

[DISCUSSION DRAFT]113TH CONGRESS
2^D SESSION**H. R.** _____

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

IN THE HOUSE OF REPRESENTATIVES

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

A BILL

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

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Housing Opportunities Move the Economy Forward Act
6 of 2014” or the “HOME Forward Act of 2014”.

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

Sec. 1. Short title; table of contents.

Sec. 2. Definitions.

TITLE I—NATIONAL MORTGAGE FINANCE ADMINISTRATION

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

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

Subtitle A—Duties and Authorities

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

Subtitle B—Formation and Oversight of the Mortgage Securities Cooperative

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

Subtitle C—Oversight of Market Participants

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

Subtitle D—Transparency in Market Operations

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

Subtitle E—NMFA Structure

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

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

- Sec. 301. Powers and duties transferred.
- Sec. 302. Transfer and rights of employees of the FHFA.
- Sec. 303. Abolishment of FHFA.
- Sec. 304. Transfer of property and facilities.
- Sec. 305. Residual corpus of enterprises in conservatorship.
- Sec. 306. Technical and conforming amendments.

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

- Sec. 401. Affordable housing allocations.
- Sec. 402. Housing Trust Fund.
- Sec. 403. Capital Magnet Fund.
- Sec. 404. Market Access Fund..
- Sec. 405. Additional taxpayer protections.

TITLE V—WIND DOWN OF FANNIE MAE AND FREDDIE MAC

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

TITLE VI—MULTIFAMILY HOUSING FINANCE REFORM

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

TITLE VII—MULTIPLE LENDER ISSUES

- Sec. 701. Multiple lender issues.

TITLE VIII—GENERAL PROVISIONS

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

1 SEC. 2. DEFINITIONS.

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

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

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

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

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

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

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

24 (A) collateralized by eligible mortgages;

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

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

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

11 (7) ELIGIBLE MORTGAGE.—

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

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

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

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

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

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

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

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

1 mortgage insurers under section
2 211;

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

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

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

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

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

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

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

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

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

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

14 (BB) is approved by
15 the Administration;

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

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

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

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

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

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

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

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

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

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

10 (9) FEDERAL BANKING AGENCIES.—The
11 term—

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

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

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

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

10 (12) INSURED DEPOSITORY INSTITUTION.—The
11 term “insured depository institution” means—

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

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

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

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

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

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

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

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

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

3 (A) to issue covered securities; and

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

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

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

13 **SEC. 101. ESTABLISHMENT.**

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

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

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

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

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

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

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

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

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

18 **SEC. 102. DIRECTOR.**

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

22 (b) APPOINTMENT; TERM.—

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

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

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

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

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

12 (3) VACANCY.—

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

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

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

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

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

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

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

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

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

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

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

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

9 (a) ESTABLISHMENT OF ADVISORY BOARD.—

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

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

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

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

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

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

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

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

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

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

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

21 (b) STATUS OF EMPLOYEES.—

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

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

9 (2) EFFECT ON OTHER LAW.—

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

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

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

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

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

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

4 (a) OFFICE OF INSPECTOR GENERAL.—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

14 (a) COMPENSATION.—

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

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

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

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

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

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

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

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

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

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

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

11 (a) REPORTS.—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

9 (c) AUDITS.—

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

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

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

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

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

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

1 (6) REPORT.—

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

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

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

11 (ii) include—

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

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

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

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

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

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

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

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

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

17 (7) ASSISTANCE AND COSTS.—

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

1 countants for temporary periods or for special
2 purposes.

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

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

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

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

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

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

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

22 (b) TREATMENT OF ASSESSMENTS.—

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

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

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

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

20 (4) USE OF FUNDS.—

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

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

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

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

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

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

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

1 tions of the United States of comparable
2 maturity.

