee of the Federal  
24 Housing Finance Agency accepting employment with  
25 the Administration as a result of a transfer under

1 subsection (a) may retain, for 12 months after the  
2 date on which such transfer occurs, membership in  
3 any employee benefit program of the Agency or the  
4 Administration, as applicable, including insurance,  
5 to which such employee belongs on the transfer date  
6 if—

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

9 (B) the benefit or program is continued by  
10 the Administration.

11 (2) COST DIFFERENTIAL.—

12 (A) IN GENERAL.—The difference in the  
13 costs between the benefits which would have  
14 been provided by the Federal Housing Finance  
15 Agency and those provided by this section shall  
16 be paid by the Administration.

17 (B) HEALTH INSURANCE.—If any em-  
18 ployee elects to give up membership in a health  
19 insurance program or the health insurance pro-  
20 gram is not continued by the Administration,  
21 the employee shall be permitted to select an al-  
22 ternate Federal health insurance program not  
23 later than 30 days after the date of such elec-  
24 tion or notice, without regard to any other reg-  
25 ularly scheduled open season.

1 **SEC. 303. ABOLISHMENT OF FHFA.**

2       Effective upon certification by the Secretary of the  
3 Treasury that the Agency has substantially completed the  
4 actions necessary to wind down the remaining assets of  
5 the enterprises, the Federal Housing Finance Agency and  
6 the position of the Director of the Federal Housing Fi-  
7 nance Agency are abolished.

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

9       Effective upon the certification by the Secretary of  
10 the Treasury pursuant to section 303, all property of the  
11 Federal Housing Finance Agency shall transfer to the Ad-  
12 ministration, except as determined by the Secretary of the  
13 Treasury to be necessary to continue activities to wind  
14 down the enterprises.

15 **SEC. 305. RESIDUAL CORPUS OF ENTERPRISES IN CON-**  
16 **SERVATORSHIP.**

17       Upon certification of the Secretary of the Treasury  
18 pursuant to section 303, the Agency may transfer the re-  
19 maining assets and authority over the corpuses of enter-  
20 prises to complete the wind down of those remaining as-  
21 sets.

22 **SEC. 306. TECHNICAL AND CONFORMING AMENDMENTS.**

23       (a) **EFFECTIVE DATE.**—The amendments made by  
24 this section shall take effect on the date of enactment of  
25 this Act.

1 (b) REFERENCES IN FEDERAL LAW.—On and after  
2 the date of enactment of this Act, any reference in Federal  
3 law to the Director of the Federal Housing Finance Agen-  
4 cy or the Federal Housing Finance Agency, in connection  
5 with any function of the Director of the Federal Housing  
6 Finance Agency or the Federal Housing Finance Agency  
7 transferred under section 301, shall be deemed a reference  
8 to the Director of the National Mortgage Finance Admin-  
9 istration or the National Mortgage Finance Administra-  
10 tion, as appropriate and consistent with the amendments  
11 made by this Act.

12 (c) TITLE 18, UNITED STATES CODE.—Title 18,  
13 United States Code, is amended—

14 (1) in section 1905, by inserting “or the Na-  
15 tional Mortgage Finance Administration” after  
16 “Federal Housing Finance Agency”;

17 (2) in section 212(e)(2)—

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

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

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

23 “(H) the National Mortgage Finance Ad-  
24 ministration.”;

1           (3) in section 657, by inserting “the National  
2 Mortgage Finance Administration,” after “Federal  
3 Housing Finance Agency,”;

4           (4) in section 1006, by inserting “the National  
5 Mortgage Finance Administration,” after “Federal  
6 Housing Finance Agency,”; and

7           (5) in section 1014, by inserting “the National  
8 Mortgage Finance Administration,” after “Federal  
9 Housing Finance Agency,”.

10       (d) FLOOD DISASTER PROTECTION ACT OF 1973.—  
11 Section 102(b)(5) of the Flood Disaster Protection Act of  
12 1973 (42 U.S.C. 4012a(b)(5)) is amended in subsection  
13 (b)(5), by inserting “the National Mortgage Finance Ad-  
14 ministration,” after “Federal Housing Finance Agency,”.

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

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

20           “Director of the National Mortgage Finance  
21 Administration.”; and

22           (2) in section 3132(a)(1)(D), by inserting “the  
23 National Mortgage Finance Administration,” after  
24 “Federal Housing Finance Agency,”.

1 (f) SARBANES-OXLEY ACT.—Section  
2 105(b)(5)(B)(ii)(II) of the Sarbanes-Oxley Act of 2002  
3 (15 U.S.C. 7215(b)(5)(B)(ii)(II)) is amended by inserting  
4 “or the Chairperson of the National Mortgage Finance  
5 Administration” after “Director of the Federal Housing  
6 Finance Agency”.

7 (g) FEDERAL DEPOSIT INSURANCE ACT.—The Fed-  
8 eral Deposit Insurance Act (12 U.S.C. 1811 et seq.) is  
9 amended—

10 (1) in section 7(a)(2)(A), by inserting “the Na-  
11 tional Mortgage Finance Administration,” after  
12 “Federal Housing Finance Agency,” each place that  
13 term appears;

14 (2) in section 8(e)(7)(A)(vi), by inserting “, the  
15 National Mortgage Finance Administration,” after  
16 “Federal Housing Finance Agency”;

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

19 “(viii) The National Mortgage Fi-  
20 nance Administration.”; and

21 (4) in section 33(e), by inserting “, the Na-  
22 tional Mortgage Finance Administration,” after  
23 “Federal Housing Finance Agency”.

24 (h) RIEGLE COMMUNITY DEVELOPMENT AND REGU-  
25 LATORY IMPROVEMENT ACT OF 1994.—Section 117(e) of

1 the Riegle Community Development and Regulatory Im-  
2 provement Act of 1994 (12 U.S.C. 4716(e)) is amended  
3 by inserting “the National Mortgage Finance Administra-  
4 tion,” after “Federal Housing Finance Agency,”.

5 (i) MAHRA ACT OF 1997.—Section 517(b)(4) of the  
6 Multifamily Assisted Housing Reform and Affordability  
7 Act of 1997 (42 U.S.C. 1437f note) is amended by insert-  
8 ing “the National Mortgage Finance Administration,”  
9 after “Federal Housing Finance Agency,”.

10 (j) TITLE 44, UNITED STATES CODE.—Section  
11 3502(5) of title 44, United States Code, is amended by  
12 inserting “the National Mortgage Finance Administra-  
13 tion,” after “Federal Housing Finance Agency,”.

14 (k) ACCESS TO LOCAL TV ACT OF 2000.—Section  
15 1004(d)(2)(D)(iii) of the Launching Our Communities’  
16 Access to Local Television Act of 2000 (47 U.S.C.  
17 1103(d)(2)(D)(iii)) is amended by inserting “or the Na-  
18 tional Mortgage Finance Administration,” after “Federal  
19 Housing Finance Agency”.

20 (l) FIRREA.—The Financial Institutions Reform,  
21 Recovery, and Enhancement Act of 1989 is amended—

22 (1) in section 1216—

23 (A) in subsection (a)—

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

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

3 (iii) by adding at the end the fol-  
4 lowing:

5 “(4) the National Mortgage Finance Adminis-  
6 tration.”; and

7 (B) in subsection (e), by inserting “the  
8 National Mortgage Finance Administration,”  
9 before “and the Federal Housing Finance  
10 Agency,”;

11 (2) in section 402(e), by striking “Federal  
12 Housing Finance Agency” each place that term ap-  
13 pears and inserting “National Mortgage Finance  
14 Administration”;

15 (3) in section 1124, by inserting “the National  
16 Mortgage Finance Administration,” after “Federal  
17 Housing Finance Agency,” each place that term ap-  
18 pears; and

19 (4) in section 1125(b), by inserting “the Na-  
20 tional Mortgage Finance Administration,” after  
21 “Federal Housing Finance Agency,”.

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

24 (1) in section 104(b)—



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

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

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

6 “(6) the National Mortgage Finance Adminis-  
7 tration.”; and

8 (2) in section 109(b), by inserting “the Na-  
9 tional Mortgage Finance Administration,” after  
10 “Federal Housing Finance Agency,”.

