

[DISCUSSION DRAFT]

115TH CONGRESS  
2D SESSION

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

To protect American taxpayers and homeowners by creating a sustainable housing finance system for the 21st century, and for other purposes.

\_\_\_\_\_  
IN THE HOUSE OF REPRESENTATIVES

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

\_\_\_\_\_  
**A BILL**

To protect American taxpayers and homeowners by creating a sustainable housing finance system for the 21st century, 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 “Bipartisan Housing Finance Reform Act of 2018”.

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

Sec. 1. Short title; table of contents.

Sec. 2. Purposes.

TITLE I—STRENGTHENING THE SECONDARY MORTGAGE MARKET  
AND IMPROVING BORROWER ACCESS TO CONVENTIONAL HOME  
LOANS

- Sec. 101. Establishment of Ginnie Mae Plus.
- Sec. 102. Authority to guarantee MBS protected with private capital.
- Sec. 103. Ginnie Mae standards for issuers.
- Sec. 104. Approved private credit enhancement.
- Sec. 105. Standards for private credit enhancers.
- Sec. 106. Ownership and management of private credit enhancers.
- Sec. 107. Bright-line distinction.
- Sec. 108. FHFA oversight and duties.
- Sec. 109. Prudential management.
- Sec. 110. Capital requirements.
- Sec. 111. Private Capital Reserves.
- Sec. 112. Portfolios.
- Sec. 113. Conflicts of interest.
- Sec. 114. FHFA coordination with GNMA.
- Sec. 115. Resolution.
- Sec. 116. Small lender access program.
- Sec. 117. Lender access to cash window through Federal Home Loan Banks.
- Sec. 118. Regulatory implementation of credit risk-sharing market.
- Sec. 119. Definitions.

TITLE II—DEVELOPMENT AND DEPLOYMENT OF A MORTGAGE  
SECURITY MARKET EXCHANGE AND DATA REPOSITORY

- Sec. 201. Purposes.
- Sec. 202. Definitions.

Subtitle A—Establishment and Authority of the Exchange

- Sec. 211. Establishment.
- Sec. 212. General powers; authorized and prohibited activities.
- Sec. 213. Mission and structure of Common Securitization Solutions.
- Sec. 214. Transition period.
- Sec. 215. Transfer date.
- Sec. 216. Repayment of cost.
- Sec. 217. Regulation, supervision, and enforcement.

Subtitle B—Standards for Qualified Securities

- Sec. 221. Qualified securities.
- Sec. 222. Standards for qualified securities.

Subtitle C—National Mortgage Data Repository

- Sec. 231. Organization and operation.
- Sec. 232. Legal effect of registration with Repository.
- Sec. 233. Grants to States; repayment.
- Sec. 234. Judicial review.
- Sec. 235. Transition provisions.

TITLE III.—AFFORDABLE ACCESS AND MARKET MODERNIZATION  
REFORMS

- Sec. 301. Affordability principles.
- Sec. 302. Multifamily principles.
- Sec. 303. Modernization principles.

#### TITLE IV—ENTERPRISE TRANSITION

- Sec. 401. Definitions.

##### Subtitle A—Transition and Conversion

- Sec. 411. Repeal of charters.
- Sec. 412. Termination of current conservatorships; mandatory receiverships.
- Sec. 413. Receiver’s discretionary authority to create receivership entity.
- Sec. 414. Effect of repeal of enterprise charter.
- Sec. 415. Wind-down and transition.

##### Subtitle B—Limitations on Authority During Conservatorships

- Sec. 421. Limitations on enterprise authority.
- Sec. 422. Mandatory risk-sharing.

#### TITLE V—REGULATORY STRUCTURE

##### Subtitle A—FHFA

- Sec. 501. Board of Directors of Federal Housing Finance Agency.

##### Subtitle B—Ginnie Mae

- Sec. 511. Removal from HUD; establishment as independent entity.
- Sec. 512. Optional use of securitization Platform.

##### Subtitle C—Housing Market Reforms

- Sec. 521. Basel III Liquidity Coverage Ratio amendments.
- Sec. 522. Notice of junior mortgage or lien.
- Sec. 523. Limitation on mortgages held by loan servicers.
- Sec. 524. GNMA prohibition relating to use of power of eminent domain.

#### TITLE VI—MISCELLANEOUS AND CONFORMING AMENDMENTS

- Sec. 601. Conforming amendment to limitation on Ginnie Mae commitment authority for Government-insured mortgage securities.
- Sec. 602. Conforming amendments to Securities Act of 1933.
- Sec. 603. Conforming amendments to title 18, United States Code.
- Sec. 604. Conforming amendment to the Investment Company Act of 1940.
- Sec. 605. Fair lending laws.

### 1 **SEC. 2. PURPOSES.**

2       The purposes of this Act are—

- 3               (1) to preserve the liquidity of long-term tradi-
- 4       tional mortgage products, such as the 30-year fixed

1 rate loan, and improve borrower access to conven-  
2 tional home loans;

3 (2) to create more opportunities for smaller  
4 lenders to serve the housing needs of their commu-  
5 nities;

6 (3) to provide lenders and investors for the first  
7 time a mortgage security market exchange and data  
8 repository to foster liquidity in the private-label se-  
9 curities market;

10 (4) to place the successor entities of Fannie  
11 Mae and Freddie Mac on a sustainable path going  
12 forward while ensuring no future market participant  
13 needs taxpayer support;

14 (5) to create more choices for consumers and  
15 foster a competitive secondary mortgage market;

16 (6) to promote access to affordable mortgage  
17 credit and affordable housing across the United  
18 States, including to underserved borrowers;

19 (7) to ensure that mortgage lenders of all sizes,  
20 charter types, and locations have equitable access to  
21 the secondary mortgage market; and

22 (8) to provide for a gradual and smooth transi-  
23 tion to the housing finance system contemplated by  
24 this Act.

1 **TITLE I—STRENGTHENING THE**  
2 **SECONDARY MORTGAGE MAR-**  
3 **KET AND IMPROVING BOR-**  
4 **ROWER ACCESS TO CONVEN-**  
5 **TIONAL HOME LOANS**

6 **SEC. 101. ESTABLISHMENT OF GINNIE MAE PLUS.**

7 (a) ESTABLISHMENT.—The Government National  
8 Mortgage Association (Ginnie Mae) shall establish a pro-  
9 gram under this title to be known as Ginnie Mae Plus  
10 that shall preserve the liquidity of long-term traditional  
11 mortgage products, such as the 30-year fixed rate loan,  
12 and improve borrower access to conventional home loans.

13 (b) REQUIREMENTS.— Under Ginnie Mae Plus—

14 (1) Ginnie Mae shall guarantee payment of se-  
15 curities that are backed by eligible conventional  
16 mortgages and protected with private capital; and

17 (2) the issuers of such securities shall be re-  
18 sponsible for securing private loan-level credit insur-  
19 ance from approved private credit enhancers.

20 **SEC. 102. AUTHORITY TO GUARANTEE MBS PROTECTED**  
21 **WITH PRIVATE CAPITAL.**

22 (a) AUTHORITY.—Subsection (g) of section 306 of  
23 the National Housing Act (12 U.S.C. 1721(g)) is amend-  
24 ed—

1           (1) by inserting “(A) AUTHORITY TO GUAR-  
2 ANTEE SECURITIES.—” after “(g)(1)”; and

3           (2) in the first sentence of paragraph (1)—

4                 (A) by inserting “(I)” before “insured  
5 under the National Housing Act”;

6                 (B) by inserting before the period at the  
7 end the following: “, or (II) eligible conventional  
8 mortgages as such term is defined in paragraph  
9 (4)”.

10         (b) DEFINITIONS.—Subsection (g) of section 306 of  
11 the National Housing Act (12 U.S.C. 1721(g)), is amend-  
12 ed by adding at the end the following new paragraph:

13           “(4) DEFINITIONS.—For purposes of this section, the  
14 following definitions shall apply:

15                 “(A) CONVENTIONAL MORTGAGE.—

16                         “(i) IN GENERAL.—The term ‘conventional  
17 mortgage’ means a mortgage that—

18                                 “(I) is a qualified mortgage, as such  
19 term is defined under section 129C(b)(2)  
20 of the Truth in Lending Act (15 U.S.C.  
21 1639c(b)(2));

22                                 “(II) has a term to maturity of not  
23 more than 30 years;

24                                 “(III) fully amortizes over such term  
25 to maturity;

1                   “(IV) has an original principal obliga-  
2                   tion that does not exceed—

3                   “(aa) 95 percent of the appraised  
4                   value of the property that is subject to  
5                   the mortgage; and

6                   “(bb) the applicable dollar  
7                   amount limitation determined under  
8                   the 6th sentence of paragraph (2) of  
9                   section 302(b) of the National Hous-  
10                  ing Act (12 U.S.C. 1717(b)(2)) or  
11                  under the last 2 sentences of such  
12                  paragraph;

13                  “(V) in the case of mortgage having a  
14                  principal obligation in an amount equal to  
15                  or exceeding 85 percent of such appraised  
16                  value, is covered by private mortgage in-  
17                  surance or another credit risk transfer  
18                  mechanism (as such term as defined in  
19                  section 119 of the Bipartisan Housing Fi-  
20                  nance Reform Act of 2018) in the amount  
21                  required by the Director of the Federal  
22                  Housing Finance Agency;

23                  “(VI) is made for—

1                   “(aa) the purchase of a property  
2                   that is the principal residence of the  
3                   mortgagor; or

4                   “(bb) prepaying or paying off an  
5                   existing loan secured by the principal  
6                   residence of the mortgagor; and

7                   “(VII) has an outstanding principal  
8                   balance, at the time of the guarantee of  
9                   the eligible conventional mortgage security,  
10                  that is not more than 85 percent of the  
11                  value of the property securing the loan.

12                  “(ii) EXCLUSIONS.—Such term does not  
13                  include—

14                   “(I) a mortgage that is a Govern-  
15                   ment-insured mortgage;

16                   “(II) a mortgage described in clause  
17                   (i)(V)(bb)—

18                   “(aa) under which a portion of  
19                   the proceeds of the mortgage are used  
20                   to prepay or pay off the outstanding  
21                   principal and interest owed on an ex-  
22                   isting mortgage and a portion of such  
23                   proceeds are made available to or on  
24                   behalf of the borrower; and



1                   “(bb) that has an original prin-  
2                   cipal obligation that exceeds 80 per-  
3                   cent of the appraised value of the  
4                   property that is subject to the mort-  
5                   gage; or

6                   “(III) a mortgage under which the  
7                   mortgagor, or the spouse of the mortgagor,  
8                   is the mortgagor under 3 or more other  
9                   outstanding mortgages that are govern-  
10                  ment-insured mortgages or eligible conven-  
11                  tional mortgages.

12                  “(B) ELIGIBLE CONVENTIONAL MORTGAGE.—  
13                  The term ‘eligible conventional mortgage’ means a  
14                  conventional mortgage for which approved private  
15                  credit enhancement, as such term is defined in sec-  
16                  tion 119 of the Bipartisan Housing Finance Reform  
17                  Act of 2018, is provided.

18                  “(C) ELIGIBLE CONVENTIONAL MORTGAGE SE-  
19                  CURITY.—The term ‘eligible conventional mortgage  
20                  security’ means a security that is based on or backed  
21                  by a trust or pool of eligible conventional mortgages.

22                  “(D) GOVERNMENT-INSURED MORTGAGE.—The  
23                  term ‘Government-insured mortgage’ means a mort-  
24                  gage described in clause (ii)(I) of the first sentence  
25                  of paragraph (1) of this subsection.”.

1 **SEC. 103. GINNIE MAE STANDARDS FOR ISSUERS.**

2 (a) ISSUANCE.—Not later than the expiration of the  
3 24-month period beginning on the date of the enactment  
4 of this Act, the Government National Mortgage Associa-  
5 tion shall issue such regulations, standards, and guidelines  
6 as may be necessary to provide for—

7 (1) standards and procedures for approval  
8 under section 306(g)(1) of the National Housing Act  
9 (12 U.S.C. 1721(g)(1)) of issuers of eligible conven-  
10 tional mortgage securities (as such term is defined  
11 in such section 306(g)(4) of such Act, as added by  
12 the amendment made by section 102(b) of this Act)  
13 for purposes of eligibility for guaranty under such  
14 section 306(g) of the payment of principal of and in-  
15 terest on such securities; and

16 (2) fees to be charged to issuers of such securi-  
17 ties for guaranties of such securities made under  
18 such section 306(g).

19 (b) PROHIBITION ON PRICE DISCRIMINATION.—The  
20 Government National Mortgage Association may not dis-  
21 criminate on the amount of fees charged to issuers of secu-  
22 rities based on the size or mortgage production volume  
23 of an issuer.

24 **SEC. 104. APPROVED PRIVATE CREDIT ENHANCEMENT.**

25 The Director of the Federal Housing Finance Agency  
26 shall develop, adopt, and publish standards and proce-

1 dures under this title for the approval of private credit  
2 enhancement with respect to conventional mortgages that  
3 may be provided in connection with the guarantee by the  
4 Government National Mortgage Association under section  
5 306(g) of the National Housing Act (12 U.S.C. 1721(g))  
6 of securities based on or backed by such mortgages.

7 **SEC. 105. STANDARDS FOR PRIVATE CREDIT ENHANCERS.**

8 (a) IN GENERAL.—The Director of the Federal  
9 Housing Finance Agency shall develop, adopt, and publish  
10 standards under this title for the approval of private credit  
11 enhancers to provide approved private credit enhancement  
12 for conventional mortgages in connection with the guar-  
13 antee by the Government National Mortgage Association  
14 under section 306(g) of the National Housing Act (12  
15 U.S.C. 1721(g)) of securities based on or backed by such  
16 mortgages, and procedures for obtaining such approval.

17 (b) PROHIBITION ON PRICE DISCRIMINATION.—The  
18 standards adopted under this title shall ensure that pri-  
19 vate credit enhancers do not discriminate on the price paid  
20 for the credit enhancement for an eligible conventional  
21 mortgage based on the size or loan production volume of  
22 the lender or issuer purchasing the credit enhancement.

23 (c) APPLICATION; SUSPENSION; REVOCATION; AP-  
24 PEAL; REAPPROVAL.—The standards and procedures es-  
25 tablished under this title with respect to approved private

1 credit enhancers, approved private credit enhancement,  
2 and approved credit risk transfer mechanisms shall in-  
3 clude standards and procedures for—

4 (1) application for such approval;

5 (2) suspension of such approval;

6 (3) revocation of such approval;

7 (4) appeal of suspension or revocation of such  
8 approval; and

9 (5) re-approval.

10 **SEC. 106. OWNERSHIP AND MANAGEMENT OF PRIVATE**  
11 **CREDIT ENHANCERS.**

12 (a) **STRUCTURE AND OWNERSHIP.**—The standards  
13 required under section 105 shall include standards under  
14 this section regarding the establishment, structure, and  
15 ownership of an approved private credit enhancer. An ap-  
16 proved private credit enhancer shall have such ownership  
17 structure as the Director may, by regulation, provide,  
18 which may include a corporation, mutual association, part-  
19 nership, limited liability corporation, cooperative, mutual  
20 company, or any other organizational form that the Direc-  
21 tor considers appropriate.

22 (b) **MANAGEMENT EXPERIENCE AND FITNESS.**—The  
23 members of the management of an approved private credit  
24 enhancer shall meet such standards for experience and for

1 general character and fitness, including compliance with  
2 Federal and State laws, as the Director shall require.

3 **SEC. 107. BRIGHT-LINE DISTINCTION.**

4 Except as provided under sections 116(a), an ap-  
5 proved private credit enhancer or any affiliate of any ap-  
6 proved private credit enhancer may not—

7 (1) be approved by the Government National  
8 Mortgage Association as an issuer of any securities  
9 based on or backed by residential mortgages, includ-  
10 ing eligible conventional mortgages; or

11 (2) issue any such securities.

12 **SEC. 108. FHFA OVERSIGHT AND DUTIES.**

13 (a) IN GENERAL.—All approved private credit  
14 enhancers shall, to the extent provided in this title, be sub-  
15 ject to the supervision and regulation of the Director of  
16 the Federal Housing Finance Agency.

17 (b) AUTHORITY OVER APPROVED PRIVATE CREDIT  
18 ENHANCERS.—The Director shall have general regulatory  
19 authority over each approved private credit enhancer and  
20 shall exercise such general regulatory authority to ensure  
21 that the purposes of this title and any other applicable  
22 laws are carried out.

23 (c) PRINCIPAL DUTIES.—Among the principal duties  
24 of the Director pursuant to this section shall be—

1 (1) to oversee the prudential operations of each  
2 approved private credit enhancer; and

3 (2) to ensure that—

4 (A) each approved private credit enhancer  
5 operates in a safe and sound manner, including  
6 maintenance of adequate capital and internal  
7 controls; and

8 (B) each approved private credit enhancer  
9 complies with this title and the rules, regula-  
10 tions, guidelines, and orders issued under this  
11 title.