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

6 **Subtitle A—Duties and Authorities**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3 (2) EXAMINATION OF VARIOUS MECHANISMS.—

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

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

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

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

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

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

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

7 (iv) influences mortgage affordability;

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

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

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

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

18 (3) REPORT.—

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

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

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

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

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

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

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

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

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

22 (1) maintain and administer; and

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

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

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

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

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

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

12 (d) USE.—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

21 (B) may not vary—

22 (i) by geographic location; or

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

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

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

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

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

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

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

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

21 **SEC. 204. INSURANCE.**

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

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

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

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

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

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

21 (d) PROHIBITION ON FEDERAL ASSISTANCE.—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 **SEC. 206. EXEMPTIONS.**

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

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

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

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

22 (1) in paragraph (3)(B)—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

15 (1) aggregate eligible mortgage loans into pools;

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

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

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

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

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

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

10 (1) the financial condition of the Issuer;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

16 (2) To assemble loans for current issuance.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

4 (E) CEASE AND DESIST PROCEEDINGS.—

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

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

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

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

16 (F) CIVIL MONEY PENALTIES.—

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

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

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

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

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

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

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

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

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

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

8 (I) the gravity of the offense;

9 (II) any history of prior offenses;

10 (III) ability to pay the penalty;

11 (IV) injury to the public;

12 (V) benefits received;

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

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

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

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

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

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

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

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

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

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

1 to provide private mortgage insurance on eligible
2 mortgages.

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

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

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

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

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

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

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

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

3 (b) APPLICATION AND APPROVAL.—

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

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

13 (3) PUBLICATION.—The Administration shall—

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

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

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

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

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

3 (2) SUSPENSION OR REVOCATION.—

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

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

17 (3) PUBLICATION.—The Administration shall—

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

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

23 (d) APPEALS.—

24 (1) IN GENERAL.—

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

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

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

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

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

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

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

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

9 (a) STANDARDS FOR APPROVAL OF SERVICERS.—

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

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

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

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

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

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

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

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

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

13 (C) the maintenance of escrow accounts;

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

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

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

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

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

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

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

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

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

15 (L) the provision of eligible single-family
16 mortgage loan information to borrowers, upon
17 request, including a copy of the pooling and
18 servicing agreement and securitization trust re-
19 quirements that may restrict the ability of the
20 servicer to offer loss mitigation options.

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

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

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

3 (A) PROHIBITION OF INTEREST.—

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

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

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

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

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

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

8 (B) FORCE-PLACED INSURANCE.—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

22 (d) APPLICATION AND APPROVAL.—

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

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

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

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

11 (3) PUBLICATION.—The Administration shall—

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

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

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

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

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

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

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

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

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

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

6 (B) to the fullest extent possible—

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

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

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

21 (5) SUSPENSION OR REVOCATION.—

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

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

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

8 (6) PUBLICATION.—The Administration shall—

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

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

14 (f) APPEALS.—

15 (1) IN GENERAL.—

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

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

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

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

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

22 (h) TRANSFER OF MASTER SERVICING.—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

4 (a) STANDARDS FOR APPROVAL.—

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

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

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

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

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

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

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

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

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

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

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

15 (c) APPLICATION AND APPROVAL.—

16 (1) APPLICATION PROCESS.—

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

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

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

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

10 (3) PUBLICATION.—The Administration shall—

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

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

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

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

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

3 (2) SUSPENSION OR REVOCATION.—

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

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

17 (3) PUBLICATION.—The Administration shall—

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

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

25 (e) APPEALS.—

1 (1) IN GENERAL.—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

18 (b) **PROCEDURES.**—

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

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

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

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

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

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

17 (A) the gravity of the offense;

18 (B) any history of prior offenses;

19 (C) ability to pay the penalty;

20 (D) injury to the public;

21 (E) benefits received;

22 (F) deterrence of future violations; and

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

16 (1) require that the Issuer—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3 (1) loan characteristics;

4 (2) borrower information;

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

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

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

12 (6) industry-wide servicing data standards;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3 (b) IDENTIFICATION OF MORTGAGES AND NOTES.—

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

13 (c) INDIVIDUALS AUTHORIZED TO MAKE REGISTRY

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

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

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

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

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

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

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

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

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

16 **Subtitle E—NMFA Structure**

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

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

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

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

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

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

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

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

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

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

17 (b) RESPONSIBILITIES.—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 (d) USE OF PROPERTY AND SERVICES.—

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

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

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

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

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

1 of the Federal Housing Finance Agency, on a reimburs-
2 able basis, to perform functions which have been trans-
3 ferred to the Administration for such time as is reasonable
4 to facilitate the orderly transfer of functions pursuant to
5 this section, any other provision of this Act, or any amend-
6 ment made by this Act to any other provision of law.