11 (n) DODD-FRANK ACT.—The Dodd-Frank Wall  
12 Street Reform and Consumer Protection Act (Public Law  
13 111–203) is amended—

14 (1) in section 342(g)(1)—

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

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

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

20 “(J) the National Mortgage Finance Ad-  
21 ministration.”;

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

24 “(J) The National Mortgage Finance Ad-  
25 ministration.”; and

1           (3) in section 1481(b), by inserting “the Na-  
2           tional Mortgage Finance Administration,” after  
3           “Federal Housing Finance Agency,”.

4           (o) HOUSING AND URBAN-RURAL RECOVERY ACT.—  
5           Section 469 of the Housing and Urban-Rural Recovery  
6           Act of 1983 (12 U.S.C. 1701p–1) is amended, in the first  
7           sentence, by inserting “the National Mortgage Finance  
8           Administration,” after “Federal Housing Finance Agen-  
9           cy,”.

10          (p) NEIGHBORHOOD REINVESTMENT CORPORATION  
11          ACT.—Section 606(c)(3) of the Neighborhood Reinvest-  
12          ment Corporation Act (42 U.S.C. 8105(c)(3)) is amended  
13          by inserting “, the National Mortgage Finance Adminis-  
14          tration,” after “Federal Housing Finance Agency”.

15          (q) FEDERAL INSURANCE OFFICE ACT.—Section  
16          313(r)(4) of title 31, United States Code, is amended by  
17          inserting “the National Mortgage Finance Administra-  
18          tion,” after “Federal Housing Finance Agency,”.

19          (r) COMMODITY EXCHANGE ACT.—Section  
20          1a(39)(E) of the Commodity Exchange Act (7 U.S.C.  
21          1a(39)(E)) is amended—

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

24                 (2) by inserting before the period at the end  
25                 “the National Mortgage Finance Administration in

1 the case of a swap dealer, major swap participant,  
2 security-based swap dealer, or major security-based  
3 swap participant that is a Federal Home Loan  
4 Bank”.

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

7 (1) section 129H(b)(4), by inserting “the Na-  
8 tional Mortgage Finance Administration,” after  
9 “Federal Housing Finance Agency,”; and

10 (2) in section 129E—

11 (A) in subsection (g)(1), by inserting “the  
12 National Mortgage Finance Administration,”  
13 after “Federal Housing Finance Agency,”; and

14 (B) in subsection (h), by inserting “the  
15 National Mortgage Finance Administration,”  
16 after “Federal Housing Finance Agency,”.

17 (t) FFIEC.—The first sentence of section 1011 of  
18 the Federal Financial Institutions Examination Council  
19 Act of 1978 (12 U.S.C. 3310) is amended by inserting  
20 “the National Mortgage Finance Administration,” before  
21 “and the Federal Housing Finance Agency”.

1 **TITLE IV—IMPROVING TRANS-**  
2 **PARENCY, ACCOUNTABILITY,**  
3 **AND EFFICACY WITHIN AF-**  
4 **FORDABLE HOUSING**

5 **SEC. 401. AFFORDABLE HOUSING ALLOCATIONS.**

6 (a) FEE AND ALLOCATION OF AMOUNTS.—Subject to  
7 subsection (b), and in addition to any fees for the provi-  
8 sion of insurance established in accordance with title II,  
9 in each fiscal year the Administration shall—

10 (1) charge and collect a fee in an amount equal  
11 to 10 basis points for each dollar of the outstanding  
12 principal balance of eligible mortgages collateralizing  
13 covered securities, and of eligible multifamily mort-  
14 gages collateralizing covered multifamily securities  
15 pursuant to section 603, and on any securities in-  
16 sured through the common securitization platform  
17 where insurance is not being provided by the Mort-  
18 gage Insurance Fund; and

19 (2) allocate or otherwise transfer—

20 (A) 75 percent of such fee amounts to the  
21 Secretary of Housing and Urban Development  
22 to fund the Housing Trust Fund established  
23 under section 1338 of the Federal Housing En-  
24 terprises Financial Safety and Soundness Act  
25 of 1992 (12 U.S.C. 4568), of which not more

1 than 5 percent of the aggregate amount allo-  
2 cated to a State or State designated entity  
3 under this subsection shall be used for activities  
4 under such subsection (c)(7)(B) of such section  
5 1338;

6 (B) 15 percent of such fee amounts to the  
7 Secretary of the Treasury to fund the Capital  
8 Magnet Fund established under section 1339 of  
9 the Federal Housing Enterprises Financial  
10 Safety and Soundness Act of 1992 (12 U.S.C.  
11 4569); and

12 (C) 10 percent of such fee amounts to the  
13 Issuer to fund the Market Access Fund estab-  
14 lished under section 404 of this Act.

15 (b) SUSPENSION OF CONTRIBUTIONS.—

16 (1) INITIAL SUSPENSION.—The Administration  
17 may temporarily suspend allocations under sub-  
18 section (a), for a period of not longer than one year,  
19 upon submission by the Administration, to the Com-  
20 mittee on Financial Services of the House of Rep-  
21 resentatives and the Committee on Banking, Hous-  
22 ing, and Urban Affairs of the Senate, of a written  
23 determination that such allocations are contributing,  
24 or would contribute, to the financial instability of  
25 the Issuer.

1           (2) CONTINUING SUSPENSION.—The Adminis-  
2           tration, upon written agreement with the Secretary  
3           of the Treasury and the Secretary of Housing and  
4           Urban Development, may continue the suspension of  
5           allocations under paragraph (1) for periods of 6  
6           months following the expiration of the initial suspen-  
7           sion of allocations of one-year, provided that the Ad-  
8           ministration, with the Secretary of the Treasury and  
9           the Secretary of Housing and Urban Development,  
10          provides a written determination to the Committees  
11          specified in paragraph (1) that continuing the termi-  
12          nation of such suspension would contribute to the fi-  
13          nancial instability of the Issuer.

14 **SEC. 402. HOUSING TRUST FUND.**

15          Section 1338 of the Federal Housing Enterprises Fi-  
16          nancial Safety and Soundness Act of 1992 (12 U.S.C.  
17          4568) is amended—

18                (1) in subsection (a), by striking “by the enter-  
19                prises under section 1337” and inserting “pursuant  
20                to section 401 of the Housing Opportunities Move  
21                the Economy Forward Act of 2014”;

22                (2) by repealing subsection (b); and

23                (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; and

9 (ii) in subparagraph (B)(iv), by strik-  
10 ing “section 132” and inserting “section  
11 1132”; and

12 (D) in paragraph (10)—

13 (i) by amending subparagraph (A) to  
14 read as follows:

15 “(A) ENSURING BENEFITS FOR RURAL  
16 COMMUNITIES.—

17 “(i) IN GENERAL.—In each fiscal  
18 year, of the aggregate amount allocated to  
19 a State or State designated entity under  
20 this subsection, the State or State des-  
21 ignated entity shall ensure that, at a min-  
22 imum, such amounts are distributed for  
23 the benefit of nonentitlement areas in that  
24 State in the same proportion that the total  
25 population of nonentitlement areas in that

1 State bears to the total population of that  
2 State.

3 “(ii) DEFINITION OF NONENTITLE-  
4 MENT AREA.—For purposes of this clause,  
5 the term ‘nonentitlement area’ has the  
6 same meaning given that term under sec-  
7 tion 102(a)(7) of the Housing and Com-  
8 munity Development Act of 1974 (42  
9 U.S.C. 5302(a)(7)).”; and

10 (ii) by striking subparagraph (E).

11 **SEC. 403. CAPITAL MAGNET FUND.**

12 Section 1339 of the Federal Housing Enterprises Fi-  
13 nancial Safety and Soundness Act of 1992 (12 U.S.C.  
14 4569) is amended—

15 (1) in subsection (b)(1), by striking “pursuant  
16 to section 1337” and inserting “pursuant to section  
17 401 of the Housing Opportunities Move the Econ-  
18 omy Forward Act of 2014”; and

19 (2) in subsection (h), by striking paragraph (7).