12 **SEC. 109. PRUDENTIAL MANAGEMENT.**

13 The Director shall establish prudential standards, by  
14 regulation or guideline, for approved private credit  
15 enhancers to—

16 (1) ensure—

17 (A) the safety and soundness of such enti-  
18 ties; and

19 (B) the maintenance of approval standards  
20 by such entities; and

21 (2) minimize the risk presented to the Private  
22 Capital Reserves.

23 **SEC. 110. CAPITAL REQUIREMENTS.**

24 (a) IN GENERAL.—The Director shall establish  
25 standards under this section regarding solvency and the

1 adequacy of the amount and structure of the capital of  
2 an approved private credit enhancer, which shall include  
3 such risk-based capital requirements and leverage restric-  
4 tions as the Director considers necessary to meet the re-  
5 quirements under subsection (b).

6 (b) CONSIDERATIONS.—The standards established  
7 under this section shall—

8 (1) be designed to ensure the financial safety  
9 and soundness of an approved private credit  
10 enhancer; and

11 (2) shall be comparable to capital requirements  
12 applicable to banking, depository, and other financial  
13 institutions.

14 (c) MINIMUM REQUIREMENTS.—In accordance with  
15 regulations prescribed by the Director, an approved pri-  
16 vate credit enhancer shall comply with the following re-  
17 quirements:

18 (1) CREDIT RISK TRANSFER MECHANISMS.—

19 (A) IN GENERAL.—Subject to subpara-  
20 graph (C), an approved private credit enhancer  
21 shall maintain eligible credit risk transfer mech-  
22 anisms that together cause credit risk transfer  
23 counterparties to bear a portion of credit risk,  
24 as a percentage of the unpaid principal balance  
25 of mortgage loans guaranteed by the private

1 credit enhancer, as determined by the Director,  
2 to ensure—

3 (i) the financial safety and soundness  
4 of the private credit enhancer;

5 (ii) the amount of risk transferred to  
6 credit risk transfer counterparties;

7 (iii) the amount of capital relief as de-  
8 termined under the standards established  
9 under subsection (a), established with com-  
10 parability to the capital relief in place for  
11 credit risk transfer mechanisms allowable  
12 for a comparable framework for the bank-  
13 ing system; and

14 (iv) the economics of such trans-  
15 actions and their impact on the financial  
16 viability of the private credit enhancer.

17 (B) ELIGIBLE INSTRUMENTS.—In devel-  
18 oping the approval process for credit risk trans-  
19 fer mechanisms, the Director shall—

20 (i) consider mechanisms that include  
21 credit-linked structures or other instru-  
22 ments that are designed to absorb credit  
23 losses on single-family covered securities;



1 (ii) consider any credit risk transfer  
2 mechanisms undertaken by private credit  
3 enhancers; and

4 (iii) ensure that the mechanisms will  
5 accommodate the availability of mortgage  
6 credit on equal and transparent terms in  
7 the secondary mortgage market for small  
8 mortgage lenders and lenders from all geo-  
9 graphic locations, including rural locations.

10 (C) EXCEPTION.—The Director may waive  
11 or lower the requirement under subparagraph  
12 (A), but only if—

13 (i) the Director considers such waiver  
14 or lowering necessary due to adverse mar-  
15 ket conditions for approved private credit  
16 enhancers; and

17 (ii) the Director makes the determina-  
18 tion that the approved private credit  
19 enhancer has a sufficient amount of equity  
20 capital exceeding the minimum amount re-  
21 quired for approved private credit  
22 enhancers.

23 (2) CAPITAL.—An approved private credit  
24 enhancer shall maintain an amount of capital, after  
25 taking into account any capital relief afforded by the

1 eligible credit risk-sharing arrangements of the pri-  
2 vate credit enhancer, sufficient to satisfy—

3 (A) a leverage restriction requiring equity  
4 capital, as a percentage of the aggregate unpaid  
5 principal amount of the collateral guaranteed by  
6 the private credit enhancer that secures guaran-  
7 teed mortgage-backed securities, equal to a  
8 minimum ratio as determined by the Director  
9 and comparable to the capital requirements ap-  
10 plicable to banking, depository, and other finan-  
11 cial institutions;

12 (B) a risk-based capital requirement re-  
13 quiring equity capital, as a percent of the ag-  
14 gregate amount of risk-weighted assets (as de-  
15 termined by the Director) guaranteed by the  
16 private credit enhancer that secures guaranteed  
17 mortgage backed securities, equal to a min-  
18 imum ratio as determined by the Director and  
19 comparable to the capital requirements applica-  
20 ble to banking, depository, and other financial  
21 institutions; and

22 (C) a countercyclical capital buffer require-  
23 ment.

24 (d) UNDERCAPITALIZATION.—The standards estab-  
25 lished under this section shall provide sanctions for failure

1 to comply with such standards and shall authorize the Di-  
2 rector to take the same actions with respect to a private  
3 credit enhancer that is undercapitalized, based on the  
4 same degree of undercapitalization, that are authorized to  
5 be taken under sections 1365, 1366, 1368, and 1369 of  
6 the Federal Housing Enterprises Financial Safety and  
7 Soundness Act of 1992 (12 U.S.C. 4615, 4616, 4618, and  
8 4622) with respect to an enterprise that is undercapital-  
9 ized or significantly undercapitalized.

10 **SEC. 111. PRIVATE CAPITAL RESERVES.**

11 (a) ESTABLISHMENT.—There is established the Pri-  
12 vate Capital Reserves, which shall be a fund that the Di-  
13 rector shall—

14 (1) maintain and administer; and

15 (2) use, without further appropriation, only to  
16 cover losses on eligible conventional mortgages for  
17 which private credit enhancement was provided by a  
18 private credit enhancer that is insolvent.

19 (b) DEPOSITS.—The Private Capital Reserves shall  
20 be credited with any—

21 (1) insurance fee amounts required to be depos-  
22 ited in the Reserves under this section;

23 (2) any amounts as are or may be appropriated,  
24 transferred, or credited to the Reserves under any  
25 other provisions of law; and

1           (3) amounts earned on investments pursuant to  
2 subsection (f).

3           (c) MINIMUM BALANCE.—

4           (1) IN GENERAL.—Subject to paragraph (2),  
5 the Director shall ensure that the Private Capital  
6 Reserves attains and thereafter maintains a balance  
7 equal to or exceeding the amount that is equal to 2  
8 percent of the aggregate unpaid principal balance of  
9 eligible conventional mortgages for which private  
10 credit enhancement is provided by approved private  
11 credit enhancers.

12           (2) SUSPENSION.—The Director may tempo-  
13 rarily suspend the requirement under paragraph (1)  
14 if the Director determines that market conditions so  
15 require. A suspension pursuant to this paragraph  
16 shall not affect the requirement under subsection (d)  
17 relating to payment of fees for insurance provided by  
18 the Private Capital Reserves.

19           (d) FEES.—

20           (1) ESTABLISHMENT.—

21           (A) REQUIREMENT.—Subject to subpara-  
22 graph (B), for each eligible conventional mort-  
23 gage for which approved private credit enhance-  
24 ment is provided by an approved private credit  
25 enhancer, the Director shall require the ap-

1           proved private credit enhancer to pay a fee  
2           under this subsection for the insurance provided  
3           under subsection (a) by the Private Capital Re-  
4           serves.

5           (B) EXCEPTION.—At any time that the  
6           balance of the Private Capital Reserves com-  
7           plies with the minimum balance requirement  
8           under subsection (c), the Director may waive  
9           the payment of fees under this subsection in  
10          connection with the provision of private credit  
11          enhancement, but only if such waiver does not  
12          result in such balance failing to comply with  
13          such minimum balance requirement.

14          (2) AMOUNT.—The fee required under para-  
15          graph (1) shall be established as a percentage of the  
16          original principal obligation of the mortgage, as the  
17          Director shall determine, as is necessary to—

18                (A) achieve and maintain a Private Capital  
19                Reserves balance sufficient to ensure that the  
20                Director can provide the insurance required by  
21                this section and to comply with subsections (a)  
22                and (c); and

23                (B) cover the costs of insurance for the  
24                Private Capital Reserves obtained in accordance  
25                with subsection (g).

1           (3) UNIFORMITY.—The fee required under  
2 paragraph (1)—

3           (A) shall be set at a uniform amount appli-  
4 cable to all approved private credit enhancers  
5 purchasing insurance under this section;

6           (B) may not vary—

7           (i) by geographic location; or

8           (ii) by the size of the institution to  
9 which the fee is charged; and

10          (C) may not be based on the volume of the  
11 guarantee business undertaken by an individual  
12 approved private credit enhancer.

13          (4) ADJUSTMENT.—

14          (A) AUTHORITY.—The Director may ad-  
15 just the amount of the fee under this sub-  
16 section—

17           (i) annually based on the consider-  
18 ations under paragraph (2);

19           (ii) based on whether the Private Cap-  
20 ital Reserves has attained the balance re-  
21 quired under subsection (c) or not; and

22           (iii) at any time before the Private  
23 Capital Reserves has attained the balance  
24 required under subsection (c), based on  
25 market conditions.

1 (B) REPORTS.—Before any adjustment  
2 pursuant to this paragraph takes effect, the Di-  
3 rector shall submit to the Congress a report de-  
4 scribing the justifications for the adjustment.

5 (5) DEPOSIT INTO PRIVATE CAPITAL RE-  
6 SERVES.—Any fee amounts collected under this sub-  
7 section shall be deposited in the Private Capital Re-  
8 serves.

9 (e) EXEMPTION FROM APPORTIONMENT.—Notwith-  
10 standing any other provision of law, amounts received by  
11 the Private Capital Reserves pursuant to any fees collected  
12 under this section shall not be subject to apportionment  
13 for the purposes of chapter 15 of title 31, United States  
14 Code, or under any other authority.

15 (f) INVESTMENTS.—Amounts in the Private Capital  
16 Reserves that are not otherwise employed shall be invested  
17 in obligations of the United States.

18 (g) INSURANCE OF PRIVATE CAPITAL RESERVES.—

19 (1) IN GENERAL.—The Director shall carry out  
20 a risk-sharing program for Private Capital Reserves,  
21 as provided in this subsection, to reinsure potential  
22 catastrophic losses covered by the Reserves.

23 (2) REINSURANCE BIDS.—In providing such in-  
24 surance, the Director shall carry out a reinsurance  
25 bid program under which, before each fiscal year (or

1 such other time period determined by the Director),  
2 the Director shall enter into—

3 (A) contracts with market participants to  
4 reinsure potential catastrophic losses during  
5 such fiscal year (or other time period) that are  
6 covered by the Private Capital Reserves; and

7 (B) agreements as necessary to meet the  
8 requirements of paragraph (3).

9 (3) AMOUNT OF LOSS TRANSFERRED.—

10 (A) IN GENERAL.—Except as provided  
11 under subparagraph (B), the program under  
12 this subsection shall transfer to the private sec-  
13 tor not less than 10 percent of the risk of all  
14 catastrophic credit loss assumed by the Private  
15 Capital Reserves in the event of a default or in-  
16 solvency of an approved private credit enhancer.

17 (B) EXCEPTION.—The Director may pro-  
18 vide for the Private Capital Reserves to transfer  
19 an amount of catastrophic credit loss risk that  
20 is less than an amount required under subpara-  
21 graph (A) during—

22 (i) a transition period beginning upon  
23 the establishment of the Reserves and hav-  
24 ing such duration as the Director shall  
25 provide; and



1 (ii) any period for which the Director  
2 determines that such action is necessary  
3 based on market conditions.

4 (4) TRANSFER OF LOSS.—Risk of catastrophic  
5 credit loss assumed by the Reserves and transferred  
6 under the program under this section shall be trans-  
7 ferred on a pari passu basis.

8 (5) COMPETITIVE BIDDING PROCESS.—The  
9 Agency shall use a competitive bidding process to  
10 determine which market participants shall be grant-  
11 ed contracts under the program under this sub-  
12 section.

13 **SEC. 112. PORTFOLIOS.**

14 (a) PROHIBITION ON HOLDING MORTGAGES.—Ex-  
15 cept as provided under this section and the regulations  
16 implementing this section, an approved private credit  
17 enhancer shall not directly or indirectly purchase, invest  
18 in, or otherwise hold any mortgage loans, mortgage-  
19 backed securities, or other mortgage assets.

20 (b) WAREHOUSING; POOLING.—Subject to the limita-  
21 tions established pursuant to subsection (d), the Director  
22 shall provide that an approved private credit enhancer (in-  
23 cluding any approved credit enhancer that is established  
24 as a successor to an enterprise pursuant to section  
25 415(a)(3)(A) of this Act) that is carrying out a mortgage

1 purchase program under section 116, may hold eligible  
2 conventional mortgages purchased under such program for  
3 purposes of warehousing such mortgages to provide for  
4 pooling and issuance of securities based on or backed by  
5 such mortgages under such program.

6 (c) REPURCHASE OF DEFAULTED AND TROUBLED  
7 MORTGAGES.—Subject to the limitations established pur-  
8 suant to subsection (d), the Director shall provide that an  
9 approved private credit enhancer may re-acquire eligible  
10 conventional mortgages that are in default or are subject  
11 to such loan modifications as allowed under the provision  
12 of approved private credit enhancement and hold such  
13 mortgages until the entity is able to dispose of the mort-  
14 gages.

15 (d) LIMITATIONS.—The Director shall establish limi-  
16 tations, based on systemic risk, on the extent of eligible  
17 conventional mortgages that may be held pursuant to this  
18 section by an approved private credit enhancer at any one  
19 time.

20 **SEC. 113. CONFLICTS OF INTEREST.**

21 The Director shall establish standards, by regulation  
22 or guideline, for approved private credit enhancers as the  
23 Director considers appropriate to avoid any conflicts of in-  
24 terest.

1 **SEC. 114. FHFA COORDINATION WITH GNMA.**

2 The Director may provide such advice and assistance  
3 as the Director considers appropriate to the Association  
4 in establishing standards for approval, and approving,  
5 issuers of securities based on or backed by eligible conven-  
6 tional mortgages that are guaranteed by the Association  
7 pursuant to section 306(g) of the National Housing Act  
8 (12 U.S.C. 1721(g)).

9 **SEC. 115. RESOLUTION.**

10 (a) IN GENERAL.—Subject only to subsection (b),  
11 section 1367 of the Federal Housing Enterprises Finan-  
12 cial Safety and Soundness Act of 1992 (12 U.S.C. 4617)  
13 but not including subsections (k) and (l) of such section  
14 (as amended or added, respectively, by title IV of the Bi-  
15 partisan Housing Finance Reform Act of 2018) shall  
16 apply with respect to an approved private credit enhancer  
17 in the same manner and to the same extent that such sec-  
18 tion applies to a regulated entity or to an enterprise.

19 (b) FHFA AUTHORITY.—The Director may, by regu-  
20 lation, provide for such exceptions and modifications in the  
21 application of such section 1367 to approved private credit  
22 enhancers as the Director considers necessary to account  
23 for differences between private credit enhancers and the  
24 regulated entities and enterprises.

1 **SEC. 116. SMALL LENDER ACCESS PROGRAM.**

2 (a) **AUTHORITY.**—An approved private credit  
3 enhancer may—

4 (1) carry out a mortgage purchase program  
5 that allows small lenders to sell for cash eligible con-  
6 ventional mortgages;

7 (2) issue securities based on or backed by such  
8 mortgages purchased; and

9 (3) to the extent such entity is approved by the  
10 Government National Mortgage Association as an  
11 issuer of eligible conventional mortgage securities (as  
12 such term is defined in section 306(g)(4) of the Na-  
13 tional Housing Act (12 U.S.C. 1721(g)(4))), obtain  
14 guarantees of securities from such Association.

15 (b) **OVERSIGHT.**—Any mortgage purchase program  
16 established pursuant to subsection (a) shall be subject to  
17 the oversight and regulation of the Government National  
18 Mortgage Association and the Director, who may adopt  
19 such supplemental standards as necessary to ensure that  
20 each approved private credit enhancer operates in a safe  
21 and sound manner and to minimize any risk presented to  
22 the Private Capital Reserves under section 111 that may  
23 arise from the operation of the mortgage purchase pro-  
24 gram.

25 (c) **PROHIBITION ON PRICE DISCRIMINATION.**—Any  
26 supplemental standards adopted pursuant to subsection

1 (b) shall ensure that approved private credit enhancers do  
2 not discriminate on the price paid for an eligible  
3 conventional mortgage based on the size or loan production  
4 volume of the small lender selling the loan through the  
5 mortgage purchase program.

6 (d) LIMITATION.—An approved private credit  
7 enhancer may not purchase eligible conventional mort-  
8 gages under the mortgage purchase program under this  
9 section in any year from any single lender having an ag-  
10 gregate original principal obligation in excess of 5 percent  
11 of the aggregate original principal obligation of all eligible  
12 conventional mortgages purchased by the private credit  
13 enhancer in such year under such program.