7 (f) SAVINGS PROVISIONS.—

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

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

24 (g) CONFORMING AMENDMENTS.—

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

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

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

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

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

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

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

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

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

9 (A) in subsection (a)—

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

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

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

18 (C) in subsection (c)—

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

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

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

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

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

6 (D) in subsection (e)—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

22 (f) EMPLOYEE BENEFIT PROGRAMS.—

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

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

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

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

11 (2) COST DIFFERENTIAL.—

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

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

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

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

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

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

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

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

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

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

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

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

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

17 (2) in section 212(e)(2)—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

22 (1) in section 1216—

23 (A) in subsection (a)—

24 (i) in paragraph (2), by striking “;

25 and” and inserting a semicolon;

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

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

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

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

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

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

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

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

24 (1) in section 104(b)—

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

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

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

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

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

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

14 (1) in section 342(g)(1)—

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

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

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

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

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

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

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

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

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

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

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

22 (1) by striking “a regulated entity” and insert-
23 ing “an enterprise”; and

24 (2) by inserting before the period at the end
25 “the National Mortgage Finance Administration in

1 the case of a swap dealer, major swap participant,
2 security-based swap dealer, or major security-based
3 swap participant that is a Federal Home Loan
4 Bank”.

5 (s) TRUTH IN LENDING ACT.—The Truth in Lending
6 Act (15 U.S.C. 1601 et seq.) is amended—

7 (1) section 129H(b)(4), by inserting “the Na-
8 tional Mortgage Finance Administration,” after
9 “Federal Housing Finance Agency,”; and

10 (2) in section 129E—

11 (A) in subsection (g)(1), by inserting “the
12 National Mortgage Finance Administration,”
13 after “Federal Housing Finance Agency,”; and

14 (B) in subsection (h), by inserting “the
15 National Mortgage Finance Administration,”
16 after “Federal Housing Finance Agency,”.

17 (t) FFIEC.—The first sentence of section 1011 of
18 the Federal Financial Institutions Examination Council
19 Act of 1978 (12 U.S.C. 3310) is amended by inserting
20 “the National Mortgage Finance Administration,” before
21 “and the Federal Housing Finance Agency”.

1 **TITLE IV—IMPROVING TRANS-**
2 **PARENCY, ACCOUNTABILITY,**
3 **AND EFFICACY WITHIN AF-**
4 **FORDABLE HOUSING**

5 **SEC. 401. AFFORDABLE HOUSING ALLOCATIONS.**

6 (a) FEE AND ALLOCATION OF AMOUNTS.—Subject to
7 subsection (b), and in addition to any fees for the provi-
8 sion of insurance established in accordance with title II,
9 in each fiscal year the Administration shall—

10 (1) charge and collect a fee in an amount equal
11 to 10 basis points for each dollar of the outstanding
12 principal balance of eligible mortgages collateralizing
13 covered securities, and of eligible multifamily mort-
14 gages collateralizing covered multifamily securities
15 pursuant to section 603, and on any securities in-
16 sured through the common securitization platform
17 where insurance is not being provided by the Mort-
18 gage Insurance Fund; and

19 (2) allocate or otherwise transfer—

20 (A) 75 percent of such fee amounts to the
21 Secretary of Housing and Urban Development
22 to fund the Housing Trust Fund established
23 under section 1338 of the Federal Housing En-
24 terprises Financial Safety and Soundness Act
25 of 1992 (12 U.S.C. 4568), of which not more

1 than 5 percent of the aggregate amount allo-
2 cated to a State or State designated entity
3 under this subsection shall be used for activities
4 under such subsection (c)(7)(B) of such section
5 1338;

6 (B) 15 percent of such fee amounts to the
7 Secretary of the Treasury to fund the Capital
8 Magnet Fund established under section 1339 of
9 the Federal Housing Enterprises Financial
10 Safety and Soundness Act of 1992 (12 U.S.C.
11 4569); and

12 (C) 10 percent of such fee amounts to the
13 Issuer to fund the Market Access Fund estab-
14 lished under section 404 of this Act.