20 **SEC. 404. MARKET ACCESS FUND..**

21 (a) ESTABLISHMENT AND PURPOSE.—The Adminis-  
22 tration shall establish and manage a Market Access Fund,  
23 which shall be funded with amounts allocated pursuant to  
24 section 401 of this Act. The purpose of the Market Access



1 Fund is to promote innovation in housing finance and af-  
2 fordability.

3 (b) ELIGIBLE ACTIVITIES.—Amounts allocated pur-  
4 suant to this section shall be used for the following assist-  
5 ance:

6 (1) For grants and loans, including through the  
7 use of pilot programs of sufficient scale, to support  
8 the research and development of sustainable home-  
9 ownership and affordable rental programs, provided  
10 that such grant or loan amounts are used only for  
11 the benefit of families whose income does not exceed  
12 120 percent of the area median income as deter-  
13 mined by the Director, with adjustments for family  
14 size.

15 (2) To provide limited credit enhancement, and  
16 other forms of credit support, for product and serv-  
17 ices that—

18 (A) will increase the rate of sustainable  
19 homeownership and affordable rental by individ-  
20 uals or families whose income does not exceed  
21 120 percent of the area median income as de-  
22 termined by the Director, with adjustments for  
23 family size; and

24 (B) might not otherwise be offered or sup-  
25 ported by a pilot program of sufficient scale to

1 determine the viability of such products and  
2 services in the private market.

3 (3) Grants and loans, to be used in partnership  
4 with the Secretary of Housing and Urban Develop-  
5 ment, to redevelop abandoned and foreclosed prop-  
6 erties in areas of greatest need.

7 **SEC. 405. ADDITIONAL TAXPAYER PROTECTIONS.**

8 (a) NOT TO BE USED FOR POLITICAL ACTIVITIES.—  
9 Consistent with the existing requirements under sections  
10 1338(c)(10)(D) and section 1339(h)(5) of the Federal  
11 Housing Enterprises Financial Safety and Soundness Act  
12 of 1992, the Secretary of Housing and Urban Develop-  
13 ment and the Secretary of the Treasury, respectively, shall  
14 ensure that grant amounts allocated by covered grantees  
15 to eligible recipients or allocated to individuals by such eli-  
16 gible recipients are not used for—

17 (1) political activities;

18 (2) advocacy;

19 (3) lobbying, whether directly or through other  
20 parties;

21 (4) influencing the selection, nomination, elec-  
22 tion, or appointment of one or more candidates to  
23 any Federal, State or local office;

1 (5) personal counseling services not related to  
2 preparing potential borrowers for homeownership or  
3 addressing avoidance of foreclosure;

4 (6) travel expenses; and

5 (7) preparing or providing advice on tax re-  
6 turns.

7 (b) PENALTIES.—If an eligible recipient or any other  
8 individual in receipt of grant amounts described by this  
9 section violates any provision of subsection (a) or (b), the  
10 Secretary of Housing and Urban Development or the Sec-  
11 retary of the Treasury, as the case may be, may impose  
12 a civil penalty on such recipient or individual, as the case  
13 may be, of not more than \$1,000,000 for each violation.  
14 The penalties imposed under this paragraph shall be in  
15 addition to any other available penalty and may be im-  
16 posed whether or not the Secretary of Housing and Urban  
17 Development or the Secretary of the Treasury, as the case  
18 may be, imposes other administrative sanctions.

19 (c) DEFINITION.—As used in this section—

20 (1) the term “covered grantee” means—

21 (A) for purposes of the Housing Trust  
22 Fund, a State or State designated entity; and

23 (B) for purposes of the Capital Magnet  
24 Fund, an eligible grantee as described under  
25 section 1339(e) of the Federal Housing Enter-

1           prises Financial Safety and Soundness Act of  
2           1992;

3           (2) the term “eligible recipient” means—

4                   (A) for purposes of the Housing Trust  
5           Fund, a recipient as described under section  
6           1338(c)(9) of the Federal Housing Enterprises  
7           Financial Safety and Soundness Act of 1992t;  
8           and

9                   (B) for purposes of the Capital Magnet  
10          Fund, a recipient of assistance from the Capital  
11          Magnet Fund;

12          (3) the term “Capital Magnet Fund” means the  
13          Capital Magnet Fund established under section  
14          1339 of the Federal Housing Enterprises Financial  
15          Safety and Soundness Act of 1992 (12 U.S.C.  
16          4569); and

17          (4) the term “Housing Trust Fund” means the  
18          Housing Trust Fund established under section 1338  
19          of the Federal Housing Enterprises Financial Safety  
20          and Soundness Act of 1992 (12 U.S.C. 4568).

21                   **TITLE V—WIND DOWN OF**  
22           **FANNIE MAE AND FREDDIE MAC**  
23           **SEC. 501. TRANSITION.**

24           (a) CESSATION OF NEW BUSINESS.—Upon the expi-  
25          ration of the 5-year period beginning on the date of the

1 enactment of this Act, the Federal National Mortgage As-  
2 sociation and the Federal Home Loan Mortgage Corpora-  
3 tion shall cease providing new guarantees on securities  
4 backed by mortgages and all other new business (other  
5 than the rollover of debt related to existing assets). At  
6 that time, the enterprises shall continue to manage activi-  
7 ties related to the remaining portfolio, including out-  
8 standing debt and mortgage-backed securities, capital  
9 lease obligations, obligations with respect to letters of  
10 credit and bankers' acceptances, and similar obligations,  
11 to minimize risk to the Treasury of the United States and  
12 maximize return, with earnings to be distributed as speci-  
13 fied in subsection (b). The Secretary of the Treasury may  
14 determine to extend such deadline for no more than one  
15 year for cause.

16 (b) DISTRIBUTION OF EARNINGS.—Upon the expira-  
17 tion of the period specified in subsection (a), the net earn-  
18 ings of the enterprises from the beginning of the  
19 conservatorships until the end of such period shall be dis-  
20 tributed in the following order of priority:

21 (1) Repayment of the Senior Preferred Shares  
22 owned by the Treasury.

23 (2) 10 percent rate of interest per year over the  
24 term of the Senior Preferred Shares.

1           (3) Establishment of any reserve funds that the  
2           Secretary of the Treasury determines are needed in  
3           connection with the wind-down of the businesses of  
4           the enterprises.

5           (4) Payment of any deferred contributions to  
6           the Housing Trust Fund and Capital Magnet Fund  
7           that have not been paid.

8           (5) Purchase of other outstanding preferred  
9           shares.

10          (6) Purchase of outstanding common shares,  
11          for which purpose warrants held by the Treasury  
12          shall be treated as common stock.

13          (c) EARNINGS AFTER CESSATION OF NEW BUSI-  
14          NESS.—Earnings of the enterprises that accrue after the  
15          date on which new business ceases (including reserves that  
16          are not needed) may be paid in accordance with the sched-  
17          ule in subsection (b) after all obligations and earnings of  
18          the enterprises have been extinguished or received, includ-  
19          ing the proceeds of sales to the Issuer.

20          (d) SALE OF ASSETS.—In connection with the wind  
21          down of the entities, Treasury, in consultation with the  
22          Administration and the Agency, may determine to sell as-  
23          sets of the enterprises, including the common  
24          securitization platform, multi-family businesses, and other

1 assets to the Issuer. In affecting such sales, Treasury may  
2 issue new preferred shares to the Issuer.

3 (e) FULL FAITH AND CREDIT.—The full faith and  
4 credit of the United States is pledged to ensure that all  
5 payments on any obligation of the enterprises are paid.  
6 The Treasury remains obligated to ensure that the enter-  
7 prises remain in a position to pay all holders of obligations  
8 or other outstanding debt in the enterprises, as well as  
9 employees who continue to be employed by the enterprises.

10 **SEC. 502. WIND DOWN.**

11 (a) WIND DOWN.—

12 (1) AUTHORITY OF FHFA.—Beginning on the  
13 date of enactment of this Act and ending on the  
14 date certified by the Secretary of the Treasury, the  
15 Director of the Federal Housing Finance Agency, in  
16 consultation with the Administration and the Sec-  
17 retary of the Treasury, shall take such action, and  
18 may prescribe such regulations and procedures, as  
19 may be necessary to wind down the operations of the  
20 enterprises in an orderly manner that complies with  
21 the requirements of this Act and any amendments  
22 made by this Act.

23 (2) LIMITATION.—Notwithstanding any author-  
24 ity granted to the Director of the Federal Housing  
25 Finance Agency under paragraph (1), the sale,

1 transfer, exchange, or other disposition of any asset  
2 subject to the wind down required under this section  
3 shall be prohibited, if the Administration—

4 (A) in its discretion determines that such  
5 sale, transfer (other than to the Administration  
6 or the Issuer), exchange, or disposition would  
7 materially interfere with the ability of the Ad-  
8 ministration to carry out the requirements of  
9 this Act; and

10 (B) notifies, in writing, the Director of the  
11 Federal Housing Finance Agency within 14  
12 days of such determination.