14 **SEC. 117. LENDER ACCESS TO CASH WINDOW THROUGH**  
15 **FEDERAL HOME LOAN BANKS.**

16 The Federal Home Loan Bank Act (12 U.S.C. 1421  
17 et seq.) is amended by inserting after section 3 the fol-  
18 lowing:

19 **“SEC. 2A. MORTGAGE SECURITIZATION.**

20 **“(a) IN GENERAL.—**A Federal Home Loan Bank  
21 may seek approval from the Government National Mort-  
22 gage Association under section 306(g)(1) of the National  
23 Housing Act as an issuer of eligible conventional mortgage  
24 securities for purposes of eligibility for guaranty under

1 such section 306(g) of the payment of principal of and  
2 interest on such securities.

3 “(b) PURCHASE OF ELIGIBLE CONVENTIONAL  
4 MORTGAGES.—In issuing securities described under sub-  
5 section (a), a Bank shall purchase the eligible conventional  
6 mortgages backing such securities from Bank members of  
7 the Federal Home Loan Bank System, regardless of  
8 whether such Bank members are members of the specific  
9 Bank issuing the securities.

10 “(c) OPERATION OF CASH WINDOW.—A Bank may  
11 purchase eligible conventional mortgages from lenders  
12 through the operation of a cash window for the purchase  
13 of individual eligible conventional mortgages.

14 “(d) PROHIBITION ON PRICE DISCRIMINATION.—A  
15 Bank may not discriminate on the price paid for an eligi-  
16 ble conventional mortgages based on the size or loan pro-  
17 duction volume of the Bank member selling the loan.

18 “(e) PROHIBITION ON ASSUMING CERTAIN CREDIT  
19 RISK.—

20 “(1) IN GENERAL.—The Director shall establish  
21 rules to prohibit a Bank from assuming additional  
22 credit risk related to an individual eligible conven-  
23 tional mortgage after the Government National  
24 Mortgage Association has guaranteed a security  
25 backed by such mortgage.

1           “(2) EXCEPTION.—Paragraph (1) shall not  
2           apply to—

3                   “(A) credit risk to the extent necessary to  
4                   engage in the business of securitizing guaran-  
5                   teed mortgage-backed securities prior to the im-  
6                   plementation of the Ginnie Mae Plus program  
7                   established pursuant to section 101 of the Bi-  
8                   partisan Housing Finance Reform Act of 2018;  
9                   or

10                   “(B) counterparty risk involved in the sale  
11                   of eligible conventional mortgages.

12           “(f) DEFINITIONS.—For purposes of this section—

13                   “(1) the term ‘Director’ means the Director of  
14                   the Federal Housing Finance Agency; and

15                   “(2) the terms ‘eligible conventional mortgage’  
16                   and ‘eligible conventional mortgage security’ have  
17                   the meaning given those terms, respectively, under  
18                   section 306(g)(4) of the National Housing Act.

19           “(g) EFFECTIVE DATE.—This section shall take ef-  
20           fect—

21                   “(1) with respect to the Federal Home Loan  
22                   Bank of Chicago, on the date that the Director has  
23                   placed both the Federal National Mortgage Associa-  
24                   tion and the Federal Home Loan Mortgage Corpora-

1           tion into receivership under section 412 of the Bi-  
2           partisan Housing Finance Reform Act of 2018; and

3           “(2) with respect to all other Federal Home  
4           Loan Banks, on the date that the Director has com-  
5           pleted all reorganizations required under section  
6           415(a)(3) of the Bipartisan Housing Finance Re-  
7           form Act of 2018.”.

8   **SEC. 118. REGULATORY IMPLEMENTATION OF CREDIT**  
9                                   **RISK-SHARING MARKET.**

10           (a) APPLICATION OF SECTION 3 OF THE INVEST-  
11           MENT COMPANY ACT OF 1940.—For any approved credit  
12           risk transfer mechanism (as defined under section 119),  
13           including a transaction in which credit risk is transferred  
14           on mortgage loans that do not directly back the securities  
15           being issued, the issuer shall be deemed to be a person  
16           primarily engaged in the business of purchasing or other-  
17           wise acquiring mortgages or other liens on and interests  
18           in real estate for purposes of section 3(c)(5) of the Invest-  
19           ment Company Act of 1940 (15 U.S.C. 80a–3(c)(5)).

20           (b) FEDERAL INCOME TAX TREATMENT.—

21                           (1) REAL ESTATE MORTGAGE INVESTMENT  
22           CONDUITS.—For purposes of sections 860A through  
23           860G of the Internal Revenue Code of 1986 (the  
24           “Code”)—



1 (A) any financial instrument issued by an  
2 enterprise (or a legal entity sponsored by an en-  
3 terprise to implement a credit risk transfer  
4 transaction) as part of a credit risk transfer  
5 transaction shall be treated as a “qualified  
6 mortgage”; and

7 (B) any amount includible in gross income  
8 with respect to such a financial instrument  
9 shall be treated as interest on a “qualified  
10 mortgage”.

11 (2) REAL ESTATE INVESTMENT TRUSTS.—For  
12 purposes of Code sections 856 through 860—

13 (A) any financial instrument issued by an  
14 enterprise (or a legal entity sponsored by an en-  
15 terprise to implement a credit risk transfer  
16 transaction) as part of a credit risk transfer  
17 transaction shall be treated as a “real estate  
18 asset”; and

19 (B) any amount includible in gross income  
20 with respect to such a financial instrument  
21 shall be treated as interest on an obligation se-  
22 cured by a mortgage on real property.

23 (3) TAXABLE MORTGAGE POOLS.—A credit risk  
24 transfer transaction entered into by an enterprise  
25 (or a legal entity sponsored by an enterprise) shall

1 not be treated as a “taxable mortgage pool” for pur-  
2 poses of section 7701(i) of the Code.

3 (4) REGULATIONS.—The Secretary of the  
4 Treasury shall prescribe such regulations or admin-  
5 istrative guidance as may be necessary or appro-  
6 priate to carry out the purposes of this subsection.

7 (c) RULE OF APPLICATION.—Subsections (a) and (b)  
8 shall apply in the case of an approved credit risk transfer  
9 mechanism that is outstanding on, or is issued after, the  
10 date of the enactment of this Act.

11 (d) CONFORMING AMENDMENTS.—

12 (1) INVESTMENT COMPANY ACT OF 1940.—Sec-  
13 tion 3(c)(5) of the Investment Company Act of 1940  
14 (15 U.S.C. 80a–3(c)(5)) is amended by adding at  
15 the end the following: “For any approved credit risk  
16 transfer mechanism (as defined under section 119 of  
17 the Bipartisan Housing Finance Reform Act of  
18 2018), including a transaction in which credit risk  
19 is transferred on mortgage loans that do not directly  
20 back the securities being issued, the issuer shall be  
21 deemed to be a person primarily engaged in the  
22 business of purchasing or otherwise acquiring mort-  
23 gages or other liens on and interests in real estate.”.

24 (2) RULE OF APPLICATION.—The amendments  
25 made by paragraph (1) shall apply in the case of an

1 approved credit risk transfer mechanism that is out-  
2 standing on, or is issued after, the date of the enact-  
3 ment of this Act.

4 **SEC. 119. DEFINITIONS.**

5 For purposes of this title, the following definitions  
6 shall apply:

7 (1) **AFFILIATE.**—The term “affiliate” means,  
8 with respect to an entity, any other entity that con-  
9 trols, is controlled by, or under common control  
10 with, such entity.

11 (2) **AGENCY.**—The term “Agency” means the  
12 Federal Housing Finance Agency.

13 (3) **APPROVED CREDIT RISK TRANSFER MECHA-**  
14 **NISM.**—The term “approved credit risk transfer  
15 mechanism” means a credit risk transfer mechanism  
16 that has been approved by the Director under sec-  
17 tion 110.

18 (4) **APPROVED PRIVATE CREDIT ENHANCE-**  
19 **MENT.**—The term “approved private credit enhance-  
20 ment” means private credit enhancement that has  
21 been approved by the Director under section 104.

22 (5) **APPROVED PRIVATE CREDIT ENHANCER.**—  
23 The term “approved private credit enhancer” means  
24 a private credit enhancer that has been approved by  
25 the Director under section 105.

1           (6) CONVENTIONAL MORTGAGES; ELIGIBLE  
2 CONVENTIONAL MORTGAGES.—The terms “conven-  
3 tional mortgage” and “eligible conventional mort-  
4 gage” shall have the same meanings given such  
5 terms in section 306(g)(4) of the National Housing  
6 Act (12 U.S.C. 1721(g)(4)).

7           (7) CREDIT RISK TRANSFER MECHANISM.—The  
8 term “credit risk transfer mechanism” means, with  
9 respect to a conventional mortgage, any transaction,  
10 mechanism, product, structure, contract, or security  
11 agreement by which a private market holder other  
12 than the private credit enhancer for the mortgage  
13 loan credit assumes the first loss position, or any  
14 part of such position, associated with the mortgage.

15           (8) DIRECTOR.—The term “Director” means  
16 the Director of the Federal Housing Finance Agen-  
17 cy.

18 **TITLE II—DEVELOPMENT AND**  
19 **DEPLOYMENT OF A MORT-**  
20 **GAGE SECURITY MARKET EX-**  
21 **CHANGE AND DATA REPOSI-**  
22 **TORY**

23 **SEC. 201. PURPOSES.**

24           The purposes of the Mortgage Security Market Ex-  
25 change created by this title are—

1           (1) transferring the Common Securitization  
2 Platform as property of the enterprises to an inde-  
3 pendent Mortgage Security Market Exchange avail-  
4 able to all issuers of residential mortgage-backed se-  
5 curities as a meaningful secondary mortgage market  
6 alternative to the enterprises and the Government  
7 National Mortgage Association that facilitates the  
8 transition to a post-conservatorship secondary mort-  
9 gage market.

10           (2) developing interoperable technology and  
11 standards to be used by the Common Securitization  
12 Platform to accommodate all platform users;

13           (3) developing a uniform contractual and disclo-  
14 sure framework to standardize data and reporting  
15 for qualified securities issued through the platform;

16           (4) ensuring fair and non-discriminatory access  
17 to the Common Securitization Platform for any  
18 qualified issuer, servicer, agency, or other  
19 counterparty;

20           (5) ensuring the Common Securitization Plat-  
21 form has the flexibility to adapt to the evolving  
22 standards and requirements of the secondary mort-  
23 gage market; and

24           (6) improving the uniformity, quality, and ac-  
25 cessibility of information related to the creation, au-

1 authentication, transmission, storage, and performance  
2 of residential mortgage loans.

3 **SEC. 202. DEFINITIONS.**

4 For purposes of this title, the following definitions  
5 shall apply:

6 (1) **AFFILIATE.**—With respect to the Exchange,  
7 the term “affiliate” means any entity that controls,  
8 is controlled by, or is under common control with,  
9 the Exchange.

10 (2) **AGENCY.**—The term “Agency” means the  
11 Federal Housing Finance Agency.

12 (3) **COMMON SECURITIZATION PLATFORM;**  
13 **PLATFORM.**—The terms “Common Securitization  
14 Platform” and “Platform” mean the securitization  
15 platform first described by the paper issued by the  
16 Agency on October 4, 2012, entitled “Building a  
17 New Infrastructure for the Secondary Mortgage  
18 Market”, and updated in subsequent documents re-  
19 leased by the Agency, including annual strategic  
20 plans for the conservatorship of the enterprises and  
21 annual conservatorship scorecards.

22 (4) **COMMON SECURITIZATION SOLUTIONS.**—  
23 The term “Common Securitization Solutions” means  
24 Common Securitization Solutions, LLC, the joint  
25 venture formed by the enterprises in October 2013,

1 or any successor to Common Securitization Solu-  
2 tions, LLC, that is a joint venture of the enterprises.

3 (5) DEPOSITOR.—The term “depositor”  
4 means—

5 (A) any person authorized to submit docu-  
6 ments or data for registration with the Reposi-  
7 tory; and

8 (B) any person qualified pursuant to sec-  
9 tion 231 (relating to organization and operation  
10 of the Repository) to inform the Repository  
11 of—

12 (i) newly-identified interest holders,  
13 whether through creation, assignment, or  
14 transfer; or

15 (ii) changes to interests of existing  
16 holders, including through modification,  
17 amendment, or restatement of, or dis-  
18 charge related to, any registered mortgage-  
19 related document.

20 (6) DIRECTOR.—The term “Director” means  
21 the Director of the Federal Housing Finance Agen-  
22 cy.

23 (7) ENTERPRISE.—The term “enterprise”  
24 means—

1 (A) the Federal National Mortgage Asso-  
2 ciation and any affiliate thereof, and

3 (B) the Federal Home Loan Mortgage  
4 Corporation and any affiliate thereof.

5 (8) EXCHANGE.—The term “Exchange” means  
6 the mortgage security market exchange established  
7 under section 211.

8 (9) EXCHANGE-AFFILIATED PARTY.—The term  
9 “exchange-affiliated party” means—

10 (A) any director, officer, employee or con-  
11 trolling shareholder of, or agent for, the Ex-  
12 change;

13 (B) any shareholder, affiliate, consultant,  
14 or joint venture partner of the Exchange, and  
15 any other person, as determined by the Director  
16 (by regulation or on a case-by-case basis) that  
17 participates in the conduct of the affairs of the  
18 Exchange; and

19 (C) any independent contractor of the Ex-  
20 change (including any attorney, appraiser or ac-  
21 countant) if—

22 (i) the independent contractor know-  
23 ingly or recklessly participates in any viola-  
24 tion of law or regulation, any breach of fi-



1            duciary duty, or any unsafe or unsound  
2            practice; and

3            (ii) such violation, breach or practice  
4            caused, or is likely to cause, more than a  
5            minimal financial loss to, or a significant  
6            adverse effect on, the Exchange.

7            (10) MORTGAGE-RELATED DOCUMENT.—The  
8            term “mortgage-related document” means any docu-  
9            ment or other information or data related to the use  
10           of residential real estate as security for a loan, in-  
11           cluding documents establishing an obligation to  
12           repay a loan secured by residential real estate, es-  
13           tablishing a security interest in real estate (so long  
14           as such security interest has first been recorded or  
15           registered under State law to establish the priority  
16           of such interest), establishing the value of the real  
17           estate at the time the security interest is created,  
18           and insuring clear title to residential real estate  
19           pledged as security, or as the Director by regulation  
20           may define. Such documents may include electronic  
21           documents.

22           (11) ORGANIZER.—The term “organizer”  
23           means the person or entity that establishes the Ex-  
24           change.

1           (12) PARTICIPANT.—The term “participant”  
2 means any person authorized to use data maintained  
3 or created by the Repository that is not otherwise  
4 available to the public.

5           (13) REPOSITORY.—The term “Repository”  
6 means the national mortgage data repository orga-  
7 nized under section 231.

8           (14) TRANSFER DATE.—The term “Transfer  
9 Date” means the date established under section  
10 215(b).

11           (15) TRANSITION PERIOD.—The term “Transi-  
12 tion Period” means the period beginning on the date  
13 of the enactment of this Act and ending on the  
14 Transfer Date.

## 15           **Subtitle A—Establishment and** 16           **Authority of the Exchange**

### 17           **SEC. 211. ESTABLISHMENT.**

18           (a) AUTHORITY OF DIRECTOR.—Under such regula-  
19 tions as the Director may prescribe, the Director shall pro-  
20 vide for the organization, incorporation, examination, op-  
21 eration, and regulation of a Mortgage Security Market Ex-  
22 change (“Exchange”). The Exchange shall be organized,  
23 operated, and managed as a not-for-profit entity.

24           (b) FORMATION OF EXCHANGE; APPLICATION.—

1           (1) FORMATION.—Subject to the terms of this  
2 subtitle and any regulations issued by the Director,  
3 a person or entity may file an application with the  
4 Director to establish the Exchange. The Exchange  
5 may be established as a corporation, mutual associa-  
6 tion, partnership, limited liability corporation, coop-  
7 erative, or any other organizational form that the  
8 applicant may deem appropriate.

9           (2) CONTENTS OF APPLICATION.—An applica-  
10 tion for establishment of the Exchange shall in-  
11 clude—

12                   (A) the proposed articles of association;

13                   (B) a statement of the general object and  
14 purpose of the Exchange, consistent with the  
15 provisions of this subtitle;

16                   (C) the proposed capitalization and busi-  
17 ness plan for the Exchange;

18                   (D) the proposed State whose law would  
19 govern, by election of the applicant, the oper-  
20 ation of the Exchange to the extent not other-  
21 wise covered by this subtitle;

22                   (E) information on the financial resources  
23 of the applicant;

24                   (F) a statement of the relevant housing fi-  
25 nance experience of the applicant;

1 (G) identification of the proposed senior  
2 managers of the Exchange, and the relevant ex-  
3 perience of such individuals; and

4 (H) any other information the Director de-  
5 termines to be necessary to evaluate the back-  
6 ground, experience, and integrity of the appli-  
7 cant and the proposed senior managers, or in-  
8 formation otherwise relevant to determine the  
9 likely success of the proposed Exchange.