15 (b) SUSPENSION OF CONTRIBUTIONS.—

16 (1) INITIAL SUSPENSION.—The Administration
17 may temporarily suspend allocations under sub-
18 section (a), for a period of not longer than one year,
19 upon submission by the Administration, to the Com-
20 mittee on Financial Services of the House of Rep-
21 resentatives and the Committee on Banking, Hous-
22 ing, and Urban Affairs of the Senate, of a written
23 determination that such allocations are contributing,
24 or would contribute, to the financial instability of
25 the Issuer.

1 (2) CONTINUING SUSPENSION.—The Adminis-
2 tration, upon written agreement with the Secretary
3 of the Treasury and the Secretary of Housing and
4 Urban Development, may continue the suspension of
5 allocations under paragraph (1) for periods of 6
6 months following the expiration of the initial suspen-
7 sion of allocations of one-year, provided that the Ad-
8 ministration, with the Secretary of the Treasury and
9 the Secretary of Housing and Urban Development,
10 provides a written determination to the Committees
11 specified in paragraph (1) that continuing the termi-
12 nation of such suspension would contribute to the fi-
13 nancial instability of the Issuer.

14 **SEC. 402. HOUSING TRUST FUND.**

15 Section 1338 of the Federal Housing Enterprises Fi-
16 nancial Safety and Soundness Act of 1992 (12 U.S.C.
17 4568) is amended—

18 (1) in subsection (a), by striking “by the enter-
19 prises under section 1337” and inserting “pursuant
20 to section 401 of the Housing Opportunities Move
21 the Economy Forward Act of 2014”;

22 (2) by repealing subsection (b); and

23 (3) in subsection (c)—

1 (A) in paragraph (1), by striking “Except
2 as provided in subsection (b), the” and insert-
3 ing “The”;

4 (B) in paragraph (4)(B), by striking
5 “other than fiscal year 2009”;

6 (C) in paragraph (7)—

7 (i) in subparagraph (A), by striking “;
8 and” and inserting a semicolon; and

9 (ii) in subparagraph (B)(iv), by strik-
10 ing “section 132” and inserting “section
11 1132”; and

12 (D) in paragraph (10)—

13 (i) by amending subparagraph (A) to
14 read as follows:

15 “(A) ENSURING BENEFITS FOR RURAL
16 COMMUNITIES.—

17 “(i) IN GENERAL.—In each fiscal
18 year, of the aggregate amount allocated to
19 a State or State designated entity under
20 this subsection, the State or State des-
21 ignated entity shall ensure that, at a min-
22 imum, such amounts are distributed for
23 the benefit of nonentitlement areas in that
24 State in the same proportion that the total
25 population of nonentitlement areas in that

1 State bears to the total population of that
2 State.

3 “(ii) DEFINITION OF NONENTITLE-
4 MENT AREA.—For purposes of this clause,
5 the term ‘nonentitlement area’ has the
6 same meaning given that term under sec-
7 tion 102(a)(7) of the Housing and Com-
8 munity Development Act of 1974 (42
9 U.S.C. 5302(a)(7)).”; and

10 (ii) by striking subparagraph (E).

11 **SEC. 403. CAPITAL MAGNET FUND.**

12 Section 1339 of the Federal Housing Enterprises Fi-
13 nancial Safety and Soundness Act of 1992 (12 U.S.C.
14 4569) is amended—

15 (1) in subsection (b)(1), by striking “pursuant
16 to section 1337” and inserting “pursuant to section
17 401 of the Housing Opportunities Move the Econ-
18 omy Forward Act of 2014”; and

19 (2) in subsection (h), by striking paragraph (7).

20 **SEC. 404. MARKET ACCESS FUND..**

21 (a) ESTABLISHMENT AND PURPOSE.—The Adminis-
22 tration shall establish and manage a Market Access Fund,
23 which shall be funded with amounts allocated pursuant to
24 section 401 of this Act. The purpose of the Market Access

1 Fund is to promote innovation in housing finance and af-
2 fordability.

3 (b) ELIGIBLE ACTIVITIES.—Amounts allocated pur-
4 suant to this section shall be used for the following assist-
5 ance:

6 (1) For grants and loans, including through the
7 use of pilot programs of sufficient scale, to support
8 the research and development of sustainable home-
9 ownership and affordable rental programs, provided
10 that such grant or loan amounts are used only for
11 the benefit of families whose income does not exceed
12 120 percent of the area median income as deter-
13 mined by the Director, with adjustments for family
14 size.