13 (3) RULE OF CONSTRUCTION.—Notwith-  
14 standing any authority granted to the Director of  
15 the Federal Housing Finance Agency under para-  
16 graph (1), the Director of the Federal Housing Fi-  
17 nance Agency—

18 (A) shall have no authority to sell, trans-  
19 fer, exchange, or otherwise dispose of any guar-  
20 antee obligations described under subsections  
21 (a)(2) and (b)(2) of section 501; and

22 (B) shall have no rights, claims, or title to,  
23 nor any authority to sell, transfer, exchange, or  
24 otherwise dispose of, guarantee fee amounts de-  
25 rived from the single-family mortgage guar-



1           antee business of the enterprises in existence as  
2           of the NMFA certification date.

3           (b) DIVISION OF ASSETS AND LIABILITIES; AUTHOR-  
4    ITY TO ESTABLISH HOLDING CORPORATION AND DIS-  
5    SOLUTION TRUST FUND.—The authority under sub-  
6    section (a)—

7           (1) may include the establishment and execu-  
8           tion of plans to provide for an equitable division, dis-  
9           tribution, and liquidation of the assets and liabilities  
10          of an enterprise, including any infrastructure, prop-  
11          erty, including intellectual property, platforms, or  
12          any other thing or object of value, provided such  
13          plan complies with the requirements of this Act and  
14          any amendments made by this Act; and

15          (2) may provide for establishment of—

16                  (A) a holding corporation organized under  
17                  the laws of any State of the United States or  
18                  the District of Columbia for the purpose of  
19                  winding down an enterprise; and

20                  (B) one or more trusts to which to trans-  
21                  fer—

22                          (i) outstanding debt obligations of an  
23                          enterprise; or

24                          (ii) outstanding mortgages held for  
25                          the purpose of collateralizing mortgage-

1                   backed securities guaranteed by an enter-  
2                   prise.

3           (c) DETERMINATION OF DISTRIBUTIONS OF ENTER-  
4   PRISE EARNINGS.—

5           (1) JOINT DETERMINATION.—The amount of  
6           any proceeds to be paid pursuant to section 501(b)  
7           shall be jointly determined by the Director of the  
8           Federal Housing Finance Agency, the Administra-  
9           tion, and the Secretary of the Treasury.

10          (2) MAXIMUM RETURN TO SHAREHOLDERS.—  
11          The wind down of each enterprise required under  
12          this section shall be managed by the Director of the  
13          Federal Housing Finance Agency, in consultation  
14          with the Administration and the Secretary of the  
15          Treasury, to obtain resolutions that maximize the  
16          return for the senior preferred shareholder under  
17          paragraph (1), to the extent that such resolutions—

18                   (A) are consistent with the goal of sup-  
19                   porting a sound, stable, and liquid housing  
20                   market;

21                   (B) are consistent with applicable Federal  
22                   and State law;

23                   (C) comply with the requirements of this  
24                   Act and any amendments made by this Act;  
25                   and

1 (D) protect the taxpayer.

2 **SEC. 503. ALIGNING PURPOSE OF CONSERVATORSHIP WITH**  
3 **NMFA.**

4 (a) POWER AS CONSERVATOR.—Section 1367(b)(2)  
5 of the Federal Housing Enterprises Financial Safety and  
6 Soundness Act of 1992 (12 U.S.C. 4617(b)(2)) is amend-  
7 ed—

8 (1) by redesignating subparagraphs (E)  
9 through (K) as subparagraphs (F) through (L), re-  
10 spectively; and

11 (2) by inserting after subparagraph (D) the fol-  
12 lowing new subparagraph:

13 “(E) AGENCY POWER AS CONSERVATOR.—  
14 After the date of enactment of the Housing Op-  
15 portunities Move the Economy Forward Act of  
16 2014 the Agency shall, as conservator, take  
17 such actions as are necessary—

18 “(i) to ensure the efficient, effective,  
19 and expeditious wind down of the enter-  
20 prises;

21 “(ii) to manage the affairs, assets,  
22 and obligations of the enterprises and to  
23 operate the enterprises in compliance with  
24 the requirements of the Housing Opportu-

1           nities Move the Economy Forward Act of  
2           2014;

3           “(iii) to assist the National Mortgage  
4           Finance Administration, in a consultative  
5           capacity, in carrying out the requirements  
6           under the Housing Opportunities Move the  
7           Economy Forward Act of 2014; and

8           “(iv) to maintain liquidity and sta-  
9           bility in the secondary mortgage market  
10          with respect to the debt of the enter-  
11          prises.”.

12          (b) **RULE OF CONSTRUCTION.**—Nothing in this Act,  
13 or any amendments made by this Act, except as may be  
14 explicitly provided for in this Act, or any amendment made  
15 by this Act, shall be deemed to alter the powers, authori-  
16 ties, rights, and duties that are vested in the Federal  
17 Housing Finance Agency and the Director of the Federal  
18 Housing Finance Agency with respect to its supervision  
19 and regulation of the enterprises.

20 **SEC. 504. CONFORMING LOAN LIMITS.**

21          (a) **IN GENERAL.**—Beginning on the date of the en-  
22 actment of this Act, the limitations governing the max-  
23 imum original principal obligation of conventional mort-  
24 gages that may be purchased by the Federal National  
25 Mortgage Association and the Federal Home Loan Mort-

1 gage Corporation, referred to in section 302(b)(2) of the  
2 Federal National Mortgage Association Charter Act (12  
3 U.S.C. 1717(b)(2)) and section 305(a)(2) of the Federal  
4 Home Loan Mortgage Corporation Act (12 U.S.C.  
5 1454(a)(2)), respectively, shall be \$417,000 for a mort-  
6 gage secured by a single-family residence, \$533,850 for  
7 a mortgage secured by a 2-family residence, \$645,300 for  
8 a mortgage secured by a 3-family residence, and \$801,950  
9 for a mortgage secured by a 4-family residence, except  
10 that such maximum limitations shall be adjusted effective  
11 January 1 of each year beginning after the date of enact-  
12 ment of this Act, subject to the limitations in this para-  
13 graph. Each adjustment shall be made by adding to each  
14 such amount (as it may have been previously adjusted)  
15 a percentage thereof equal to the percentage increase, dur-  
16 ing the most recent 12-month or 4-quarter period ending  
17 before the time of determining such annual adjustment,  
18 in the housing price index maintained pursuant to section  
19 1322 of the Federal Housing Enterprises Financial Safety  
20 and Soundness Act of 1992 (12 U.S.C. 4542). If the  
21 change in such house price index during the most recent  
22 12-month or 4-quarter period ending before the time of  
23 determining such annual adjustment is a decrease, then  
24 no adjustment shall be made for the next year, and the  
25 next adjustment shall take into account prior declines in

1 the house price index, so that any adjustment shall reflect  
2 the net change in the house price index since the last ad-  
3 justment. Declines in the house price index shall be accu-  
4 mulated and then reduce increases until subsequent in-  
5 creases exceed prior declines.

6 (b) SPECIAL EXCEPTION FOR ALASKA, HAWAII,  
7 GUAM, AND USVI.—The limitations set forth under sub-  
8 section (a) shall be increased by not to exceed 50 percent  
9 with respect to properties located in Alaska, Guam, Ha-  
10 waii, and the Virgin Islands.

11 **SEC. 505. PORTFOLIO REDUCTION.**

12 (a) GRADUATED REDUCTION.—

13 (1) IN GENERAL.—Each enterprise shall not  
14 own, as of any applicable date, mortgage assets in  
15 excess of—

16 (A) as of December 31, 2014,  
17 \$552,500,000,000; and

18 (B) on December 31 of each year there-  
19 after until the NMFA certification date, 85 per-  
20 cent of the aggregate amount of the mortgage  
21 assets that the enterprise was permitted to own  
22 as of December 31 of the immediately pre-  
23 ceding calendar year.