10 (3) DIRECTORS.—The Exchange shall be gov-  
11 erned by a board of directors—

12 (A) a majority of which have experience in  
13 housing and housing finance businesses;

14 (B) at least one of which shall have knowl-  
15 edge of smaller financial institutions; and

16 (C) at least one of which shall have knowl-  
17 edge of residential mortgage securitization in-  
18 vesting.

19 (4) SELECTION OF APPLICANT.—The Director  
20 shall select the applicant to establish the Exchange  
21 that the Director determines, in the Director’s sole  
22 discretion, has the managerial, financial, and oper-  
23 ational resources to succeed, consistent with the pur-  
24 poses of this subtitle

25 (c) STATUS.—

1           (1) NOT A FEDERAL GOVERNMENT INSTRUMENTEN-  
2           TALITY.—The Exchange is not, and shall not be  
3           deemed to be, a department, agency, or instrumen-  
4           tality of the United States Government.

5           (2) SUPERVISION.—Notwithstanding any other  
6           provision of law—

7                   (A) the Exchange shall be subject to exclu-  
8                   sive supervision by the Agency, and the Agency  
9                   shall have sole enforcement authority with re-  
10                  spect to the Exchange for any violation of Fed-  
11                  eral law;

12                   (B) the Exchange shall not be subject to  
13                  designation under the Payment, Clearing, and  
14                  Settlement Supervision Act of 2010; and

15                   (C) the Exchange is authorized to conduct  
16                  its business without regard to any qualification  
17                  or similar statute in any State.

18           (d) REPORTS TO CONGRESS.—Commencing with the  
19           first annual report of the Director following the date of  
20           the enactment of this Act, the annual report of the Direc-  
21           tor under section 1319B of the Federal Housing Enter-  
22           prises Financial Safety and Soundness Act of 1992 (12  
23           U.S.C. 4521) shall include a description of the Agency’s  
24           activities with regard to organization, incorporation, ex-  
25           amination, operation, and regulation of the Exchange.

1 **SEC. 212. GENERAL POWERS; AUTHORIZED AND PROHIB-**  
2 **ITED ACTIVITIES.**

3 (a) GENERAL POWERS.—The Exchange may—

4 (1) adopt and use a corporate seal;

5 (2) determine a State whose law will govern the  
6 corporate business activities of the Exchange;

7 (3) adopt, amend, and repeal by-laws;

8 (4) sue or be sued, subject to section 234 (re-  
9 lating to judicial review);

10 (5) make contracts, incur liabilities, and borrow  
11 money;

12 (6) purchase, receive, hold, and use real and  
13 personal property and other assets necessary for the  
14 conduct of its operations;

15 (7) elect or appoint directors, officers, employ-  
16 ees and agents, subject to section 211(d); and

17 (8) upon receipt of the Director's prior written  
18 approval, establish subsidiaries or affiliates that  
19 shall be subject to the same rights, duties and re-  
20 sponsibilities as the Exchange.

21 (b) AUTHORIZED ACTIVITIES.—In addition to the  
22 general powers under subsection (a), the Exchange shall—

23 (1) develop standards and disclosures related to  
24 pooling and securitizing residential mortgage loans  
25 in accordance with subtitle B;

1           (2) develop standards and disclosures related to  
2           servicing residential mortgage loans in accordance  
3           with subtitle B;

4           (3) operate and maintain the Platform and es-  
5           tablish fees for use of the Platform;

6           (4) establish basic rules for use of the Platform;

7           (5) establish the Repository and establish fees  
8           for registration of mortgage-related documents and  
9           maintenance and use of data of the Repository, in  
10          accordance with subtitle C;

11          (6) perform any other service or engage in any  
12          other activity that the Director determines, by regu-  
13          lation or order, to be incidental to the activities enu-  
14          merated in this subsection; and

15          (7) establish fees for the provision of other re-  
16          lated or incidental services not inconsistent with the  
17          purposes of this subtitle.

18          (c) PROHIBITED ACTIVITIES.—The Exchange may  
19          not—

20               (1) own, originate, aggregate, issue, service, in-  
21               sure, or guarantee any residential mortgage or other  
22               financial instrument that is associated with a resi-  
23               dential mortgage;

24               (2) guarantee timely payment of principal or in-  
25               terest on any mortgage-related security;

1           (3) adopt access rules or fees for the Platform  
2           the effect of which is to discriminate against loan  
3           originators, aggregators, or issuers based on size,  
4           composition, business line, or loan volume; or

5           (4) perform any service or engage in any activ-  
6           ity other than those authorized under this subtitle,  
7           unless such activity has been determined by the Di-  
8           rector to be incidental to an authorized activity.

9 **SEC. 213. MISSION AND STRUCTURE OF COMMON**  
10 **SECURITIZATION SOLUTIONS.**

11           (a) MISSION.—Prior to the Transfer Date, the mis-  
12           sion of Common Securitization Solutions shall be to ac-  
13           complish the following goals:

14           (1) Developing a Common Securitization Plat-  
15           form—

16                   (A) that is based upon interoperable tech-  
17                   nology and standards that can accommodate all  
18                   platform users; and

19                   (B) that ensures fair and non-discrimina-  
20                   tory access for any issuer, enterprise, servicer,  
21                   agency, or other counterparty.

22           (2) Developing a uniform contractual and dis-  
23           closure framework that facilitates a deep, liquid, and  
24           resilient secondary mortgage market for mortgage-  
25           backed securities.



1           (3) Developing functions to support the non-  
2           Government guaranteed securitization market.

3           (4) Continuing, advancing, or developing any  
4           other initiative as authorized by the CSS Board of  
5           Managers, with the approval of the Director, to en-  
6           hance efficiency, liquidity, and security in the sec-  
7           ondary market for residential mortgage loans, pro-  
8           vided such initiative does not conflict with or unrea-  
9           sonably delay the completion of the goals described  
10          under paragraph (1), (2), or (3).

11          (b) CSS BOARD OF MANAGERS.—

12           (1) SIZE.—The size of the membership of the  
13          CSS Board of Managers shall be fixed at:

14           (A) For the one-year period beginning  
15           upon commencement of the Transition Period,  
16           four members.

17           (B) For the one-year period following the  
18           period described under subparagraph (A), seven  
19           members.

20           (C) After the end of the one-year period  
21           described under subparagraph (B), nine mem-  
22           bers.

23           (2) APPOINTMENT AND QUALIFICATIONS.—The  
24          Director shall appoint the additional members re-

1       required under paragraph (1) from among individuals  
2       that—

3               (A) have demonstrated knowledge of, or  
4               experience in, financial management, financial  
5               services, risk management, information tech-  
6               nology, mortgage securitization, secondary  
7               mortgage markets, or housing finance; and

8               (B) will not be simultaneously employed by  
9               an enterprise or serving as a director of an en-  
10              terprise.

11             (3) FIDUCIARY DUTY.—All members of CSS  
12             Board of Managers shall owe a fiduciary duty to the  
13             enterprises prior to the Transfer Date.

14   **SEC. 214. TRANSITION PERIOD.**

15             (a) REQUIRED ACTIVITIES PRIOR TO THE TRANSFER  
16             DATE.—

17               (1) IN GENERAL.—Prior to the Transfer Date,  
18               Common Securitization Solutions shall develop, pro-  
19               mulgate, and finalize standards that—

20                   (A) develop a uniform contractual and dis-  
21                   closure framework for issuers, including issuers  
22                   other than the enterprises;

23                   (B) specify the requirements for loans that  
24                   may serve as collateral for mortgage-backed se-  
25                   curities issued through the Common

1           Securitization Platform, including securities  
2           that will be issued by issuers other than the en-  
3           terprises; and

4           (C) specify the requirements for operating  
5           and maintaining the Common Securitization  
6           Platform and the establishment of reasonable  
7           fees for use of the Common Securitization Plat-  
8           form.

9           (2) APPROVAL AND MODIFICATIONS OF STAND-  
10          ARDS.—

11           (A) INITIAL STANDARDS.—In establishing  
12           the standards described under paragraph (1),  
13           Common Securitization Solutions shall use es-  
14           tablished industry standards as a basis for  
15           standardization requirements for the issuance  
16           of such securities through the Common  
17           Securitization Platform.

18           (B) APPROVAL OF STANDARDS.—The  
19           standards developed pursuant to paragraph (1)  
20           shall be subject to approval by a  $\frac{2}{3}$  vote of the  
21           CSS Board of Managers and by the Director.

22           (B) REVISIONS TO STANDARDS.—Common  
23           Securitization Solutions or the Exchange, as  
24           applicable, may revise the standards established  
25           pursuant to paragraph (1) from time to time as

1           may be necessary. Material revisions to such  
2           standards shall require a  $\frac{2}{3}$  vote of the CSS  
3           Board of Managers or the board of directors of  
4           the Exchange, as applicable, and approval of  
5           the Director.

6           (3) ISSUING SECURITIES AND ENSURING CAPA-  
7           BILITIES.—

8                   (A) IN GENERAL.—The Director shall es-  
9                   tablish a date or dates, not later than 2 years  
10                   after the date of enactment of this Act, by  
11                   which Common Securitization Solutions shall  
12                   facilitate the issuance of securities by issuers  
13                   other than the enterprises to issue mortgage-  
14                   backed securities.

15                   (B) EXCEPTION.—The Director may delay  
16                   a date established under subparagraph (A) for  
17                   1 year if the Director, in consultation with the  
18                   Federal Housing Finance Oversight Board—

19                           (i) determines that—

20                                   (I) facilitation of such securities  
21                                   is not feasible within that period of  
22                                   time and could adversely impact the  
23                                   housing market; or

24                                   (II) the capabilities of other enti-  
25                                   ties is not feasible within that period

1 of time and could adversely impact fa-  
2 cilitating the issuance of securities by  
3 the enterprises; and

4 (ii) submits to Congress a report de-  
5 scribing the justification for the determina-  
6 tions made under clause (i).

7 (4) TRANSFER OF FUNDS FROM THE ENTER-  
8 PRISES.—At a time established by the Director, but  
9 not later than the Transfer Date, the Agency shall  
10 transfer to Common Securitization Solutions such  
11 funds from the enterprises as the Director, after  
12 consultation with the CSS Board of Managers, de-  
13 termines may be reasonably necessary for Common  
14 Securitization Solutions to begin carrying out the  
15 operations and activities of the Common  
16 Securitization Platform and the contractual and dis-  
17 closure framework.

18 (b) REPORTS ON DEVELOPMENT AND TRANSI-  
19 TION.—

20 (1) QUARTERLY REPORT ON DEVELOPMENT.—  
21 Not later than 1 year after the date of enactment  
22 of this Act, and every quarter thereafter until the  
23 Transfer Date, the Director shall submit to Con-  
24 gress a report on the status of the development of  
25 the Common Securitization Platform and the con-

1       tractual and disclosure framework, which shall in-  
2       clude—

3               (A) the projected timelines, including  
4       issues and impediments, for—

5                       (i) completing development of the  
6       Common Securitization Platform to sup-  
7       port the securitization needs of the enter-  
8       prises; and

9                       (ii) completing development of the  
10      Common Securitization Platform and the  
11      contractual and disclosure framework to  
12      support the securitization needs of issuers  
13      other than the enterprises; and

14               (B) the projected budget, including costs  
15      incurred by Common Securitization Solutions  
16      and the enterprises, for the development of the  
17      Common Securitization Platform and the con-  
18      tractual and disclosure framework.

19               (2) REPORT ON TRANSITION.—Not later than 2  
20      years after the date of enactment of this Act, the  
21      Director shall develop a plan, and submit to the  
22      Committee on Banking, Housing, and Urban Affairs  
23      of the Senate and the Committee on Financial Serv-  
24      ices of the House of Representatives a report on  
25      such plan, to transition, by the Transfer Date, the

1 Common Securitization Platform and the contrac-  
2 tual and disclosure framework from Common  
3 Securitization Solutions into a private, nonprofit en-  
4 tity that best facilitates a deep, liquid, and resilient  
5 secondary mortgage market for mortgage-backed se-  
6 curities.

7 (3) ANNUAL REPORT ON THE COMMON  
8 SECURITIZATION PLATFORM.—The Inspector Gen-  
9 eral of the Agency shall issue an annual report to  
10 the Congress on the status of the Common  
11 Securitization Platform until the Transfer Date.

12 **SEC. 215. TRANSFER DATE.**

13 (a) TRANSFER OF CSS TO EXCHANGE.—The Direc-  
14 tor shall oversee the sale of Common Securitization Solu-  
15 tions, including the Common Securitization Platform and  
16 the contractual and disclosure framework, and including  
17 any associated intellectual property, technology, systems,  
18 and infrastructure of either CSS or the enterprises, at the  
19 Transfer Date, to the Exchange, in accordance with this  
20 Act.

21 (b) TRANSFER DATE.—

22 (1) DESIGNATED TRANSFER DATE.—The Direc-  
23 tor shall establish a Transfer Date for the transition  
24 of ownership of the Common Securitization Solu-  
25 tions, including the Common Securitization Platform

1 and the contractual disclosure framework, and in-  
2 cluding any associated intellectual property, tech-  
3 nology, systems, and infrastructure of either CSS or  
4 the enterprises, from the enterprises to the Ex-  
5 change.

6 (2) PUBLIC NOTICE.—In establishing the  
7 Transfer Date under paragraph (1), the Director  
8 shall provide notice to the public of such date, in-  
9 cluding on the website of the Agency.

10 (3) DEADLINE.—The Transfer Date established  
11 under paragraph (1) shall be no earlier than 2 years  
12 after the date of the enactment of this Act and no  
13 later than the date on which both charters of the en-  
14 terprises are terminated pursuant to section 1367(k)  
15 of the Federal Housing Enterprises Financial Safety  
16 and Soundness Act of 1992.

17 (c) TRANSFER OF PROPERTY.—

18 (1) IN GENERAL.—At a time established by the  
19 Director, but not later than the Transfer Date, the  
20 Director shall direct the enterprises to transfer or  
21 sell to the Exchange any property associated with  
22 the ownership of Common Securitization Solutions,  
23 including intellectual property, technology, systems,  
24 and infrastructure (including technology, systems,  
25 and infrastructure developed by the enterprises for



1 the Common Securitization Platform), as well as any  
2 other legacy systems, infrastructure, and processes  
3 that may be necessary to carry out their operations  
4 and activities.

5 (2) CONTRACTUAL AND OTHER LEGAL OBLIGA-  
6 TIONS.—As may be necessary for the Agency and  
7 the enterprises to comply with legal, contractual, or  
8 other obligations, the Director shall have the author-  
9 ity to require that any transfer authorized under  
10 paragraph (1) occurs as an exchange for value, in-  
11 cluding through the provision of appropriate com-  
12 pensation to the enterprises or other entities respon-  
13 sible for creating, or contracting with, the Exchange.

14 (3) HISTORICAL LOAN-LEVEL DATA.—

15 (A) TRANSFER TO EXCHANGE.—The  
16 transfer of property described under this sub-  
17 section shall include historical loan-level data  
18 sets held by the enterprises.

19 (B) STANDARDS FOR DATA AVAIL-  
20 ABILITY.—With respect to historical loan-level  
21 data received by the Exchange under this sub-  
22 section, the Director shall issue regulations—

23 (i) requiring that such data be made  
24 available for public use;

1 (ii) setting standards by which such  
2 data may be accessed;

3 (iii) prohibiting any discrimination  
4 based on the size of entity, volume of busi-  
5 ness done with the Platform, or business  
6 model, with respect to—

7 (I) accessing such data; or

8 (II) the fees charged for access-  
9 ing such data, if any.

10 (4) UNDERWRITING TECHNOLOGY.—

11 (A) TRANSFER TO EXCHANGE.—The  
12 transfer of property described under this sub-  
13 section shall include the underwriting systems  
14 held by the enterprises (including the tech-  
15 nology backing the underwriting engines).

16 (B) STANDARDS FOR TECHNOLOGY AVAIL-  
17 ABILITY.—With respect to the underwriting  
18 systems received by the Exchange under this  
19 subsection, the Director shall issue regula-  
20 tions—

21 (i) requiring that such underwriting  
22 systems be made available for public use;

23 (ii) setting standards by which such  
24 underwriting systems may be accessed;

1 (iii) requiring the underwriting system  
2 to be available for mortgages for both the  
3 Platform and the Ginnie Mae Plus pro-  
4 gram established pursuant to section 101,  
5 with no discriminatory treatment between  
6 the two; and

7 (iv) prohibiting any discrimination  
8 based on the size of entity, volume of busi-  
9 ness done with the Platform, or business  
10 model, with respect to—

11 (I) accessing such underwriting  
12 systems; or

13 (II) the fees charged for access-  
14 ing such underwriting systems, if any.

15 **SEC. 216. REPAYMENT OF COST.**

16 (a) IN GENERAL.—Not later than 10 years after the  
17 Transfer Date, the total cost of the property transferred  
18 in accordance with section 215(c) at the time of the transi-  
19 tion, as determined by the Director, in consultation with  
20 the Federal Housing Finance Oversight Board, shall be  
21 repaid by the Exchange to the entity that owned the prop-  
22 erty prior to the time of transfer.