15 (2) To provide limited credit enhancement, and
16 other forms of credit support, for product and serv-
17 ices that—

18 (A) will increase the rate of sustainable
19 homeownership and affordable rental by individ-
20 uals or families whose income does not exceed
21 120 percent of the area median income as de-
22 termined by the Director, with adjustments for
23 family size; and

24 (B) might not otherwise be offered or sup-
25 ported by a pilot program of sufficient scale to

1 determine the viability of such products and
2 services in the private market.

3 (3) Grants and loans, to be used in partnership
4 with the Secretary of Housing and Urban Develop-
5 ment, to redevelop abandoned and foreclosed prop-
6 erties in areas of greatest need.

7 **SEC. 405. ADDITIONAL TAXPAYER PROTECTIONS.**

8 (a) NOT TO BE USED FOR POLITICAL ACTIVITIES.—
9 Consistent with the existing requirements under sections
10 1338(c)(10)(D) and section 1339(h)(5) of the Federal
11 Housing Enterprises Financial Safety and Soundness Act
12 of 1992, the Secretary of Housing and Urban Develop-
13 ment and the Secretary of the Treasury, respectively, shall
14 ensure that grant amounts allocated by covered grantees
15 to eligible recipients or allocated to individuals by such eli-
16 gible recipients are not used for—

17 (1) political activities;

18 (2) advocacy;

19 (3) lobbying, whether directly or through other
20 parties;

21 (4) influencing the selection, nomination, elec-
22 tion, or appointment of one or more candidates to
23 any Federal, State or local office;

1 (5) personal counseling services not related to
2 preparing potential borrowers for homeownership or
3 addressing avoidance of foreclosure;

4 (6) travel expenses; and

5 (7) preparing or providing advice on tax re-
6 turns.

7 (b) PENALTIES.—If an eligible recipient or any other
8 individual in receipt of grant amounts described by this
9 section violates any provision of subsection (a) or (b), the
10 Secretary of Housing and Urban Development or the Sec-
11 retary of the Treasury, as the case may be, may impose
12 a civil penalty on such recipient or individual, as the case
13 may be, of not more than \$1,000,000 for each violation.
14 The penalties imposed under this paragraph shall be in
15 addition to any other available penalty and may be im-
16 posed whether or not the Secretary of Housing and Urban
17 Development or the Secretary of the Treasury, as the case
18 may be, imposes other administrative sanctions.

19 (c) DEFINITION.—As used in this section—

20 (1) the term “covered grantee” means—

21 (A) for purposes of the Housing Trust
22 Fund, a State or State designated entity; and

23 (B) for purposes of the Capital Magnet
24 Fund, an eligible grantee as described under
25 section 1339(e) of the Federal Housing Enter-

1 prises Financial Safety and Soundness Act of
2 1992;

3 (2) the term “eligible recipient” means—

4 (A) for purposes of the Housing Trust
5 Fund, a recipient as described under section
6 1338(c)(9) of the Federal Housing Enterprises
7 Financial Safety and Soundness Act of 1992t;
8 and

9 (B) for purposes of the Capital Magnet
10 Fund, a recipient of assistance from the Capital
11 Magnet Fund;

12 (3) the term “Capital Magnet Fund” means the
13 Capital Magnet Fund established under section
14 1339 of the Federal Housing Enterprises Financial
15 Safety and Soundness Act of 1992 (12 U.S.C.
16 4569); and

17 (4) the term “Housing Trust Fund” means the
18 Housing Trust Fund established under section 1338
19 of the Federal Housing Enterprises Financial Safety
20 and Soundness Act of 1992 (12 U.S.C. 4568).