24 (2) RETAINED PORTFOLIO TO FACILITATE OR-  
25 DERLY WIND DOWN.—On December 31 of the year

1 in which the NMFA certification date occurs, the  
2 Administration shall establish an allowable amount  
3 of enterprise owned mortgage assets in an amount  
4 equal to the amount necessary to facilitate—

5 (A) the orderly wind down of the enter-  
6 prises; and

7 (B) appropriate loss mitigation on any leg-  
8 acy guarantees of the enterprises.

9 (b) MORTGAGE ASSETS DEFINED.—For purposes of  
10 this section, the term “mortgage assets” means, with re-  
11 spect to an enterprise, assets of such enterprise consisting  
12 of mortgages, mortgage loans, mortgage-related securities,  
13 participation certificates, mortgage-backed commercial  
14 paper, obligations of real estate mortgage investment con-  
15 duits and similar assets, in each case to the extent such  
16 assets would appear on the balance sheet of such enter-  
17 prise in accordance with generally accepted accounting  
18 principles and held for the benefit of the enterprises.

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 **SEC. 507. FAIR HOUSING ACT COMPLIANCE.**

12 Nothing in this Act reduces or eliminates the respon-  
13 sibility of the Issuer to comply with the Fair Housing Act.  
14 The Administration may impose such reporting require-  
15 ments or take such other action as it deems necessary for  
16 enforcement purposes.

17 **TITLE VI—MULTIFAMILY**  
18 **HOUSING FINANCE REFORM**

19 **SEC. 601. SHORT TITLE.**

20 This title may be cited as the “Multifamily Housing  
21 Finance Reform Act of 2014”.

22 **SEC. 602. FINDINGS.**

23 Congress finds the following:

1           (1) Broad housing finance reform is necessary  
2           to provide stability and certainty to the housing  
3           market, and to protect taxpayers from future losses.

4           (2) The multifamily housing businesses of  
5           Fannie Mae and Freddie Mac maintained appro-  
6           priate underwriting standards during the recent  
7           housing bubble, and, as a result, did not incur sig-  
8           nificant losses during the financial crisis.

9           (3) Due to the strong performance of their mul-  
10          tifamily housing businesses, Fannie Mae and  
11          Freddie Mac were able to play an important coun-  
12          tercyclical role in the multifamily housing market by  
13          increasing their financing for multifamily housing  
14          projects at the same time that private lenders were  
15          pulling back from the multifamily housing market.

16          (4) The multifamily businesses of Fannie Mae  
17          and Freddie Mac have each developed successful  
18          risk-sharing programs that provide substantial pro-  
19          tection for taxpayers by requiring private market en-  
20          tities to share losses with the GSEs.

21          (5) Broad housing finance reform should strive  
22          to preserve the successful multifamily risk-sharing  
23          programs that Fannie Mae and Freddie Mac have  
24          developed.

1           (6) In the context of broad housing finance re-  
2 form that replaces Fannie Mae and Freddie Mac  
3 with a government-backed reinsurance program, the  
4 best way to ensure the continuation of the successful  
5 multifamily risk-sharing programs that Fannie Mae  
6 and Freddie Mac have developed is to—

7           (A) transfer Fannie Mae and Freddie  
8 Mac's multifamily housing businesses to the  
9 Issuer;

10           (B) subject the multifamily platform(s), as  
11 part of the Issuer, to supervision and oversight  
12 by the Administration; and

13           (C) allow the multifamily platform(s), as  
14 part of the Issuer, to purchase catastrophic re-  
15 insurance from a government-backed agency,  
16 subject to minimum loss-sharing requirements  
17 that protect taxpayers from future bailouts.

18           (7) The National Mortgage Finance Adminis-  
19 tration and the Mortgage Insurance Fund should  
20 serve as the regulator and reinsurer for the multi-  
21 family platform(s) created by this Act as part of the  
22 Issuer.

23 **SEC. 603. DEFINITIONS.**

24           For purposes of this Act, the following definitions  
25 shall apply:

1           (1) APPROVED MULTIFAMILY LENDER.—The  
2 term “approved multifamily lender” means a lender  
3 that is approved by the Issuer under such rules as  
4 the Administration provides.

5           (2) COVERED MULTIFAMILY SECURITY.—The  
6 term “covered multifamily security” means a mort-  
7 gage-backed security—

8                 (A) collateralized by eligible multifamily  
9 mortgages; and

10                (B) which is eligible for insurance by the  
11 Mortgage Insurance Fund pursuant to section  
12 611.

13           (3) ELIGIBLE MULTIFAMILY MORTGAGE.—The  
14 term “eligible multifamily mortgage” means a mort-  
15 gage that—

16                 (A) is secured by a property comprising  
17 five or more dwelling units; and

18                 (B) is originated by an approved multi-  
19 family lender in accordance with the under-  
20 writing standards established by the Adminis-  
21 tration under section 609(b)(2) of this Act.

22           (4) MULTIFAMILY PLATFORM.—The term  
23 “Multifamily Platform” means the entity established  
24 in section 604 of this Act.

1           (5) MULTIFAMILY PLATFORM CERTIFICATION  
2           DATE.—The term “Multifamily Platform certifi-  
3           cation date” means the date on which the Issuer cer-  
4           tifies that the Multifamily Platform is operational  
5           and able to perform the functions described in this  
6           Act, which date shall not be later than 5 years after  
7           the date of enactment of this Act, except that the  
8           Secretary of the Treasury may extend such 5-year  
9           period for not more than 12 additional months.

10 **SEC. 604. ESTABLISHMENT OF MULTIFAMILY PLATFORM.**

11           (a) IN GENERAL.—The Issuer shall establish a sepa-  
12           rate group or entity within the Issuer to be known as the  
13           “Multifamily Platform”.

14           (b) PURPOSES.—The purpose of the Multifamily  
15           Platform is to—

16                   (1) foster liquid, efficient, competitive, and re-  
17                   silient national multifamily housing finance markets;

18                   (2) purchase, pool, and securitize eligible multi-  
19                   family mortgages from approved multifamily lenders,  
20                   and otherwise facilitate the issuance of covered mul-  
21                   tifamily securities;

22                   (3) ensure equitable access to the secondary  
23                   mortgage market for all markets, including rural  
24                   and underserved markets;

1 (4) facilitate credit loss mitigation on eligible  
2 multifamily mortgages;

3 (5) collect a guarantee fee in connection with  
4 any guarantee of timely payment of principal and in-  
5 terest on covered multifamily securities under this  
6 title; and

7 (6) provide a stable source of liquidity for the  
8 national multifamily housing markets in severe mar-  
9 ket downturns.

10 (c) AUTHORIZED ACTIVITIES.—The Multifamily  
11 Platform is authorized to—

12 (1) purchase, service, sell, lend on the security  
13 of, and otherwise deal in eligible multifamily mort-  
14 gages and covered multifamily securities, pursuant  
15 to commitments or otherwise;

16 (2) purchase insurance on a covered multifamily  
17 security from the Administration under section 611;

18 (3) purchase, sell, receive, hold, and use real  
19 and personal property, and other assets necessary  
20 for the conduct of its operations;

21 (4) create, accept, execute, and otherwise ad-  
22 minister in all respects such trusts as may be nec-  
23 essary to conduct the business of the Multifamily  
24 Platform;

1 (5) through the Issuer, issue covered multi-  
2 family securities; and

3 (6) perform all other functions and services as  
4 are necessary or incidental to the proper conduct of  
5 its business under this Act.

6 (d) **AUTHORITY TO DELEGATE CERTAIN FUNCTIONS**  
7 **TO MEMBERS.**—The Multifamily Platform may, in accord-  
8 ance with regulations promulgated by the Administration,  
9 delegate underwriting and servicing functions that the  
10 Multifamily Platform is authorized to perform under this  
11 title, to approved multifamily lenders.

12 (e) **MULTIPLE FORMS OF LOSS-SHARING DEALS RE-**  
13 **QUIRED TO BE COMPLETED EACH YEAR.**—The Adminis-  
14 tration may require the Multifamily Platform to issue a  
15 minimum amount, as determined by the Administration,  
16 of covered multifamily securities each year which satisfy  
17 the minimum loss-sharing requirement under section  
18 611(b).

19 (f) **AFFORDABILITY.**—In any year, to the maximum  
20 extent practicable, at least 60 percent of the total dwelling  
21 units financed by mortgages purchased by the Multifamily  
22 Platform must be affordable to households earning not in  
23 excess of 80 percent of area median income, with adjust-  
24 ments for smaller and larger households as determined by

1 the Administration. The Administration shall promulgate  
2 regulations to implement the requirements of this section.