23 (b) THIRD-PARTY VALUATION.—Before the repay-  
24 ment required under subsection (a), the Director shall  
25 contract with a third-party to provide a valuation of the

1 total cost of the property transferred in accordance with  
2 section 215(c) at the time of the transition.

3 (c) FEES PERMITTED.—The Exchange may charge  
4 a reasonable fee for the use of the Common Securitization  
5 Platform and other services, for the purpose of making  
6 the repayment described under subsection (a), but may  
7 not discriminate in the amount of fee charged based on  
8 the size of entity, volume of business done with the Plat-  
9 form, or business model.

10 (d) PROHIBITION ON PRICING DISCRIMINATION.—  
11 The Exchange may not discriminate on the amount of a  
12 fee paid by any issuer, enterprise, servicer, agency, or  
13 other counterparty for the use of the Common  
14 Securitization Platform based on the size or mortgage pro-  
15 duction volume of the issuer, enterprise, servicer, agency,  
16 or other counterparty.

17 **SEC. 217. REGULATION, SUPERVISION, AND ENFORCEMENT.**

18 (a) GENERAL OVERSIGHT.—The Director shall exer-  
19 cise, by rule, order, or guidance, oversight of the Ex-  
20 change, which shall include the authority to regulate, su-  
21 pervise, and examine the Exchange and take enforcement  
22 actions against the Exchange or any Exchange-affiliated  
23 party, consistent with the provisions of the Federal Hous-  
24 ing Enterprise Financial Safety and Soundness Act of  
25 1992.

1 (b) SCOPE OF AUTHORITY.—The authority of the Di-  
2 rector under this section shall include the authority to ex-  
3 ercise such incidental powers as may be necessary or ap-  
4 propriate to fulfill the duties and responsibilities of the  
5 Director in the oversight, supervision, and regulation of  
6 the Exchange.

7 (c) CONSULTATION WITH OTHER AGENCIES.—In ex-  
8 ercising authority to regulate and supervise the Exchange,  
9 the Director shall consult with other Federal departments  
10 and agencies that regulate or supervise entities, institu-  
11 tions, or companies that are or may become subject to  
12 standards, rules, processes, or procedures developed by the  
13 Exchange (including issuers through the Platform and de-  
14 positors or participants in the Repository), including the  
15 Government National Mortgage Association, the Bureau  
16 of Consumer Financial Protection, any Federal banking  
17 agency (as defined under section 3 of the Federal Deposit  
18 Insurance Act), and the National Credit Union Adminis-  
19 tration.

20 (d) ANNUAL ASSESSMENT.—The Director shall es-  
21 tablish and collect from the Exchange an annual assess-  
22 ment in an amount not exceeding the amount sufficient  
23 to provide for reasonable costs (including administrative  
24 costs) and expenses of the Agency related to its oversight  
25 of the Exchange. The amounts received by the Director

1 from assessments under this section shall not be construed  
2 to be Government or public funds or appropriated money.  
3 Notwithstanding any other provision of law, the amounts  
4 received by the Director from assessments under this sec-  
5 tion shall not be subject to apportionment for the purpose  
6 of chapter 15 of title 31, United States Code, or under  
7 any other authority.

## 8 **Subtitle B—Standards for Qualified** 9 **Securities**

### 10 **SEC. 221. QUALIFIED SECURITIES.**

11 For purposes of this subtitle, the term “qualified se-  
12 curity” means a security that—

13 (1) is issued in accordance with a standard  
14 form securitization agreement under section 222(a);

15 (2) is issued through the Platform; and

16 (3) is not guaranteed, in whole or in part, by  
17 the United States Government.

### 18 **SEC. 222. STANDARDS FOR QUALIFIED SECURITIES.**

19 (a) STANDARD FORM SECURITIZATION AGREE-  
20 MENTS.—

21 (1) IN GENERAL.—The Exchange shall develop,  
22 adopt, and publish standard form securitization  
23 agreements for collateral that will be used to back  
24 qualified securities.

1           (2) REQUIRED CONTENT.—The standard form  
2 securitization agreements to be developed under  
3 paragraph (1) shall include terms relating to—

4                   (A) pooling and servicing;

5                   (B) purchase and sale;

6                   (C) representations and warranties, includ-  
7 ing representations and warranties as to com-  
8 pliance or conformity with standards estab-  
9 lished by the Exchange, as appropriate;

10                   (D) indemnification and remedies, includ-  
11 ing principles of a repurchase program that will  
12 ensure an appropriate amount of risk retention  
13 under the representations and warranties set  
14 forth under subparagraph (C); and

15                   (E) the qualification, responsibilities, and  
16 duties of trustees.

17       (b) REGISTRATION WITH THE REPOSITORY.—The  
18 Exchange shall require that any mortgage-related docu-  
19 ment associated with collateral for qualified securities be  
20 registered with the Repository.

21       (c) STANDARDS FOR SERVICING.—The Exchange  
22 shall develop, adopt, and publish—

23                   (1) servicing standards, including for the modi-  
24 fication, restructuring, or work-out of any mortgage  
25 that serves as collateral for a qualified security; and

1           (2) a servicer succession plan, which may in-  
2           clude provisions for—

3                   (A) a specialty servicer that can replace  
4                   the existing servicer if the performance of the  
5                   mortgage pool deteriorates to specified levels;  
6                   and

7                   (B) a plan to achieve consistency in serv-  
8                   icing systems related to systematic note-taking,  
9                   consistent mailing addresses, and other points  
10                  of contact for borrowers to use, among other  
11                  items.

12          (d) STANDARDS FOR SERVICER REPORTING.—The  
13          Exchange shall develop, adopt, and publish standards for  
14          the reporting obligations of servicers of any mortgage that  
15          serves as collateral for a qualified security.

16          (e) DATA STANDARDS; DISCLOSURE STANDARDS.—

17                  (1) DATA STANDARDS.—The Exchange shall  
18                  develop, adopt, and publish standard data definitions  
19                  for all aspects of loan origination, appraisals, and  
20                  servicing. In developing such definitions, the Ex-  
21                  change shall consider the data standard-setting work  
22                  undertaken by the Mortgage Industry Standards  
23                  Maintenance Organization through the enterprises'  
24                  Uniform Mortgage Data Program announced by the  
25                  Agency on May 24, 2010.



1           (2) DISCLOSURE STANDARDS.—The Exchange  
2 shall develop, adopt, and publish standards for dis-  
3 closure of loan origination, appraisal, and servicing  
4 data, including data required in subsection (a)(2) for  
5 residential mortgage loans that comprise qualified  
6 securities.

7           (3) COORDINATION.—In developing the data  
8 and disclosure standards required by this subsection,  
9 the Exchange shall ensure that such standards are  
10 coordinated.

11           (4) PRIVACY PROTECTIONS.—In prescribing the  
12 definitions and standards required under this sub-  
13 section, the Exchange shall take into consideration  
14 issues of consumer privacy and all statutes, rules,  
15 and regulations related to privacy of consumer credit  
16 information and personally identifiable information.  
17 Such standards shall expressly prohibit the identi-  
18 fication of specific borrowers.

19           (5) CONSULTATION.—When reviewing any dis-  
20 closure standards established under this subsection,  
21 the Director shall consult with the Securities and  
22 Exchange Commission on the extent to which such  
23 disclosure standards align with standards or other  
24 requirements issued by the Commission.

25           (f) STANDARDS FOR TRUSTEES.—

1           (1) IN GENERAL.—There shall at all times be  
2 one or more trustee for each pool of mortgages that  
3 acts as collateral for a qualified security.

4           (2) RULEMAKING.—The Director shall issue  
5 regulations regarding the qualifications of trustees  
6 under paragraph (1) that shall, to the extent prac-  
7 ticable, be consistent with the qualification provi-  
8 sions applicable to trustees under section 310(a) of  
9 the Trust Indenture Act of 1939 (15 U.S.C.  
10 77jjj(a)).

11           (3) CONFLICTS OF INTEREST.—The Director  
12 shall issue conflicts of interest regulations that apply  
13 to a qualified trustee. Such regulations shall, to the  
14 extent practicable, be consistent with those conflicts  
15 of interest provisions applicable to an indenture  
16 trustee under section 310(b) of the Trust Indenture  
17 Act of 1939 (15 U.S.C. 77jjj(b)).

18           (4) REPORTING OF CLAIMS.—Any time a trust-  
19 ee brings a claim against a qualified issuer on behalf  
20 of investors with respect to a standard form  
21 securitization agreement, the trustee shall notify the  
22 Director of such claim.

23           (5) PROTECTION OF INVESTOR RIGHTS.—For  
24 the purpose of protecting investor rights, each trust-  
25 ee shall—

1 (A) maintain a list of all investors (bene-  
2 ficial owners) in a qualified security;

3 (B) update such list from time to time;

4 (C) not make such list available to inves-  
5 tors (beneficial owners); and

6 (D) act as a means to communicate infor-  
7 mation about the qualified security to investors  
8 (beneficial owners) and act as a means for in-  
9 vestors (beneficial owners) to communicate with  
10 each other.

11 (6) NO LIABILITY FOR CERTAIN COMMUNICA-  
12 TIONS.—A trustee shall not be liable for the content  
13 of any information provided to the trustee by an in-  
14 vestor (beneficial owner) that the trustee commu-  
15 nicates to another investor (beneficial owner).

16 (7) INVESTOR (BENEFICIAL OWNER) NOTIFICA-  
17 TION OF TRUSTEE.—A person who becomes an in-  
18 vestor (beneficial owner) in a qualified security shall  
19 promptly notify the trustee of such security of the  
20 change in ownership.

21 (g) INDEPENDENT THIRD PARTY.—If the majority  
22 of investors (beneficial owners) in a pool of qualified secu-  
23 rities chooses to hire an independent third party to act  
24 on behalf of the best interests of the investors (beneficial  
25 owners), such party shall—

1           (1) be granted access to the loan documents for  
2 the mortgage loans backing such security and all  
3 servicing reports the servicer provides to investors  
4 (beneficial owners) or the trustee;

5           (2) be granted access to the list of investors  
6 (beneficial owners) maintained by the trustee, on the  
7 condition that the independent third party will not  
8 make the list available to the investors (beneficial  
9 owners); and

10          (3) have the right, on behalf of the investors  
11 (beneficial owners), to inform the trustee of such se-  
12 curities of any breach of the securitization agree-  
13 ment identified by the third party.

14 (h) MANDATORY ARBITRATION.—

15          (1) IN GENERAL.—All disputes between an  
16 owner of a qualified security and the qualified issuer  
17 of such security relating to representations and war-  
18 ranties shall be subject to mandatory arbitration  
19 procedures established by the Exchange, in accord-  
20 ance with current market practices.

21          (2) SELECTION OF ARBITRATOR.—Investors  
22 (beneficial owners) and issuers subject to a dispute  
23 described under paragraph (1) shall have the right  
24 to agree on an independent arbitrator. If the parties  
25 cannot agree on an independent arbitrator, the Ex-

1 change shall select an independent arbitrator for the  
2 parties.

3 (3) REPORTING DUTY OF ARBITRATOR.—

4 (A) UPON COMMENCEMENT.—The arbi-  
5 trator shall provide the Exchange with notice  
6 upon commencement of any arbitration under  
7 this subsection.

8 (B) UPON CONCLUSION.—Upon conclusion  
9 of any arbitration under this subsection, the ar-  
10 bitrator shall provide the Exchange with—

11 (i) the decision reached by the arbi-  
12 trator; and

13 (ii) the basis for the arbitrator's deci-  
14 sion, including any evidence or testimony  
15 received during the arbitration process.

16 (i) USE OF STANDARDS.—In developing, adopting,  
17 and publishing the initial standards required under this  
18 section, the Exchange shall, to the extent practicable, uti-  
19 lize the standards finalized by Common Securitization So-  
20 lutions pursuant to section 214(a).

21 (j) TIMING OF ISSUANCE; AGENCY REVIEW; AU-  
22 THORITY TO REVISE STANDARDS.—

23 (1) TIMING.—The Director shall issue any reg-  
24 ulations required by this section not later than the  
25 end of the 12-month period beginning on the date of

1 the enactment of this Act. The Exchange shall issue  
2 any definitions, standards, rules, processes, or proce-  
3 dures required by this section not later than the end  
4 of the 12-month period beginning on the date of the  
5 establishment of the Exchange.

6 (2) AGENCY REVIEW.—Any definition, stand-  
7 ard, rule, process or procedure established by the  
8 Exchange shall be submitted to the Director for re-  
9 view and approval prior to its implementation if, in  
10 the Director’s discretion, the Director requires such  
11 submission. Any definition, standard, rule, process  
12 or procedure that the Director requires be submitted  
13 to the Agency for review and approval shall be re-  
14 viewed within three months of submission.

15 (3) AUTHORITY TO REVISE.—

16 (A) IN GENERAL.—The Exchange may re-  
17 view, revise, and, if revised, re-publish any  
18 standard form securitization agreement or other  
19 definition, standard, rule, process, or procedure  
20 required to be developed by this subtitle if the  
21 Exchange determines review or revision to be  
22 necessary or appropriate to satisfy the goals of  
23 this subtitle.

24 (B) APPLICATION OF REVISIONS.—Any re-  
25 visions made pursuant to subparagraph (A)

1           shall apply only to securitizations made after  
2           the date of such revision.

3           (k) EFFECT OF CONFLICT.—In the event a defini-  
4 tion, standard, rule, process, or procedure established by  
5 the Exchange is in conflict with any definition, standard,  
6 rule, process, or procedure established by another Federal  
7 department or agency, the Director shall consult with the  
8 other Federal department or agency, and provide prompt  
9 written notification to the Committee on Banking, Hous-  
10 ing, and Urban Affairs of the Senate and the Committee  
11 on Financial Services of the House of Representatives, of  
12 the conflict.

13          (l) PUBLIC INVOLVEMENT.—In developing defini-  
14 tions, standards, rules, processes, and procedures required  
15 by this subtitle, the Exchange shall work with market par-  
16 ticipants, including servicers, originators, and mortgage  
17 investors, and develop methods for gathering information  
18 and comment from such groups.

## 19           **Subtitle C—National Mortgage** 20           **Data Repository**

### 21   **SEC. 231. ORGANIZATION AND OPERATION.**

22          (a) ORGANIZATION AND OPERATION.—Under such  
23 regulations as the Director may prescribe, the Exchange  
24 shall organize and operate a national mortgage data repos-  
25 itory (“Repository”).

1 (b) AUTHORIZED ACTIVITIES.—In addition to orga-  
2 nizing and operating the Repository, the Exchange shall—

3 (1) establish and operate a repository for mort-  
4 gage-related documents;

5 (2) establish standards for qualification of any  
6 depositor of mortgage-related documents to the Re-  
7 pository;

8 (3) establish standards and procedures for sub-  
9 mission of mortgage-related documents to the Re-  
10 pository, including required information and the type  
11 and format of information and data;

12 (4) establish procedures for validation of mort-  
13 gage-related documents and the data contained in  
14 the Repository;

15 (5) establish standards and procedures for ac-  
16 ceptance of mortgage-related documents (including  
17 electronic copies), and notice of acceptance, by the  
18 Repository;

19 (6) establish standards and procedures for reg-  
20 istration of any mortgage-related document with the  
21 Repository, including notice of registration and the  
22 assignment of a unique identifier, where such stand-  
23 ards and procedures include a requirement that any  
24 such mortgage-related document must first be re-



1 corded in the appropriate local jurisdiction, as may  
2 be required under State or local law;

3 (7) establish standards and procedures for re-  
4 cording the creation, assignment, or transfer of an  
5 interest in any registered mortgage-related document  
6 and for requiring the Repository to notify the appro-  
7 priate local jurisdiction of such creation, assignment,  
8 or transfer;

9 (8) establish standards and procedures for qual-  
10 ification of depositors and participants in the Repos-  
11 itory;

12 (9) establish procedures for proper demonstra-  
13 tion of registration of mortgage-related documents  
14 with the Repository and recordation of an interest  
15 by the holder of an interest in any such document,  
16 subject to regulations issued by the Director in ac-  
17 cordance with section 232 (relating to legal effect of  
18 registration with the Repository);

19 (10) establish and maintain a catalog of the  
20 mortgage-related documents registered with the Re-  
21 pository;

22 (11) establish standards and procedures for dis-  
23 position of mortgage-related documents, including  
24 safekeeping, long-term storage, or destruction of  
25 paper documents;

1           (12) establish standards and procedures for  
2 making data publicly available;

3           (13) ensure that data collected and maintained  
4 by the Repository are kept secure and protected  
5 against unauthorized disclosure, taking into consid-  
6 eration issues of consumer privacy and all statutes,  
7 rules, and regulations related to privacy of consumer  
8 credit information and personally identifiable infor-  
9 mation, and prohibit the identification of specific  
10 borrowers;

11           (14) establish a process, including notification  
12 from the public, for identification and correction of  
13 incorrect information submitted to or maintained by  
14 the Repository;

15           (15) establish fees for registration of mortgage-  
16 related documents and maintenance and use of data,  
17 and for the provision of other related services not in-  
18 consistent with the purposes of this subtitle; and

19           (16) perform any other service or engage in any  
20 other activity that the Director determines, by regu-  
21 lation or order, to be incidental to the activities enu-  
22 merated in this subsection.