21 **TITLE V—WIND DOWN OF**
22 **FANNIE MAE AND FREDDIE MAC**
23 **SEC. 501. TRANSITION.**

24 (a) CESSATION OF NEW BUSINESS.—Upon the expi-
25 ration of the 5-year period beginning on the date of the

1 enactment of this Act, the Federal National Mortgage As-
2 sociation and the Federal Home Loan Mortgage Corpora-
3 tion shall cease providing new guarantees on securities
4 backed by mortgages and all other new business (other
5 than the rollover of debt related to existing assets). At
6 that time, the enterprises shall continue to manage activi-
7 ties related to the remaining portfolio, including out-
8 standing debt and mortgage-backed securities, capital
9 lease obligations, obligations with respect to letters of
10 credit and bankers' acceptances, and similar obligations,
11 to minimize risk to the Treasury of the United States and
12 maximize return, with earnings to be distributed as speci-
13 fied in subsection (b). The Secretary of the Treasury may
14 determine to extend such deadline for no more than one
15 year for cause.

16 (b) DISTRIBUTION OF EARNINGS.—Upon the expira-
17 tion of the period specified in subsection (a), the net earn-
18 ings of the enterprises from the beginning of the
19 conservatorships until the end of such period shall be dis-
20 tributed in the following order of priority:

21 (1) Repayment of the Senior Preferred Shares
22 owned by the Treasury.

23 (2) 10 percent rate of interest per year over the
24 term of the Senior Preferred Shares.

1 (3) Establishment of any reserve funds that the
2 Secretary of the Treasury determines are needed in
3 connection with the wind-down of the businesses of
4 the enterprises.

5 (4) Payment of any deferred contributions to
6 the Housing Trust Fund and Capital Magnet Fund
7 that have not been paid.

8 (5) Purchase of other outstanding preferred
9 shares.

10 (6) Purchase of outstanding common shares,
11 for which purpose warrants held by the Treasury
12 shall be treated as common stock.

13 (c) EARNINGS AFTER CESSATION OF NEW BUSI-
14 NESS.—Earnings of the enterprises that accrue after the
15 date on which new business ceases (including reserves that
16 are not needed) may be paid in accordance with the sched-
17 ule in subsection (b) after all obligations and earnings of
18 the enterprises have been extinguished or received, includ-
19 ing the proceeds of sales to the Issuer.

20 (d) SALE OF ASSETS.—In connection with the wind
21 down of the entities, Treasury, in consultation with the
22 Administration and the Agency, may determine to sell as-
23 sets of the enterprises, including the common
24 securitization platform, multi-family businesses, and other

1 assets to the Issuer. In affecting such sales, Treasury may
2 issue new preferred shares to the Issuer.

3 (e) FULL FAITH AND CREDIT.—The full faith and
4 credit of the United States is pledged to ensure that all
5 payments on any obligation of the enterprises are paid.
6 The Treasury remains obligated to ensure that the enter-
7 prises remain in a position to pay all holders of obligations
8 or other outstanding debt in the enterprises, as well as
9 employees who continue to be employed by the enterprises.

10 **SEC. 502. WIND DOWN.**

11 (a) WIND DOWN.—

12 (1) AUTHORITY OF FHFA.—Beginning on the
13 date of enactment of this Act and ending on the
14 date certified by the Secretary of the Treasury, the
15 Director of the Federal Housing Finance Agency, in
16 consultation with the Administration and the Sec-
17 retary of the Treasury, shall take such action, and
18 may prescribe such regulations and procedures, as
19 may be necessary to wind down the operations of the
20 enterprises in an orderly manner that complies with
21 the requirements of this Act and any amendments
22 made by this Act.

23 (2) LIMITATION.—Notwithstanding any author-
24 ity granted to the Director of the Federal Housing
25 Finance Agency under paragraph (1), the sale,

1 transfer, exchange, or other disposition of any asset
2 subject to the wind down required under this section
3 shall be prohibited, if the Administration—

4 (A) in its discretion determines that such
5 sale, transfer (other than to the Administration
6 or the Issuer), exchange, or disposition would
7 materially interfere with the ability of the Ad-
8 ministration to carry out the requirements of
9 this Act; and

10 (B) notifies, in writing, the Director of the
11 Federal Housing Finance Agency within 14
12 days of such determination.