3 **SEC. 605. TRANSITION.**

4 (a) **IN GENERAL.**—In accordance with the transition  
5 schedule established under subsection (b), the Administra-  
6 tion shall transfer the appropriate functions, activities, in-  
7 frastructure, property, including intellectual property,  
8 platforms, or any other object or service of an enterprise  
9 relating to the multifamily guarantee business of an enter-  
10 prise, to the Multifamily Platform.

11 (b) **TRANSITION SCHEDULE.**—Not later than 12  
12 months after the date of enactment of this Act, the Ad-  
13 ministration shall develop and publish a schedule for  
14 transferring the systems, personnel, and assets of the en-  
15 terprises' multifamily businesses to the Multifamily Plat-  
16 form. In developing the transition schedule, the Adminis-  
17 tration shall seek, to the maximum extent possible, to min-  
18 imize disruptions to the multifamily housing finance mar-  
19 kets, and to preserve the going concern value of the enter-  
20 prises' multifamily businesses. The transition schedule de-  
21 veloped under this subsection shall establish a Multifamily  
22 Platform certification date.

23 (c) **INITIAL CAPITALIZATION AMOUNT.**—Not later  
24 than 15 months after the date of enactment of this Act,  
25 the Administration shall publish an Initial Capitalization



1 Amount, which shall represent the capitalization that the  
2 Administration determines the portion of the Issuer or  
3 such separate entity as the Issuer shall establish relating  
4 to the Multifamily Platform will require to begin oper-  
5 ations, in accordance with the transition schedule devel-  
6 oped under subsection (b), on the Multifamily Platform  
7 certification date.

8 (d) INITIAL CAPITALIZATION FUND.—Not later than  
9 3 months after the Administration publishes the Initial  
10 Capitalization Amount under subsection (d), the Adminis-  
11 tration shall establish a segregated fund, to be known as  
12 the Initial Capitalization Fund. Beginning in the next cal-  
13 endar quarter after the Initial Capitalization Fund is es-  
14 tablished, the Administration shall direct the enterprises  
15 to set aside and transfer, on a quarterly basis, the total  
16 net income attributable to each enterprise’s multifamily  
17 business to the Initial Capitalization Fund, until the en-  
18 terprises have collectively transferred to the Initial Cap-  
19 italization Fund an amount equal to the Initial Capitaliza-  
20 tion Amount established under subsection (c). On the Mul-  
21 tifamily Platform certification date, the Administration  
22 shall transfer the funds held in the Initial Capitalization  
23 Fund to the Issuer.

1 **SEC. 606. MEMBERSHIP.**

2 (a) ELIGIBILITY.—Eligibility to participate as a  
3 member in the Multifamily Platform shall be limited to  
4 insured depository institutions and non-depository mort-  
5 gage originators that—

6 (1) are, on the Multifamily Platform certifi-  
7 cation date, eligible to participate in either (A) the  
8 Program Plus Lender Program established by the  
9 Federal Home Loan Mortgage Corporation, or (B)  
10 the Delegated Underwriting and Servicing Lender  
11 Program established by the Federal National Mort-  
12 gage Association; or

13 (2) meet the standards established by the Ad-  
14 ministration under subsection (b).

15 (b) STANDARDS FOR APPROVED MULTIFAMILY  
16 LENDERS.—The Administration shall develop, adopt, and  
17 publish standards for the approval by the Multifamily  
18 Platform of lenders to participate as members of the Mul-  
19 tifamily Platform, which shall include standards with re-  
20 spect to—

21 (1) the underwriting practices, procedures, and  
22 controls of the lender;

23 (2) the financial history and condition of the  
24 lender;

1           (3) the lender's ability to originate loans in dif-  
2           ferent geographical markets, as well as the lender's  
3           ability to originate small multifamily loans;

4           (4) the general character and fitness of the  
5           lender's management; and

6           (5) any other standard the Administration de-  
7           termines necessary or appropriate.

8           (c) REVIEW, SUSPENSION OR REVOCATION OF AP-  
9           PROVED STATUS.—

10           (1) IN GENERAL.—The Issuer, or the Adminis-  
11           tration, shall have the authority to review the status  
12           of any approved multifamily lender approved under  
13           subsection (b).

14           (2) SUSPENSION OR REVOCATION.—

15           (A) ISSUER AUTHORITY.—If the Issuer or  
16           the Administration determines, in a review pur-  
17           suant to paragraph (1), that an approved multi-  
18           family lender no longer meets the standards for  
19           approval, the Administration may suspend or  
20           revoke the approved status of such lender.

21           (B) RULE OF CONSTRUCTION.—The sus-  
22           pension or revocation of an approved multi-  
23           family lender's approved status under this para-  
24           graph shall have no effect on the status of any  
25           covered multifamily security.

1           (3) APPEALS PROCESS.—An approved multi-  
2 family lender may appeal a decision of the Issuer or  
3 Administration suspending or revoking the approved  
4 status of such servicer.

5           (d) NATIONWIDE NETWORK OF MULTIFAMILY  
6 MORTGAGE LENDERS; SMALL MULTIFAMILY MORTGAGE  
7 LOANS.—The Multifamily Platform shall, to the max-  
8 imum extent practicable, ensure that its membership pro-  
9 vides the Multifamily Platform with access to a broad, na-  
10 tionwide network of multifamily mortgage lenders, which  
11 shall include a substantial number of approved multifamily  
12 lenders that—

13           (1) predominantly originate multifamily mort-  
14 gage loans with a maximum original principal obli-  
15 gation amount that does not exceed \$3 million, or  
16 \$5 million in an area that is subject to a high cost  
17 area mortgage limit under title II of the National  
18 Housing Act (12 U.S.C. 1707 et seq.); or

19           (2) make a significant volume of such loans, as  
20 determined by the Administration.

21 **SEC. 607. GOVERNANCE OF MULTIFAMILY PLATFORM.**

22           (a) BOARD OF DIRECTORS.—The management of the  
23 Multifamily Platform shall be vested in the board of direc-  
24 tors of the Issuer, which shall include directors that rep-

1 resent Multifamily Platform members, as determined by  
2 the Administration.

3 (b) ADVISORY BOARD.—There is established an Advi-  
4 sory Board for the Multifamily Platform, which shall be  
5 comprised of—

6 (1) members elected by the approved multi-  
7 family lenders, and who shall comprise at least the  
8 majority of the members of the Advisory Board; and

9 (2) independent members, appointed by the Ad-  
10 ministration, who shall comprise not fewer than 1/  
11 5 of the members of the Advisory Board, of which—

12 (A) not less than one member shall have  
13 professional or academic experience in low-in-  
14 come or very low-income multifamily housing;

15 (B) not less than one member shall have  
16 professional or academic experience in rural  
17 multifamily housing; and

18 (C) not less than one member shall have  
19 professional or academic experience in the fi-  
20 nancing of small multifamily housing loans.

21 (c) NO PREFERENCES FOR SIZE.—Approved multi-  
22 family lenders shall have equal voting rights on Advisory  
23 Board members and Issuer board members that represent  
24 the Multifamily Platform, regardless of the size of the in-  
25 dividual approved multifamily lender.

1 (d) IMPARTIAL ADMINISTRATION.—The board of di-  
2 rectors of the Issuer shall administer the affairs of the  
3 Multifamily Platform fairly and impartially and without  
4 discrimination.

5 **SEC. 608. CAPITALIZATION; FUNDING.**

6 (a) CAPITAL STRUCTURE PLAN.—Not later than 2  
7 years after the date of enactment of this Act, the Adminis-  
8 tration shall, by regulation, establish a capital structure  
9 plan for the Multifamily Platform, which shall include—

10 (1) a requirement that each member maintain  
11 a minimum capital contribution to the Multifamily  
12 Platform, the amount of which shall be determined  
13 by the Administration, taking into account the min-  
14 imum capital requirements under subsection (b);

15 (2) a requirement that each member contribute  
16 an amount of capital to the Multifamily Platform  
17 based on either—

18 (A) the volume of eligible multifamily  
19 mortgages that such member sells or submits  
20 for a guarantee through to the Multifamily  
21 Platform; or

22 (B) the percentage of the unpaid principal  
23 balance of the Multifamily Platform's total new  
24 business purchases for which the member is re-  
25 sponsible; and

1           (3) a requirement that each member maintain  
2           a minimum capital contribution to the Multifamily  
3           Platform.