23           (c) **PROHIBITED ACTIVITIES.**—The Exchange may  
24 not—

1           (1) transfer or sell data maintained by the Re-  
2           pository to the parent or affiliated companies of the  
3           operator of the Exchange; and

4           (2) use data maintained by the Repository for  
5           marketing or any other purpose not directly associ-  
6           ated with the operation of the Exchange.

7           (d) REQUIREMENTS ON PARTICIPANTS.—Each par-  
8           ticipant shall—

9           (1) comply with such requirements as may be  
10          set by the Repository for using data maintained or  
11          created by the Repository; and

12          (2) use such designation as the Repository may  
13          provide, such as a unique identifier.

14   **SEC. 232. LEGAL EFFECT OF REGISTRATION WITH REPOSI-**  
15                                   **TORY.**

16          Notwithstanding any provision of State or Federal  
17          law to the contrary, by proper demonstration of registra-  
18          tion with the Repository, any holder of an interest in any  
19          mortgage-related note shall satisfy any requirement for  
20          demonstration of a right to act regarding such note or  
21          other registered data that exists in State or Federal law,  
22          including any obligation to produce or possess an original  
23          note. The Director shall provide for the establishment of  
24          procedures for proper demonstration of registration of any  
25          mortgage-related document and of an interest by the hold-

1 er of an interest in any such document with the Reposi-  
2 tory. Once registered with the Repository, such registra-  
3 tion shall be a legal right enforceable in any judicial or  
4 nonjudicial process. Nothing in this section shall be con-  
5 strued as preempting any State or local law requiring a  
6 mortgage-related document to be recorded in the appro-  
7 priate local jurisdiction.

8 **SEC. 233. GRANTS TO STATES; REPAYMENT.**

9 (a) GRANTS TO STATES.—There is hereby authorized  
10 to be appropriated \$50,000,000 to the Director for the  
11 establishment of a fund to be administered by the Agency  
12 for providing grants to States, on application to the Agen-  
13 cy, to facilitate participation in the Repository by any de-  
14 positor or participant or class of depositors or partici-  
15 pants, or any other person upon appropriate demonstra-  
16 tion to the Agency that such a grant would assist in the  
17 accomplishment of the purposes of this subtitle. Any such  
18 amounts appropriated and not granted by the Agency  
19 within five years of the date of the enactment of this Act  
20 shall be returned to the Treasury of the United States.

21 (b) REPAYMENT.—The Director shall cause to be col-  
22 lected from the Exchange and deposit in the Treasury of  
23 the United States an amount equal to the aggregate  
24 amount provided as grants to States pursuant to sub-

1 section (a) within the 10-year period beginning on the date  
2 that the first grant is made pursuant to subsection (a).

3 **SEC. 234. JUDICIAL REVIEW.**

4 Except as otherwise expressly provided under this  
5 subtitle, no person other than the Director or the Attorney  
6 General of the United States, or any duly authorized rep-  
7 resentative of the Director or the Attorney General, may  
8 proceed against the Repository in any State or Federal  
9 court. The prohibition in the preceding sentence shall not  
10 apply to a civil action against the Repository or any duly  
11 authorized agent thereof for breach of a contract, includ-  
12 ing breach of a representation or warranty, or breach of  
13 privacy related to data collected and maintained by the  
14 Repository or any duly authorized agent thereof.

15 **SEC. 235. TRANSITION PROVISIONS.**

16 (a) IN GENERAL.—The Agency shall provide for a  
17 transition period to permit the efficient implementation of  
18 the provisions of this subtitle. Such transition may include  
19 periods for testing, early adoption, and final mandatory  
20 adoption for all recorded mortgages.

21 (b) ELECTRONIC SUBMISSIONS.—The Repository  
22 shall accept electronic submissions and paper-based docu-  
23 ments submitted electronically subject to rules of the Re-  
24 pository. After the expiration of the 10-year period that  
25 begins upon the date of the enactment of this Act, subject

1 to an extension of such period for up to 5 additional years  
2 if the Director determines appropriate, the Repository  
3 shall require only electronic submission.

4 **TITLE III.—AFFORDABLE AC-**  
5 **CESS AND MARKET MOD-**  
6 **ERNIZATION REFORMS**

7 **[SEC. 301. AFFORDABILITY PRINCIPLES.**

8 **[** The sponsors recognize the growing need for effec-  
9 tive affordable housing solutions in the United States and  
10 are committed to providing sustainable, dedicated, and  
11 transparent funding to assist in addressing underserved  
12 individuals and markets that are heavily represented by  
13 low-income families and first-time homebuyers. The spon-  
14 sors believe that government resources, combined with  
15 other sources of public and private funding and the work  
16 of market participants, can be leveraged to provide sub-  
17 stantial funding in support of existing programs that con-  
18 tribute to the development of the supply of affordable  
19 housing options for low-income individuals and commu-  
20 nities, such as the Housing Trust Fund and the Capital  
21 Magnet Fund. Combined with other sources of govern-  
22 ment funding, including current U.S. Department of  
23 Housing and Urban Development programs such as the  
24 Housing Choice Voucher program, these programs can  
25 help provide holistic affordable housing solutions. The

1 sponsors also believe that dedicated funding can be used  
2 to directly support underserved individuals, such as low-  
3 income and first-time homebuyers who are unable to par-  
4 ticipate in a mortgage finance market. According to one  
5 analysis, “approximately 23% of those receiving a subsidy  
6 under the current system are not LMI (low- or moderate-  
7 income) households.” The sponsors seek feedback on how  
8 to most effectively target the assistance in order to directly  
9 help individuals who are most in need.】

10 【. To provide a substantial increase in financing of  
11 the affordable housing activities described in this title, the  
12 sponsors believe that in each fiscal year, all mortgage  
13 loans that collateralize any security on which Ginnie Mae  
14 guarantees the timely payment of principal and interest  
15 pursuant to title III of the National Housing Act (12  
16 U.S.C. 1716 et seq.) should be assessed an affordability  
17 fee in conjunction with the benefit of that government  
18 guarantee. The fee should be flat, transparent, and fully  
19 disclosed to borrowers, and assessed on each dollar of the  
20 outstanding principal balance of the mortgage. Funds gen-  
21 erated from these assessments should be substantially  
22 more than what is available under today’s system and re-  
23 mitted to the Federal Government, which would be respon-  
24 sible for their management and allocation. Funding should  
25 be on-budget, fully tracked, and held accountable to per-

1 formance metrics, to ensure that assistance is spent effec-  
2 tively and appropriately, and targeted directly to individ-  
3 uals.】

4 【. Ginnie Mae and FHFA, as the regulators of  
5 issuers and private credit enhancers, should ensure that  
6 market participants are appropriately providing access to  
7 mortgage credit and secondary mortgage market financing  
8 for all creditworthy borrowers, including underserved bor-  
9 rowers, across all regions, localities, institutions, and prop-  
10 erty types (including rental housing) and throughout fluc-  
11 tuations in the business cycle.】

12 **【SEC. 302. MULTIFAMILY PRINCIPLES.**

13 The sponsors recognize the importance of multifamily  
14 financing in providing housing options and affordable  
15 rental properties and seek to preserve what works in the  
16 market today. The sponsors believe that the current multi-  
17 family business of Fannie and Freddie will continue to  
18 function within the new multi-family housing market as  
19 entities with an explicit government guaranty of their mul-  
20 tifamily securities provided by Ginnie Mae.】

21 **【SEC. 303. MODERNIZATION PRINCIPLES.**

22 【. The sponsors recognize the importance of con-  
23 tinuing to work on reforms that revitalize and update tax,  
24 investment, and banking laws to reflect the realities of fi-  
25 nancing mortgages in a modern age, while maintaining ap-



1 appropriate consumer protections and investor rights. The  
2 sponsors recognize the necessity of better engaging private  
3 sector capital to inform, compete with, and supplement  
4 any guarantees provided by the government to ensure a  
5 functioning mortgage market under all economic condi-  
6 tions.】

7 【. The sponsors believe that utilizing additional pri-  
8 vate capital in our housing finance system, including cap-  
9 ital used to finance mortgage debt, will help increase com-  
10 petition, enhance transparency, spur innovation, reduce  
11 moral hazard, and create more choices for consumers to  
12 find a safe, affordable mortgage that best matches each  
13 borrower’s own needs. The sponsors will continue to  
14 search for reforms that create meaningful paths for pri-  
15 vate capital to flow into the mortgage market and seek  
16 feedback on how to create appropriate incentives to do  
17 so.】

## 18 **TITLE IV—ENTERPRISE** 19 **TRANSITION**

### 20 **SEC. 401. DEFINITIONS.**

21 For purposes of this title, the following definitions  
22 shall apply:

23 (1) CHARTER.—The term “charter” has the fol-  
24 lowing meaning:

1 (A) FNMA.—With respect to the Federal  
2 National Mortgage Association, such term  
3 means the following provisions of the Federal  
4 National Mortgage Association Charter Act (12  
5 U.S.C. 1716 et seq.):

6 (i) In section 302 (12 U.S.C. 1717)—

7 (I) in subsection (a), paragraphs  
8 (1) and (2)(B); and

9 (II) subsection (b)(2).

10 (ii) Section 303 (12 U.S.C. 1718).

11 (iii) Section 304 (12 U.S.C. 1719).

12 (iv) Section 308(b) (12 U.S.C.  
13 1723(b)).

14 (v) In section 309 (12 U.S.C.  
15 1723a)—

16 (I) subsection (c)(2);

17 (II) in subsection (d), paragraphs  
18 (2) through (4); and

19 (III) subsections (j) through (o).

20 (B) FHLMC.—With respect to the Fed-  
21 eral Home Loan Mortgage Corporation, such  
22 term means the Federal Home Loan Mortgage  
23 Corporation Act (12 U.S.C. 1451 et seq.).

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

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

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

8                   (B) the Federal Home Loan Mortgage  
9                   Corporation.

## 10                   **Subtitle A—Transition and** 11                   **Conversion**

### 12           **SEC. 411. REPEAL OF CHARTERS.**

13           Section 1367 of the Federal Housing Enterprises Fi-  
14           nancial Safety and Soundness Act of 1992 (12 U.S.C.  
15           4617) is amended by striking subsection (k) and inserting  
16           the following new subsection:

17           “(k) REPEAL OF ENTERPRISE CHARTERS.—Not  
18           later than the expiration of the 5-year period beginning  
19           on the date of the enactment of the Bipartisan Housing  
20           Finance Reform Act of 2018, the Director of the Federal  
21           Housing Finance Agency shall revoke and terminate the  
22           charter of each enterprise.”.

1 **SEC. 412. TERMINATION OF CURRENT**  
2 **CONSERVATORSHIPS; MANDATORY RECEIV-**  
3 **ERSHIPS.**

4 Not later than the revocation and termination of the  
5 charter of an enterprise pursuant to section 1367(k) of  
6 the Federal Housing Enterprises Financial Safety and  
7 Soundness Act of 1992 (12 U.S.C. 4617(k)), the Director  
8 of the Federal Housing Finance Agency shall, with respect  
9 to such enterprise, appoint the Federal Housing Finance  
10 Agency as receiver under such section 1367 and thereafter  
11 shall carry out such receivership under the authority of  
12 such section and section 414 of this Act.

13 **SEC. 413. RECEIVER'S DISCRETIONARY AUTHORITY TO**  
14 **CREATE RECEIVERSHIP ENTITY.**

15 Section 1367 of the Federal Housing Enterprises Fi-  
16 nancial Safety and Soundness Act of 1992 (12 U.S.C.  
17 4617) is amended by striking subsection (i) and inserting  
18 the following:

19 “(i) RECEIVERSHIP ENTITY.—

20 “(1) AUTHORITY; ORGANIZATION.—The Agen-  
21 cy, as receiver appointed pursuant to subsection (a),  
22 may establish a receivership entity in such form or  
23 structure as the Agency deems appropriate to meet  
24 the purposes of receivership, this section, and section  
25 414 of the Bipartisan Housing Finance Reform Act  
26 of 2018.

1           “(2) POWERS.—Upon creation of such receiver-  
2           ship entity, the Agency may transfer to it any assets  
3           or liabilities of the regulated entity in default as the  
4           Agency, in its discretion, determines to be appro-  
5           priate, and may authorize the receivership entity to  
6           perform any temporary function that the Agency, in  
7           its discretion, prescribes in accordance with this sec-  
8           tion. The transfer of any assets or liabilities of a  
9           regulated entity for which the Agency has been ap-  
10          pointed receiver shall be effective without any fur-  
11          ther approval under Federal or State law, assign-  
12          ment, or consent with respect thereto. Such author-  
13          ity is in addition to any other power the Agency may  
14          have as receiver or may confer on the receivership  
15          entity.

16           “(3) REGULATIONS.—The Agency may promul-  
17          gate such regulations as the Agency determines to  
18          be necessary or appropriate to implement this sub-  
19          section.

20           “(4) NO FEDERAL STATUS.—A receivership en-  
21          tity established pursuant to this section shall not be  
22          an agency, establishment, or instrumentality of the  
23          United States.”.

1 **SEC. 414. EFFECT OF REPEAL OF ENTERPRISE CHARTER.**

2 Section 1367 of the Federal Housing Enterprises Fi-  
3 nancial Safety and Soundness Act of 1992 (12 U.S.C.  
4 4617) is amended by adding at the end the following new  
5 subsection:

6 “(1) EFFECT OF REPEAL OF ENTERPRISE CHAR-  
7 TERS.—

8 “(1) FANNIE MAE.—Effective upon the repeal  
9 of the charter of the Federal National Mortgage As-  
10 sociation pursuant to subsection (k), the Federal  
11 National Mortgage Association shall have no author-  
12 ity to conduct new business under such charter, ex-  
13 cept that the provisions of such charter in effect im-  
14 mediately before such repeal shall continue to apply  
15 with respect to the rights and obligations of any  
16 holders of—

17 “(A) outstanding debt obligations of the  
18 Federal National Mortgage Association, includ-  
19 ing any—

20 “(i) bonds, debentures, notes, or other  
21 similar instruments;

22 “(ii) capital lease obligations; or

23 “(iii) obligations in respect of letters  
24 of credit, bankers’ acceptances, or other  
25 similar instruments; or

1           “(B) mortgage-backed securities guaran-  
2           teed by the Federal National Mortgage Associa-  
3           tion.

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

13           “(A) outstanding debt obligations of the  
14          Federal Home Loan Mortgage Corporation, in-  
15          cluding any—

16           “(i) bonds, debentures, notes, or other  
17          similar instruments;

18           “(ii) capital lease obligations; or

19           “(iii) obligations in respect of letters  
20          of credit, bankers’ acceptances, or other  
21          similar instruments; or

22           “(B) mortgage-backed securities guaran-  
23          teed by the Federal Home Loan Mortgage Cor-  
24          poration.