13 (3) RULE OF CONSTRUCTION.—Notwith-
14 standing any authority granted to the Director of
15 the Federal Housing Finance Agency under para-
16 graph (1), the Director of the Federal Housing Fi-
17 nance Agency—

18 (A) shall have no authority to sell, trans-
19 fer, exchange, or otherwise dispose of any guar-
20 antee obligations described under subsections
21 (a)(2) and (b)(2) of section 501; and

22 (B) shall have no rights, claims, or title to,
23 nor any authority to sell, transfer, exchange, or
24 otherwise dispose of, guarantee fee amounts de-
25 rived from the single-family mortgage guar-

1 antee business of the enterprises in existence as
2 of the NMFA certification date.

3 (b) DIVISION OF ASSETS AND LIABILITIES; AUTHOR-
4 ITY TO ESTABLISH HOLDING CORPORATION AND DIS-
5 SOLUTION TRUST FUND.—The authority under sub-
6 section (a)—

7 (1) may include the establishment and execu-
8 tion of plans to provide for an equitable division, dis-
9 tribution, and liquidation of the assets and liabilities
10 of an enterprise, including any infrastructure, prop-
11 erty, including intellectual property, platforms, or
12 any other thing or object of value, provided such
13 plan complies with the requirements of this Act and
14 any amendments made by this Act; and

15 (2) may provide for establishment of—

16 (A) a holding corporation organized under
17 the laws of any State of the United States or
18 the District of Columbia for the purpose of
19 winding down an enterprise; and

20 (B) one or more trusts to which to trans-
21 fer—

22 (i) outstanding debt obligations of an
23 enterprise; or

24 (ii) outstanding mortgages held for
25 the purpose of collateralizing mortgage-

1 backed securities guaranteed by an enter-
2 prise.

3 (c) DETERMINATION OF DISTRIBUTIONS OF ENTER-
4 PRISE EARNINGS.—

5 (1) JOINT DETERMINATION.—The amount of
6 any proceeds to be paid pursuant to section 501(b)
7 shall be jointly determined by the Director of the
8 Federal Housing Finance Agency, the Administra-
9 tion, and the Secretary of the Treasury.

10 (2) MAXIMUM RETURN TO SHAREHOLDERS.—
11 The wind down of each enterprise required under
12 this section shall be managed by the Director of the
13 Federal Housing Finance Agency, in consultation
14 with the Administration and the Secretary of the
15 Treasury, to obtain resolutions that maximize the
16 return for the senior preferred shareholder under
17 paragraph (1), to the extent that such resolutions—

18 (A) are consistent with the goal of sup-
19 porting a sound, stable, and liquid housing
20 market;

21 (B) are consistent with applicable Federal
22 and State law;

23 (C) comply with the requirements of this
24 Act and any amendments made by this Act;
25 and

1 (D) protect the taxpayer.

2 **SEC. 503. ALIGNING PURPOSE OF CONSERVATORSHIP WITH**
3 **NMFA.**

4 (a) POWER AS CONSERVATOR.—Section 1367(b)(2)
5 of the Federal Housing Enterprises Financial Safety and
6 Soundness Act of 1992 (12 U.S.C. 4617(b)(2)) is amend-
7 ed—

8 (1) by redesignating subparagraphs (E)
9 through (K) as subparagraphs (F) through (L), re-
10 spectively; and

11 (2) by inserting after subparagraph (D) the fol-
12 lowing new subparagraph:

13 “(E) AGENCY POWER AS CONSERVATOR.—
14 After the date of enactment of the Housing Op-
15 portunities Move the Economy Forward Act of
16 2014 the Agency shall, as conservator, take
17 such actions as are necessary—

18 “(i) to ensure the efficient, effective,
19 and expeditious wind down of the enter-
20 prises;

21 “(ii) to manage the affairs, assets,
22 and obligations of the enterprises and to
23 operate the enterprises in compliance with
24 the requirements of the Housing Opportu-

1 nities Move the Economy Forward Act of
2 2014;

3 “(iii) to assist the National Mortgage
4 Finance Administration, in a consultative
5 capacity, in carrying out the requirements
6 under the Housing Opportunities Move the
7 Economy Forward Act of 2014; and

8 “(iv) to maintain liquidity and sta-
9 bility in the secondary mortgage market
10 with respect to the debt of the enter-
11 prises.”.