4           (b) **MINIMUM CAPITAL REQUIREMENTS.**—The Ad-  
5           ministration shall, by regulation, establish risk-based cap-  
6           ital requirements for the Multifamily Platform that ensure  
7           that the Multifamily Platform operates in a safe and  
8           sound manner, and maintains sufficient capital and re-  
9           serves to support the operations of the Multifamily Plat-  
10          form during severe market downturns, as defined in sec-  
11          tion 611(c).

12          (c) **AUTHORITY TO ESTABLISH MEMBERSHIP**  
13          **FEEES.**—The Issuer shall have the authority to establish,  
14          charge, and collect fees, and in its discretion increase or  
15          decrease such fees, on members of the Multifamily Plat-  
16          form, in order to cover the costs of the continued operation  
17          of the Multifamily Platform.

18          **SEC. 609. OVERSIGHT OF MULTIFAMILY PLATFORM.**

19          (a) **DEPUTY DIRECTOR.**—

20                  (1) **ESTABLISHMENT.**—There is established  
21                  within the Administration the position of Deputy Di-  
22                  rector, who shall—

23                          (A) be responsible for the Division of Mul-  
24                          tifamily Lending;

1 (B) be designated by the Director of Ad-  
2 ministration; and

3 (C) have a demonstrated understanding of  
4 financial management or oversight, and have a  
5 demonstrated understanding of the multifamily  
6 housing finance system.

7 (b) PRUDENTIAL SUPERVISION OF MULTIFAMILY  
8 PLATFORM.—The Administration shall establish, by regu-  
9 lation or guideline, prudential standards for the Multi-  
10 family Platform relating to—

11 (1) the safe and sound operation of the Multi-  
12 family Platform, including—

13 (A) risk-based capital requirements;

14 (B) management of the Multifamily Plat-  
15 form's risk exposures, including market, credit,  
16 interest rate, liquidity, and operational risk ex-  
17 posures; and

18 (C) adequate and well-tested disaster re-  
19 covery and business resumption plans for all  
20 major systems;

21 (2) minimum underwriting criteria for eligible  
22 multifamily mortgages, which may include criteria  
23 based on—

24 (A) the loan-to-value of a multifamily  
25 mortgage; and



1 (B) the applicable debt service coverage  
2 ratio of a multifamily mortgage;

3 (3) the adequacy and independence of internal  
4 controls, including processes and policies to identify,  
5 monitor, and control credit and counterparty risk,  
6 including concentrations of counterparty risk;

7 (4) the adequacy and maintenance of liquidity  
8 reserves, which shall include a requirement that the  
9 Multifamily Platform maintain an adequate reserve  
10 of unencumbered, high quality liquid assets, which  
11 reserve shall be sufficient to support—

12 (A) the Multifamily Platform's portfolio in-  
13 vestments in eligible multifamily mortgages and  
14 covered multifamily securities; and

15 (B) the continued operation of the Multi-  
16 family Platform in the event that the Adminis-  
17 tration orders a recapitalization of the Multi-  
18 family Platform under subsection (e);

19 (5) procedures for recapitalization, including  
20 the exercise of the right to require additional capital  
21 from approved multifamily lenders under subsection  
22 (e);

23 (6) investments and acquisitions of assets by  
24 the Multifamily Platform; and

25 (7) maintenance of adequate records.

1 (c) REPORTS BY AND EXAMINATIONS OF MULTI-  
2 FAMILY PLATFORM.—

3 (1) REGULAR REPORTS.—The Administration  
4 may require, by general or specific orders, the Multi-  
5 family Platform to submit reports, including finan-  
6 cial statements, to keep the Administration informed  
7 as to—

8 (A) the condition (including financial con-  
9 dition), management, activities, or operations of  
10 the Multifamily Platform, any approved multi-  
11 family lender, approved servicer, or any other  
12 regulated entity, as the Administration con-  
13 siders appropriate; and

14 (B) compliance by the Multifamily Plat-  
15 form, any approved multifamily lender, ap-  
16 proved servicer, or any other regulated entity,  
17 with the requirements of this title.

18 (2) SPECIAL REPORTS.—The Administration  
19 may also require, by general or specific orders, the  
20 Multifamily Platform, any approved multifamily  
21 lender, approved servicer, or any other regulated en-  
22 tity, to submit special reports on any of the topics  
23 specified in paragraph (1) or any other relevant top-  
24 ics, if, in the judgment of the Administration, such

1 reports are necessary to carry out the purposes of  
2 this title.

3 (3) EXAMINATIONS.—The Administration may  
4 conduct examinations of the Multifamily Platform or  
5 any subsidiary whenever the Administration deter-  
6 mines that an examination is necessary or appro-  
7 priate, to keep the Administration informed as to—

8 (A) the nature of the operations and finan-  
9 cial condition of the Multifamily Platform or  
10 any subsidiary;

11 (B) the financial, operational, and other  
12 risks of the Multifamily Platform that may dis-  
13 rupt the liquid, efficient, competitive, and resil-  
14 ient national multifamily housing finance mar-  
15 kets; and

16 (C) compliance by the Multifamily Plat-  
17 form with the requirements of this title.

18 (d) DELEGATED FUNCTIONS.—

19 (1) REGULATION AND EXAMINATION.—When  
20 the Multifamily Platform delegates to an approved  
21 multifamily lender the performance of any functions  
22 or services authorized to be performed by the Multi-  
23 family Platform under this title—

24 (A) such performance shall be subject to  
25 regulation and examination by the Administra-

1           tion to the same extent as if such services were  
2           being performed by the Multifamily Platform;  
3           and

4                   (B) the Multifamily Platform shall prompt-  
5           ly notify the Administration of such delegation  
6           of functions or services to an approved multi-  
7           family lender.

8           (2) **AUTHORITY.**—The Administration is au-  
9           thorized to issue such regulations and orders as may  
10          be necessary to enable the Administration to admin-  
11          ister and to carry out the purposes of this section  
12          and to prevent evasions thereof.

13          (e) **AUTHORITY TO REQUIRE RECAPITALIZATION.**—  
14          If the Administration determines that the Multifamily  
15          Platform is in danger of depleting the capital dedicated  
16          to the Multifamily Platform due to defaults on multifamily  
17          lending, the Administration shall order the Multifamily  
18          Platform to submit a plan for rebuilding the capital dedi-  
19          cated to multifamily lending.

20          (f) **RESPONSIBILITY TO ENSURE BROAD MARKET**  
21          **ACCESS.**—

22                   (1) **IN GENERAL.**—Subject to paragraph (2),  
23          the Administration shall develop and enforce stand-  
24          ards which ensure that the Multifamily Platform is  
25          serving, to the maximum extent practicable and con-

1       sistent with the safe and sound operation of the  
2       Multifamily Platform, broad market access, con-  
3       sistent with section 215, including access for—

4               (A) underserved markets, including public,  
5               federally assisted, and tax credit funded hous-  
6               ing; and

7               (B) rural areas.

8               (2) LIMITATION.—In developing and enforcing  
9       the standards required under paragraph (1), the Ad-  
10      ministration may not impose on the Multifamily  
11      Platform numerical quotas of specific multifamily  
12      mortgage originations.

13      (g) LIMITATIONS ON PORTFOLIO OF MULTIFAMILY  
14      PLATFORM.—Subject to section 214, the Administration  
15      shall establish limitations on the Multifamily Platform’s  
16      ability to hold eligible multifamily mortgages and covered  
17      multifamily securities on its balance sheet, which shall  
18      take into account the need for the Multifamily Platform  
19      to—

20              (1) aggregate eligible multifamily mortgages to  
21              be securitized in a covered multifamily security;

22              (2) engage in appropriate credit loss mitigation  
23              with respect to an eligible multifamily mortgage that  
24              is collateralizing a covered multifamily security;

1           (3) facilitate a reasonably liquid and orderly  
2 market for covered multifamily securities; and

3           (4) facilitate transactions involving affordable  
4 housing and the introduction of new multifamily  
5 mortgage products.

6 **SEC. 610. MULTIFAMILY MORTGAGE INSURANCE.**

7           (a) **INSURANCE AUTHORITY.**—Insurance for securi-  
8 ties backed by multifamily loans shall be provided by the  
9 Mortgage Insurance Fund, established under section 203.