25           “(3) EXISTING GUARANTEE OBLIGATIONS.—

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

6           “(B) CONTINUED DIVIDEND PAYMENTS.—  
7           Subject only to section 415(a)(4) of the Bipar-  
8           tisan Housing Finance Reform Act of 2018 and  
9           notwithstanding any other provision of law, pro-  
10          vision 2(a) (relating to Dividend Payment  
11          Dates and Dividend Periods) and provision 2(c)  
12          (relating to Dividend Rates and Dividend  
13          Amount) of the Senior Preferred Stock Pur-  
14          chase Agreement, or any provision of any cer-  
15          tificate in connection with such Agreement cre-  
16          ating or designating the terms, powers, pref-  
17          erences, privileges, limitations, or any other  
18          conditions of the Variable Liquidation Pref-  
19          erence Senior Preferred Stock of an enterprise  
20          issued pursuant to such Agreement—

21                   “(i) shall not be amended, restated, or  
22                   otherwise changed to reduce the rate or  
23                   amount of dividends in effect pursuant to  
24                   such Agreement as of the Letter Agree-  
25                   ments between the Secretary of the Treas-



1           ury and the conservator of the enterprises  
2           dated December 21, 2017, except that any  
3           amendment to such Agreement to facilitate  
4           the sale of assets of the enterprises shall  
5           be permitted; and

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

10                   “(C) SENIOR PREFERRED STOCK PUR-  
11           CHASE AGREEMENT DEFINED.—For purposes  
12           of this paragraph, the term ‘Senior Preferred  
13           Stock Purchase Agreement’ means—

14                   “(i) the Amended and Restated Senior  
15           Preferred Stock Purchase Agreement,  
16           dated September 26, 2008, as such Agree-  
17           ment has been amended on May 6, 2009,  
18           December 24, 2009, and August 17, 2012,  
19           respectively, as such Agreement has been  
20           modified by the Letter Agreements be-  
21           tween the Secretary of the Treasury and  
22           the conservator of the enterprises dated  
23           December 21, 2017, and as such Agree-  
24           ment may be further amended and re-  
25           stated, entered into between the Depart-

1                   ment of the Treasury and each enterprise,  
2                   as applicable; and

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

11 **SEC. 415. WIND-DOWN AND TRANSITION.**

12           (a) IN GENERAL.—The Agency, acting as receiver of  
13 an enterprise pursuant to section 412 of this Act and sec-  
14 tion 1367 of the Federal Housing Enterprises Financial  
15 Safety and Soundness Act of 1992 shall take such actions  
16 as necessary, and that comply with the requirements of  
17 this Act, the Federal Housing Enterprises Financial Safe-  
18 ty and Soundness Act of 1992, and any other applicable  
19 provisions of law, to—

20                   (1) provide for the efficient, effective, and expe-  
21                   ditional wind down of the operations of the enterprise  
22                   in an orderly manner;

23                   (2) plan for and carry out an equitable division,  
24                   distribution, and liquidation of the assets and liabil-  
25                   ities of the enterprise, including any infrastructure,

1 property, including intellectual property, platforms,  
2 or any other thing or object of value, in a manner  
3 and extent that complies with paragraph (3) of this  
4 section;

5 (3) provide for the reorganization of the suc-  
6 cessor entity to the enterprise, or to the receivership  
7 entity established for the enterprise pursuant to sec-  
8 tion 1367(i) of the Federal Housing Enterprises Fi-  
9 nancial Safety and Soundness Act of 1992, as an  
10 entity qualified to act—

11 (A) as a private credit enhancer approved  
12 to provide private credit enhancement under  
13 title I of this Act with respect to eligible con-  
14 ventional mortgages and authorized to carry out  
15 a mortgage purchase program under section  
16 116 of this Act; or

17 (B) as an issuer of securities based on or  
18 backed by eligible conventional mortgages and,  
19 to the extent such entity is approved as an  
20 issuer of such securities by the Government Na-  
21 tional Mortgage Association, and to obtain  
22 guarantees of such securities from such Asso-  
23 ciation.

24 (4) restructure the Senior Preferred Stock Pur-  
25 chase Agreements (as such term is defined in

1       1367(l)(3) of the Federal Housing Enterprises Fi-  
2       nancial Safety and Soundness Act of 1992, as added  
3       by section 414 of this Act) to—

4               (A) permit the redemption of senior pre-  
5       ferred shares of the Department of the Treas-  
6       ury;

7               (B) provide for the cancellation of the war-  
8       rants for the purchase of common stock of the  
9       enterprises issued to the Department of the  
10      Treasury; and

11              (C) provide for the appropriate level of  
12      compensation to the Federal Government for  
13      the financial support and commitment provided  
14      to the enterprises.

15      (b) **RULE OF CONSTRUCTION.**—Nothing in this sec-  
16      tion may be construed to prevent or prohibit the reorga-  
17      nization of the enterprises into separate, unaffiliated cor-  
18      porate entities one of which is organized as an entity to  
19      act as an approved private credit enhancer as provided in  
20      subsection (a)(3)(A) and the other of which is organized  
21      as an entity to act as an issuer or securities as provided  
22      in subsection (a)(3)(B).

1           **Subtitle B—Limitations on**  
2 **Authority During Conservatorships**

3 **SEC. 421. LIMITATIONS ON ENTERPRISE AUTHORITY.**

4           (a) PORTFOLIO LIMITATIONS.—Subtitle B of title  
5 XIII of the Housing and Community Development Act of  
6 1992 (12 U.S.C. 4611 et seq.) is amended by adding at  
7 the end the following new section:

8 **“SEC. 1369F. RESTRICTION ON MORTGAGE ASSETS OF EN-**  
9 **TERPRISES.**

10           “(a) RESTRICTION.—After December 31, 2018, no  
11 enterprise shall own mortgage assets in excess of  
12 \$250,000,000,000.

13           “(b) DEFINITION OF MORTGAGE ASSETS.—For pur-  
14 poses of this section, the term ‘mortgage assets’ means,  
15 with respect to an enterprise, assets of such enterprise  
16 consisting of mortgages, mortgage loans, mortgage-related  
17 securities, participation certificates, mortgage-backed  
18 commercial paper, obligations of real estate mortgage in-  
19 vestment conduits and similar assets, in each case to the  
20 extent such assets would appear on the balance sheet of  
21 such enterprise in accordance with generally accepted ac-  
22 counting principles in effect in the United States as of  
23 September 7, 2008 (as set forth in the opinions and pro-  
24 nouncements of the Accounting Principles Board and the  
25 American Institute of Certified Public Accountants and

1 statements and pronouncements of the Financial Account-  
2 ing Standards Board from time to time; and without giv-  
3 ing any effect to any change that may be made after Sep-  
4 tember 7, 2008, in respect of Statement of Financial Ac-  
5 counting Standards No. 140 or any similar accounting  
6 standard).”.

7 (b) GUARANTEE FEES UNDER CONSERVATORSHIP.—  
8 Section 1327 of Federal Housing Enterprises Financial  
9 Safety and Soundness Act of 1992 (12 U.S.C. 4547) is  
10 amended by adding at the end the following new sub-  
11 section:

12 “(f) GUARANTEE FEES UNDER CONSERVATOR-  
13 SHIP.—

14 “(1) REQUIREMENT.—Subject only to para-  
15 graph (3) and notwithstanding any other provision  
16 of this section, the Director shall ensure, pursuant  
17 to the annual review conducted under paragraph (2),  
18 that while under conservatorship under section 1367  
19 each enterprise charges a guarantee fee, in connec-  
20 tion with any mortgage guaranteed after the date of  
21 the enactment of the Bipartisan Housing Finance  
22 Reform Act of 2018, in an amount that is not less  
23 than the amount of the guarantee fee charged by the  
24 enterprise as of the date of the enactment of such  
25 Act, as determined pursuant to the information pro-

1 vided pursuant to subsection (d) in the most recent  
2 annual report of the enterprise.

3 “(2) ANNUAL DETERMINATION.—Not less often  
4 than annually, the Director shall review the guar-  
5 antee fees charged by each enterprise and determine  
6 if such fees are less than appropriate for the amount  
7 of credit risk assumed by the enterprise. If the Di-  
8 rector determines that such fees charged by an en-  
9 terprise are less than such amount, the Director  
10 shall, by order, require the enterprise to increase  
11 such fees by the lesser of—

12 “(A) such amount as the Director deter-  
13 mines necessary; or

14 “(B) the maximum amount allowable  
15 under paragraph (3).

16 To determine the amount of any increase under this  
17 paragraph, the Director shall establish a pricing  
18 mechanism as the Director considers appropriate,  
19 taking into consideration pricing information from  
20 the credit risk transfer market, current market con-  
21 ditions, including the current market share of an en-  
22 terprise, and any data collected pursuant to section  
23 1601 of the Housing and Economic Recovery Act of  
24 2008 (12 U.S.C. 4514a).

1           “(3) LIMITATION.—The amount of any increase  
2           of guarantee fees under paragraph (2) may not ex-  
3           ceed 25 percent of the amount of such fees in effect  
4           immediately before such increase.”.

5           (c) CONFORMING AMENDMENTS.—The table of con-  
6           tents for the Housing and Community Development Act  
7           of 1992 is amended—

8           (1) by striking the items relating to sections  
9           131 through 138; and

10           (2) by adding after the item relating to section  
11           1369E the following new item:

          “Sec. 1369F. Restriction on mortgage assets of enterprises.”.

12   **SEC. 422. MANDATORY RISK-SHARING.**

13           Subpart A of part 2 of subtitle A of the Federal  
14           Housing Enterprises Financial Safety and Soundness Act  
15           of 1992 is amended by adding after section 1327 (12  
16           U.S.C. 4547) the following new section:

17   **“SEC. 1328. MANDATORY RISK-SHARING TRANSACTIONS.**

18           “(a) IN GENERAL.—The Director shall require each  
19           enterprise to develop and undertake transactions involving  
20           the guarantee by the enterprises of securities and obliga-  
21           tions based on or backed by mortgages on residential real  
22           properties designed principally for occupancy of from 1 to  
23           4 families that provide for private market participants to  
24           share or assume credit risk associated with such mort-  
25           gages, as follows:



1           “(1) EXTENT OF BUSINESS.—The Director  
2           shall require that each enterprise engage in business  
3           that involves such transactions to the greatest extent  
4           economically feasible, taking into consideration the  
5           conservatorship of the enterprise under section  
6           1367.

7           “(2) MULTIPLE TYPES OF TRANSACTIONS.—  
8           The Director shall require that in complying with  
9           paragraph (1), each enterprise undertake multiple  
10          types of the various transactions and structures de-  
11          scribed in subsection (b).

12          “(b) TYPES OF TRANSACTIONS.—The risk-sharing  
13          transactions referred to in subsection (a) may include  
14          transactions involving increased mortgage insurance re-  
15          quirements, credit-linked notes and securities, senior and  
16          subordinated security structures, and such other struc-  
17          tures and transactions as the Director considers appro-  
18          priate to increase private market assumption of credit  
19          risk.”.

1                   **TITLE V—REGULATORY**  
2                   **STRUCTURE**  
3                   **Subtitle A—FHFA**

4   **SEC. 501. BOARD OF DIRECTORS OF FEDERAL HOUSING FI-**  
5                   **NANCE AGENCY.**

6           (a) ESTABLISHMENT OF BOARD.—Section 1312 of  
7 the Federal Housing Enterprises Financial Safety and  
8 Soundness Act of 1992 (12 U.S.C. 4512) is amended—

9                   (1) in the heading of such section, by striking  
10           “**DIRECTOR**” and inserting “**BOARD OF DIREC-**  
11           **TORS**”; and

12                   (2) by striking subsections (a) and (b) and in-  
13           serting the following:

14           “(a) ESTABLISHMENT.—There is established the  
15 Board of Directors of the Agency, which shall serve as  
16 the head of the Agency.

17           “(b) BOARD OF DIRECTORS.—

18                   “(1) COMPOSITION OF THE BOARD.—

19                           “(A) IN GENERAL.—The Board shall be  
20                   composed of 5 members who shall be appointed  
21                   by the President, by and with the advice and  
22                   consent of the Senate, from among individuals  
23                   who—

24                                   “(i) are citizens of the United States;

25   and

1           “(ii) have a demonstrated under-  
2           standing of financial management or over-  
3           sight, and have a demonstrated under-  
4           standing of capital markets, including the  
5           mortgage securities markets and housing  
6           finance.

7           “(B) STAGGERING.—The members of the  
8           Board shall serve staggered terms, which ini-  
9           tially shall be established by the President for  
10          terms of 1, 2, 3, 4, and 5 years, respectively.

11          “(C) TERMS.—

12           “(i) IN GENERAL.—Each member of  
13           the Board, including the Chair, shall serve  
14           for a term of 5 years.

15           “(ii) REMOVAL.—The President may  
16           remove any member of the Board for inef-  
17           ficiency, neglect of duty, or malfeasance in  
18           office.

19           “(iii) VACANCIES.—Any member of  
20           the Board appointed to fill a vacancy oc-  
21           curring before the expiration of the term to  
22           which that member’s predecessor was ap-  
23           pointed (including the Chair) shall be ap-  
24           pointed only for the remainder of the term.

1                   “(iv) CONTINUATION OF SERVICE.—

2                   Each member of the Board may continue  
3                   to serve after the expiration of the term of  
4                   office to which that member was appointed  
5                   until a successor has been appointed by the  
6                   President and confirmed by the Senate, ex-  
7                   cept that a member may not continue to  
8                   serve more than 1 year after the date on  
9                   which that member’s term would otherwise  
10                  expire.

11                  “(v) OTHER EMPLOYMENT PROHIB-  
12                  ITED.—No member of the Board shall en-  
13                  gage in any other business, vocation, or  
14                  employment.

15                  “(2) AFFILIATION.—Not more than 3 members  
16                  of the Board shall be members of any one political  
17                  party.

18                  “(3) CHAIR OF THE BOARD.—

19                  “(A) APPOINTMENT.—The Chair of the  
20                  Board shall be appointed by the President.

21                  “(B) AUTHORITY.—The Chair shall be the  
22                  principal executive officer of the Agency, and  
23                  shall exercise all of the executive and adminis-  
24                  trative functions of the Agency, including with  
25                  respect to—

1           “(i) the appointment and supervision  
2           of personnel employed under the Agency  
3           (other than personnel employed regularly  
4           and full time in the immediate offices of  
5           members of the Board other than the  
6           Chair);

7           “(ii) the distribution of business  
8           among personnel appointed and supervised  
9           by the Chair and among administrative  
10          units of the Agency; and

11          “(iii) the use and expenditure of  
12          funds.

13          “(C) LIMITATION.—In carrying out any of  
14          the Chair’s functions under the provisions of  
15          this paragraph the Chair shall be governed by  
16          general policies of the Agency and by such reg-  
17          ulatory decisions, findings, and determinations  
18          as the Agency may by law be authorized to  
19          make.

20          “(4) NO IMPAIRMENT BY REASON OF VACAN-  
21          CIES.—No vacancy in the members of the Board  
22          shall impair the right of the remaining members of  
23          the Board to exercise all the powers of the Board.  
24          Three members of the Board shall constitute a  
25          quorum for the transaction of business, except that

1 if there are only 3 members serving on the Board  
2 because of vacancies in the Board, 2 members of the  
3 Board shall constitute a quorum for the transaction  
4 of business. If there are only 2 members serving on  
5 the Board because of vacancies in the Board, 2  
6 members shall constitute a quorum for the 6-month  
7 period beginning on the date of the vacancy which  
8 caused the number of Board members to decline to  
9 2.

10 “(5) COMPENSATION.—

11 “(A) CHAIR.—The Chair shall receive com-  
12 pensation at the rate prescribed for level I of  
13 the Executive Schedule under section 5313 of  
14 title 5, United States Code.

15 “(B) OTHER MEMBERS OF THE BOARD.—

16 The 4 other members of the Board shall each  
17 receive compensation at the rate prescribed for  
18 level II of the Executive Schedule under section  
19 5314 of title 5, United States Code.

20 “(6) INITIAL QUORUM ESTABLISHED.—During

21 any time period prior to the confirmation of at least  
22 two members of the Board, one member of the  
23 Board shall constitute a quorum for the transaction  
24 of business. Following the confirmation of at least 2

1 additional members of the Board, the quorum re-  
2 quirements of paragraph (4) shall apply.”.

3 (b) CONFORMING AMENDMENT.—Section 5313 of  
4 title 5, United States Code, is amended by striking “Direc-  
5 tor of the Federal Housing Finance Agency.”.

6 (c) REFERENCES.—After the effective date under  
7 subsection (d), any reference in a law, regulation, docu-  
8 ment, paper, or other record of the United States to the  
9 position of the Director of the Federal Housing Finance  
10 Agency shall be deemed a reference to the Board of Direc-  
11 tors of the Federal Housing Finance Agency.

12 (d) EFFECTIVE DATE.—The amendments made by  
13 this section shall take effect on, and apply beginning upon,  
14 the expiration of the term of the Director of the Federal  
15 Housing Finance Agency who is serving in such position  
16 as of the date of the enactment of this Act.

## 17 **Subtitle B—Ginnie Mae**

### 18 **SEC. 511. REMOVAL FROM HUD; ESTABLISHMENT AS INDE- 19 PENDENT ENTITY.**

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

1 (b) CONFORMING AMENDMENTS.—Title III of the  
2 National Housing Act (12 U.S.C. 1716 et seq.) is amend-  
3 ed—

4 (1) in section 306(g)(3)(D) (12 U.S.C.  
5 1721(g)(3)(D)), by striking “Secretary” and insert-  
6 ing “Association”;

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

10 (3) in section 317 (12 U.S.C. 1723i)—

11 (A) in subsection (a)(1), by striking “Sec-  
12 retary of Housing and Urban Development”  
13 and inserting “Director of the Association”;

14 (B) in subsection (c)(4), by striking “Sec-  
15 retary’s” and inserting “Director of the Asso-  
16 ciation’s”;

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

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

22 (E) by striking “Secretary” each place  
23 such term appears and inserting “Director of  
24 the Association”.

25 (c) MANAGEMENT; BOARD OF DIRECTORS.—



1           (1) IN GENERAL.—Section 308 of the National  
2           Housing Act (12 U.S.C. 1723(a)) is amended by  
3           striking subsection (a) and inserting the following  
4           new subsection:

5           “(a) MANAGEMENT.—

6           “(1) BOARD OF DIRECTORS.—

7           “(A) NUMBER AND APPOINTMENT.—The  
8           Association shall be governed by a Board of Di-  
9           rectors consisting of 5 members, who shall be  
10          appointed by the President, by and with the ad-  
11          vice and consent of the Senate, from among in-  
12          dividuals who—

13                 “(i) are citizens of the United States,  
14                 and

15                 “(ii) have demonstrated technical ex-  
16                 pertise in the mortgage market and one of  
17                 whom has technical expertise in the sec-  
18                 ondary mortgage market.