10          (b) **DEPOSITS.**—The Mortgage Insurance Fund  
11 under section 203 shall be credited with any—

12           (1) insurance fee amounts required to be depos-  
13 ited in the Fund by the Administration;

14           (2) guarantee fee amounts collected under sub-  
15 section (f) of this section; and

16           (3) amounts earned on investments pursuant to  
17 subsection (g) of this section.

18          (c) **RESERVE RATIO GOALS FOR MORTGAGE INSUR-**  
19 **ANCE FUND.**—The Administration, consistent with its au-  
20 thority under section 203, shall endeavor to ensure that,  
21 with respect to multifamily lending and the capital dedi-  
22 cated to multifamily lending, the Mortgage Insurance  
23 Fund attains a reserve balance—

24           (1) of 1.25 percent of the sum of the out-  
25 standing principal balance of the covered securities

1 for which insurance is being provided under this title  
2 within 5 years of the Multifamily Platform certifi-  
3 cation date, and to strive to maintain such ratio  
4 thereafter, subject to subparagraph (B); and

5 (2) of 2.25 percent of the sum of the out-  
6 standing principal balance of the covered securities  
7 for which insurance is being provided under this title  
8 within 12 years of the Multifamily Platform certifi-  
9 cation date, and to strive to maintain such ratio at  
10 all times thereafter.

11 (d) MAINTENANCE OF RESERVE RATIO; ESTABLISH-  
12 MENT OF FEES.—

13 (1) ESTABLISHMENT OF FEES.—The Mortgage  
14 Insurance Fund shall charge and collect a guarantee  
15 fee in connection with any insurance provided under  
16 this title, and the Administration may in its discre-  
17 tion increase or decrease such fee, to—

18 (A) achieve and maintain the reserve ratio  
19 goals established under subsection (c); and

20 (B) fund the operations of the Administra-  
21 tion relating to multifamily lending.

22 (2) FEE CONSIDERATIONS.—In exercising the  
23 authority granted under paragraph (1), the Adminis-  
24 tration shall consider—

1 (A) the expected operating expenses of the  
2 Mortgage Insurance Fund relating to multi-  
3 family lending;

4 (B) the risk of loss to the Mortgage Insur-  
5 ance Fund in carrying out the requirements  
6 under this title;

7 (C) the nature and level of the credit en-  
8 hancement that private market entities are pro-  
9 viding pursuant to the minimum loss-sharing  
10 requirement in section 611;

11 (D) economic conditions generally affecting  
12 the mortgage markets;

13 (E) the extent to which the reserve ratio of  
14 the Mortgage Insurance Fund relating to multi-  
15 family lending met—

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

18 (ii) the reserve ratio goals established  
19 in subsection (c); and

20 (F) any other factor that the Administra-  
21 tion determines appropriate.

22 **SEC. 611. CATASTROPHIC INSURANCE.**

23 (a) **AUTHORITY.**—Subject to the minimum loss-shar-  
24 ing requirement in subsection (b), the Administration  
25 shall, upon application and in exchange for a fee in accord-



1 ance with section 610, insure the timely payment of prin-  
2 cipal and interest on a covered multifamily security with  
3 respect to losses that may be incurred on such security.

4 (b) **MINIMUM LOSS-SHARING REQUIREMENT.**—Prior  
5 to making any commitment to provide insurance under  
6 subsection (a), the Administration shall ensure that pri-  
7 vate market entities have agreed to take, in writing, in  
8 a form and manner acceptable to the Administration—

9 (1) the first at least 10 percent of losses on a  
10 pool of eligible multifamily mortgages collateralizing  
11 a covered multifamily security;

12 (2) losses on a covered multifamily security  
13 equal to at least 15 percent of the total losses on  
14 such security, subject to a *pari passu* loss-sharing  
15 agreement; or

16 (3) at least a comparable amount of losses on  
17 a covered multifamily security, as determined by the  
18 Administration.

19 (c) **INSURANCE IN SEVERE MARKET DOWNTURNS.**—  
20 If the Administration, in consultation with the Chairman  
21 of the Board of Governors of the Federal Reserve System,  
22 the Secretary of the Treasury, and the Secretary of Hous-  
23 ing and Urban Development, determines that unusual and  
24 exigent circumstances have created or threatened to create  
25 an anomalous lack of mortgage credit availability within

1 the housing markets that could materially and severely  
2 disrupt the functioning of the multifamily housing finance  
3 system of the United States, the Administration may pro-  
4 vide insurance in accordance with subsection (a) to any  
5 covered multifamily security regardless of whether such  
6 security has satisfied the minimum loss-sharing require-  
7 ments in subsection (b), provided that the Administration  
8 adjusts the guarantee fee paid to the Mortgage Insurance  
9 Fund and capital requirements for the multifamily plat-  
10 form accordingly to protect taxpayers against the addi-  
11 tional risk to the Fund, consistent with section 202.

12 (d) FULL FAITH AND CREDIT.—The full faith and  
13 credit of the United States is pledged to the payment of  
14 all amounts which may be required to be paid under any  
15 insurance provided under this section.

16 (e) PROHIBITION ON CROSS-SUBSIDIZATION.—Multi-  
17 family lenders shall not be required to recapitalize the  
18 Issuer as a result of a loss due to risks from single-family  
19 lending. Single-family lenders shall not be required to re-  
20 capitalize the Issuer as a result of losses due to multi-fam-  
21 ily lending.

22 **SEC. 612. EXEMPTIONS.**

23 (a) EXEMPTION FROM TAXES.—Consistent with sec-  
24 tion 205(c), the Multifamily Platform shall be exempt  
25 from all taxation imposed by the United States, any terri-

1 tory, dependency, or possession of the United States or  
2 any State, county, municipality, or local taxing authority.

3 (b) EXEMPTION FROM SEC REGISTRATION.—All cov-  
4 ered multifamily securities insured or guaranteed by the  
5 Administration shall, to the same extent as securities that  
6 are direct obligations of or obligations guaranteed as to  
7 principal or interest by the United States, be deemed to  
8 be exempt securities within the meaning of the laws ad-  
9 ministered by the Securities and Exchange Commission.

## 10 **TITLE VII—MULTIPLE LENDER** 11 **ISSUES**

### 12 **SEC. 701. MULTIPLE LENDER ISSUES.**

13 With respect to the dwelling of a borrower that serves  
14 as security for an eligible mortgage, if the borrower enters  
15 into any credit transaction that would result in the cre-  
16 ation of a new mortgage or other lien on such dwelling  
17 where the loan-to-value ratio of such credit transaction  
18 amount is 80 percent or more, the creditor of such new  
19 mortgage or other lien shall seek and obtain the approval  
20 of the creditor of the senior eligible mortgage loan before  
21 any such credit transaction becomes valid and enforceable.

1                   **TITLE VIII—GENERAL**  
2                   **PROVISIONS**

3   **SEC. 801. AUTHORITY TO ISSUE REGULATIONS.**

4           The Administration may prescribe such regulations  
5 and issue such guidelines, orders, requirements, or stand-  
6 ards as are necessary to carry out this Act, or any amend-  
7 ment made by this Act.

8   **SEC. 802. ACCOUNTING METHOD.**

9           In any evaluation, oversight, audit, or analysis by the  
10 Administration of the cost of the Mortgage Insurance  
11 Fund, the insurance or guarantee activities of the Admin-  
12 istration required under this Act, including any fee or  
13 charge in connection with the provision of such insurance  
14 or guarantee, or the financial transactions of the Adminis-  
15 tration, the Administration shall conduct any such evalua-  
16 tion, oversight, audit, or analysis based on the Federal  
17 Credit Reform Act of 1990 (2 U.S.C. 661 et seq.).

18   **SEC. 803. RULE OF CONSTRUCTION.**

19           Nothing in this Act shall be construed to prohibit or  
20 otherwise restrict the ability of a holder of any loss posi-  
21 tion in any covered security insured under this Act from  
22 restructuring, retransching, or resecuritizing such position.

23   **SEC. 804. SEVERABILITY.**

24           If any provision of this Act or the application of any  
25 provision of this Act to any person or circumstance, is held

1 invalid, the application of such provision to other persons  
2 or circumstances, and the remainder of this Act, shall not  
3 be affected thereby.