19           “(B) POLITICAL AFFILIATION.—Not more  
20          than 3 members of the Board of Directors may  
21          be members of the same political party.

22           “(C) TERMS.—

23                 “(i) IN GENERAL.—Each member of  
24                 the Board of Directors shall be appointed  
25                 for a term of 5 years.

1           “(ii) INTERIM APPOINTMENTS.—Any  
2           member appointed to fill a vacancy occur-  
3           ring before the expiration of the term for  
4           which such member’s predecessor was ap-  
5           pointed shall be appointed only for the re-  
6           mainder of such term.

7           “(iii) CONTINUATION OF SERVICE.—  
8           The Director and each member may con-  
9           tinue to serve after the expiration of the  
10          term of office to which such member was  
11          appointed until a successor has been ap-  
12          pointed and qualified.

13          “(2) DIRECTOR; CHAIRPERSON.—

14                 “(A) DESIGNATION; TERM.—One of the  
15                 members of the Board of Directors shall be des-  
16                 ignated by the President, at the time of ap-  
17                 pointment, to serve as Chairperson of the  
18                 Board of Directors and Director of the Associa-  
19                 tion for a term of 5 years, unless removed be-  
20                 fore the end of such term pursuant to subpara-  
21                 graph (C).

22                 “(B) ADVICE.—The Board of Directors  
23                 shall advise the Director regarding overall strat-  
24                 egies and policies to carry out the duties and  
25                 purposes of this Act.

1           “(C) REMOVAL.—The President may re-  
2           move the Director for inefficiency, neglect of  
3           duty, or malfeasance in office.

4           “(3) OPERATIONS.—

5           “(A) BYLAWS.—Within the limitations of  
6           law, the Board of Directors shall determine the  
7           general policies which shall govern the oper-  
8           ations of the Association, and shall have power  
9           to adopt, amend and repeal bylaws governing  
10          the performance of the powers and duties  
11          granted to or imposed upon it by law.

12          “(B) REQUIRED VOTES.—At the first  
13          meeting of the Board of Directors, the Board  
14          shall determine by majority vote which actions  
15          of the Association shall require a majority vote  
16          of the Board.

17          “(4) OFFICERS.—The Director shall select and  
18          effect the appointment of qualified persons to fill  
19          such offices of the Association as may be provided  
20          for in the bylaws. Persons appointed under the pre-  
21          ceding sentence shall perform such executive func-  
22          tions, powers, and duties as may be prescribed by  
23          the bylaws or by the Board of Directors, and such  
24          persons shall be executive officers of the Association

1 and shall discharge all such executive functions,  
2 powers, and duties.”.

3 (2) COMPENSATION.—

4 (A) DIRECTOR.—Section 5314 of title 5,  
5 United States Code, is amended by adding at  
6 the end the following new item:

7 “Director, Government National Mortgage Associa-  
8 tion.”.

9 (B) MEMBERS OF BOARD OF DIREC-  
10 TORS.—Section 5314 of title 5, United States  
11 Code, is amended—

12 (i) by striking the item relating to the  
13 President of the Government National  
14 Mortgage Association, Department of  
15 Housing and Urban Development; and

16 (ii) by adding at the end the following  
17 new item:

18 “Members, Board of Directors of the Government  
19 National Mortgage Association.”.

20 (d) PERSONNEL.—Subsection (d) of section 309 of  
21 the National Housing Act (12 U.S.C. 1723a(d)) is amend-  
22 ed by striking “(d)(1)” and all that follows through the  
23 end of paragraph (1) and inserting the following:

24 “(d) PERSONNEL.—

25 “(1) GINNIE MAE.—

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

11           “(B) COMPARABILITY OF COMPENSATION  
12 WITH FEDERAL BANKING AGENCIES.—In fixing  
13 and directing compensation under subpara-  
14 graph (A), the Director of the Association shall  
15 consult with, and maintain comparability with,  
16 compensation of officers and employees of the  
17 Office of the Comptroller of the Currency, the  
18 Board of Governors of the Federal Reserve Sys-  
19 tem, and the Federal Deposit Insurance Cor-  
20 poration.

21           “(C) PERSONNEL OF OTHER FEDERAL  
22 AGENCIES.—In carrying out the duties of the  
23 Association, the Director of the Association  
24 may use information, services, staff, and facili-  
25 ties of any executive agency, independent agen-

1           cy, or department on a reimbursable basis, with  
2           the consent of such agency or department.

3           “(D) OUTSIDE EXPERTS AND CONSULT-  
4           ANTS.—Notwithstanding any provision of law  
5           limiting pay or compensation, the Director of  
6           the Association may appoint and compensate  
7           such outside experts and consultants as such  
8           Director determines necessary to assist the  
9           work of the Association.”.

10          (e) TRANSITIONAL PROVISION.—Notwithstanding  
11 this section and the amendments made by this section,  
12 during the period beginning on the date of the enactment  
13 of this Act, and ending on the date on which the Director  
14 of the Government National Mortgage Association is ap-  
15 pointed and confirmed pursuant to section 308 of the Na-  
16 tional Housing Act, as amended by this section, the person  
17 serving as the President of the Government National  
18 Mortgage Association on that effective date shall act for  
19 all purposes as, and with the full powers of, the Director  
20 of the Association.

21          (f) REFERENCES.—On and after the date of the en-  
22 actment of this Act, any reference in Federal law to the  
23 President of the Government National Mortgage Associa-  
24 tion or to such Association shall be deemed to be a ref-  
25 erence to such Director of such Association or to such As-

1 sociation, as appropriate, as organized pursuant to this  
2 section and the amendments made by this section.

3 **SEC. 512. OPTIONAL USE OF SECURITIZATION PLATFORM.**

4 Section 306(g)(1) of the National Housing Act (12  
5 U.S.C. 1721(g)(1)), as amended by the preceding provi-  
6 sions of this Act, is further amended by adding at the end  
7 the following new subparagraph:

8 “(B) USE OF PLATFORM.—

9 “(i) AUTHORITY.—The Association may re-  
10 quire, pursuant to a determination under clause (ii)  
11 and as a condition of a guaranty under this sub-  
12 section for any eligible conventional mortgage secu-  
13 rity, that the approved issuer utilize the Platform  
14 (as such term is defined in section 202 of the Bipar-  
15 tisan Housing Finance Reform Act of 2018) in  
16 issuing such security.

17 “(ii) INITIAL DETERMINATION.—Not later than  
18 the expiration of the 24-month period beginning on  
19 the date of the enactment of this subparagraph, the  
20 Director of Ginnie Mae and the Board of the Fed-  
21 eral Housing Finance Agency shall jointly make a  
22 determination of whether to use the Platform as  
23 provided in clause (i) and shall cause notice of such  
24 determination to be published in the Federal Reg-  
25 ister.

1           “(iii) FLEXIBILITY.—The Association may re-  
2 view and revise such determination at any time  
3 thereafter or make a determination to require or not  
4 require utilization of the Platform as provided in  
5 clause (i) at any time thereafter.”.

## 6           **Subtitle C—Housing Market** 7           **Reforms**

### 8   **SEC. 521. BASEL III LIQUIDITY COVERAGE RATIO AMEND-** 9           **MENTS.**

10          (a) IN GENERAL.—In implementing the Basel III Li-  
11 quidity Coverage Ratio amendments, the Board of Gov-  
12 ernors of the Federal Reserve System, the Federal Deposit  
13 Insurance Corporation, and the Comptroller of the Cur-  
14 rency may not require, as a condition for status as a high  
15 quality liquid asset, that residential mortgage-backed se-  
16 curities be collateralized only by (or be collateralized by  
17 a certain percentage of) full recourse mortgage loans.

18          (b) DEFINITION.—The term “Basel III Liquidity  
19 Coverage Ratio amendments” means the final rule issued  
20 by the Comptroller of the Currency, the Board of Gov-  
21 ernors of the Federal Reserve System, and the Federal  
22 Deposit Insurance Corporation titled “Liquidity Coverage  
23 Ratio: Liquidity Risk Measurement Standards”, published  
24 October 10, 2014 (79 Fed. Reg. 61439).



1 **SEC. 522. NOTICE OF JUNIOR MORTGAGE OR LIEN.**

2 With respect to the dwelling of a borrower that serves  
3 as security for a securitized senior mortgage loan, if the  
4 borrower enters into any credit transaction that would re-  
5 sult in the creation of a new mortgage or other lien on  
6 such dwelling, the creditor of such new mortgage or other  
7 lien shall notify the servicer of the senior mortgage loan  
8 of the existence of the new mortgage or other lien.

9 **SEC. 523. LIMITATION ON MORTGAGES HELD BY LOAN**  
10 **SERVICERS.**

11 (a) **LIMITATION.**—Neither the servicer of a residen-  
12 tial mortgage loan, nor any affiliate of such servicer, may  
13 own, or hold any interest in, any other residential mort-  
14 gage loan that is secured by a mortgage, deed of trust,  
15 or other equivalent consensual security interest on the  
16 same dwelling or residential real property that is subject  
17 to the mortgage, deed of trust, or other security interest  
18 that secures the residential mortgage loan serviced by the  
19 servicer.

20 (b) **DEFINITIONS.**—For purposes of this section, the  
21 following definitions shall apply:

22 (1) **AFFILIATE.**—The term “affiliate” has the  
23 meaning given such term under section 104(g) of  
24 the Gramm-Leach-Bliley Act (15 U.S.C. 6701(g)).

25 (2) **RESIDENTIAL MORTGAGE LOAN.**—The term  
26 “residential mortgage loan” means any consumer

1 credit transaction that is secured by a mortgage,  
2 deed of trust, or other equivalent consensual security  
3 interest on a dwelling or on residential real property  
4 that includes a dwelling, other than a consumer  
5 credit transaction under an open end credit plan or  
6 an extension of credit relating to a plan described in  
7 section 101(53D) of title 11, United States Code.

8 (3) **SERVICER.**—The term “servicer” has the  
9 meaning provided such term in section 129A of the  
10 Truth in Lending Act, except that such term in-  
11 cludes a person who makes or holds a residential  
12 mortgage loan (including a pool of residential mort-  
13 gage loans) if such person also services the loan.

14 (c) **INTERESTS.**—For purposes of subsection (a),  
15 ownership of, or holding an interest in, a residential mort-  
16 gage loan includes ownership of, or holding an interest  
17 in—

18 (1) a pool of residential mortgage loans that  
19 contains such residential mortgage loan; or

20 (2) any security based on or backed by a pool  
21 of residential mortgage loans that contains such res-  
22 idential mortgage loan.

23 (d) **EFFECTIVE DATE.**—This section shall apply—

24 (1) with respect to the servicer (or affiliate of  
25 the servicer) of a residential mortgage loan that is

1 originated after the date of the enactment of this  
2 Act, on such date of enactment; and

3 (2) with respect to the servicer (or affiliate of  
4 the servicer) of a residential mortgage loan that is  
5 originated on or before the date of the enactment of  
6 this Act, upon the expiration of the 12-month period  
7 beginning upon such date of enactment.

8 **SEC. 524. GNMA PROHIBITION RELATING TO USE OF**  
9 **POWER OF EMINENT DOMAIN.**

10 Subsection (g) of section 306 of the National Hous-  
11 ing Act (12 U.S.C. 1721(g)), as amended by the preceding  
12 provisions of this Act, is further amended by adding at  
13 the end the following new paragraph:

14 “(5)(A) Notwithstanding any other provision of law,  
15 the Association may not guarantee any trust certificate  
16 or other security that is based on or backed by any mort-  
17 gage that is secured by a structure or dwelling unit that  
18 is located within a county that contains any structure or  
19 dwelling unit that secures or secured a residential mort-  
20 gage loan which mortgage loan was obtained by the State  
21 during the preceding 120 months by exercise of the power  
22 of eminent domain.

23 “(B) For purposes of this paragraph, the following  
24 definitions shall apply:

1           “(i) The term ‘residential mortgage loan’ means  
2           a mortgage loan that is evidenced by a promissory  
3           note and secured by a mortgage, deed of trust, or  
4           other security instrument on a residential structure  
5           or a dwelling unit in a residential structure. Such  
6           term includes a first mortgage loan or any subordi-  
7           nate mortgage loan.

8           “(ii) The term ‘State’ includes the District of  
9           Columbia, the Commonwealth of Puerto Rico, and  
10          any territory or possession of the United States, and  
11          includes any agency or political subdivision of a  
12          State.”.

## 13   **TITLE VI—MISCELLANEOUS AND** 14   **CONFORMING AMENDMENTS**

### 15   **SEC. 601. CONFORMING AMENDMENT TO LIMITATION ON** 16                           **GINNIE MAE COMMITMENT AUTHORITY FOR** 17                           **GOVERNMENT-INSURED MORTGAGE SECURI-** 18                           **TIES.**

19          Section 306(g)(2) of the National Housing Act (12  
20   U.S.C. 1721(g)(2)) is amended—

21           (1) in the first sentence, by inserting “for secu-  
22          rities based on or backed by Government-insured  
23          mortgages” after “guarantees under this sub-  
24          section”; and

1           (2) in the second sentence, by inserting “for se-  
2           curities based on or backed by Government-insured  
3           mortgages” after “by the Association”.

4   **SEC. 602. CONFORMING AMENDMENTS TO SECURITIES ACT**  
5                           **OF 1933.**

6           (a) EXEMPTED SECURITIES.—Section 3(a) of the Se-  
7           curities Act of 1933 (15 U.S.C. 77c(a)) is amended by  
8           adding at the end the following new paragraph:

9                       “(15) Any qualified security, as such term is  
10           defined in section 221 of the Bipartisan Housing Fi-  
11           nance Reform Act of 2018.”.

12           (b) REMOVAL OF CREDIT RISK RETENTION REF-  
13           ERENCE.—Section 27B of the Securities Act of 1933 (15  
14           U.S.C. 77z–2a) is amended by striking subsection (d).

15   **SEC. 603. CONFORMING AMENDMENTS TO TITLE 18, UNITED**  
16                           **STATES CODE.**

17           (a) FALSE ADVERTISING.—Section 709 of title 18,  
18           United States Code, is amended by inserting after “a Fed-  
19           eral Home Loan Bank; or” the following: “Whoever uses  
20           the words ‘National Mortgage Data Repository’ or such  
21           other name as the Director of the Federal Housing Fi-  
22           nance Agency may establish in the charter of the reposi-  
23           tory or any combination of words that appears to indicate  
24           that such use of the term conflicts with the exclusive oper-  
25           ation of the repository created by subtitle C of title II of

1 the Bipartisan Housing Finance Reform Act of 2018 as  
2 a business name or any part of a business name, or falsely  
3 publishes, advertises, or represents by any device or sym-  
4 bol or other means reasonably calculated to convey the im-  
5 pression that he or it is the repository created by such  
6 part; or”.

7 (b) FRAUD AND FALSE STATEMENTS.— Chapter 47  
8 of title 18, United States Code, is amended—

9 (1) by adding at the end the following new sec-  
10 tion:

11 **“§ Sec. 1041. Information security; false statements**  
12 **and concealment of facts related to the**  
13 **Bipartisan Housing Finance Reform Act**  
14 **of 2018**

15 “Whoever, with regard to any mortgage-related docu-  
16 ment (as such term is defined in section 202 of the Bipar-  
17 tisan Housing Finance Reform Act) or the registration of  
18 any document or any interest in any such document pur-  
19 suant to that Act, makes any false statement or represen-  
20 tation of fact, knowing it to be false, or knowingly con-  
21 ceals, covers up or fails to disclose any material fact the  
22 disclosure of which is required by such Act or regulation,  
23 shall be fined under this title, or imprisoned not more than  
24 five years, or both.”; and

1           (2) in the table of contents for such chapter, by  
2           inserting after the item relating to section 1040 the  
3           following:

“1041. Information security; false statements and concealment of facts related  
to the Bipartisan Housing Finance Reform Act of 2018.”.

4   **SEC. 604. CONFORMING AMENDMENT TO THE INVESTMENT**  
5                           **COMPANY ACT OF 1940.**

6           Section 3(c)(5)(C) of the Investment Company Act  
7 of 1940 (15 U.S.C. 80a–3(c)(5)) is amended by inserting  
8 before the period the following: “, including risk-sharing  
9 transactions, qualified securities, and any other mortgage-  
10 related instruments or products created pursuant to the  
11 Bipartisan Housing Finance Reform Act of 2018 or  
12 amendments made by such Act”.

13   **SEC. 605. FAIR LENDING LAWS.**

14           Nothing in this Act or the amendments made by this  
15 Act may be construed to amend or modify any require-  
16 ments or restrictions applicable to a private credit  
17 enhancer or other market participant under the Fair  
18 Housing Act (42 U.S.C. 3601 et seq.) or the Equal Credit  
19 Opportunity Act (15 U.S.C. 1691 et seq.).