12 (b) **RULE OF CONSTRUCTION.**—Nothing in this Act,
13 or any amendments made by this Act, except as may be
14 explicitly provided for in this Act, or any amendment made
15 by this Act, shall be deemed to alter the powers, authori-
16 ties, rights, and duties that are vested in the Federal
17 Housing Finance Agency and the Director of the Federal
18 Housing Finance Agency with respect to its supervision
19 and regulation of the enterprises.

20 **SEC. 504. CONFORMING LOAN LIMITS.**

21 (a) **IN GENERAL.**—Beginning on the date of the en-
22 actment of this Act, the limitations governing the max-
23 imum original principal obligation of conventional mort-
24 gages that may be purchased by the Federal National
25 Mortgage Association and the Federal Home Loan Mort-

1 gage Corporation, referred to in section 302(b)(2) of the
2 Federal National Mortgage Association Charter Act (12
3 U.S.C. 1717(b)(2)) and section 305(a)(2) of the Federal
4 Home Loan Mortgage Corporation Act (12 U.S.C.
5 1454(a)(2)), respectively, shall be \$417,000 for a mort-
6 gage secured by a single-family residence, \$533,850 for
7 a mortgage secured by a 2-family residence, \$645,300 for
8 a mortgage secured by a 3-family residence, and \$801,950
9 for a mortgage secured by a 4-family residence, except
10 that such maximum limitations shall be adjusted effective
11 January 1 of each year beginning after the date of enact-
12 ment of this Act, subject to the limitations in this para-
13 graph. Each adjustment shall be made by adding to each
14 such amount (as it may have been previously adjusted)
15 a percentage thereof equal to the percentage increase, dur-
16 ing the most recent 12-month or 4-quarter period ending
17 before the time of determining such annual adjustment,
18 in the housing price index maintained pursuant to section
19 1322 of the Federal Housing Enterprises Financial Safety
20 and Soundness Act of 1992 (12 U.S.C. 4542). If the
21 change in such house price index during the most recent
22 12-month or 4-quarter period ending before the time of
23 determining such annual adjustment is a decrease, then
24 no adjustment shall be made for the next year, and the
25 next adjustment shall take into account prior declines in

1 the house price index, so that any adjustment shall reflect
2 the net change in the house price index since the last ad-
3 justment. Declines in the house price index shall be accu-
4 mulated and then reduce increases until subsequent in-
5 creases exceed prior declines.

6 (b) SPECIAL EXCEPTION FOR ALASKA, HAWAII,
7 GUAM, AND USVI.—The limitations set forth under sub-
8 section (a) shall be increased by not to exceed 50 percent
9 with respect to properties located in Alaska, Guam, Ha-
10 waii, and the Virgin Islands.

11 **SEC. 505. PORTFOLIO REDUCTION.**

12 (a) GRADUATED REDUCTION.—

13 (1) IN GENERAL.—Each enterprise shall not
14 own, as of any applicable date, mortgage assets in
15 excess of—

16 (A) as of December 31, 2014,
17 \$552,500,000,000; and

18 (B) on December 31 of each year there-
19 after until the NMFA certification date, 85 per-
20 cent of the aggregate amount of the mortgage
21 assets that the enterprise was permitted to own
22 as of December 31 of the immediately pre-
23 ceding calendar year.

24 (2) RETAINED PORTFOLIO TO FACILITATE OR-
25 DERLY WIND DOWN.—On December 31 of the year

1 in which the NMFA certification date occurs, the
2 Administration shall establish an allowable amount
3 of enterprise owned mortgage assets in an amount
4 equal to the amount necessary to facilitate—

5 (A) the orderly wind down of the enter-
6 prises; and

7 (B) appropriate loss mitigation on any leg-
8 acy guarantees of the enterprises.

9 (b) MORTGAGE ASSETS DEFINED.—For purposes of
10 this section, the term “mortgage assets” means, with re-
11 spect to an enterprise, assets of such enterprise consisting
12 of mortgages, mortgage loans, mortgage-related securities,
13 participation certificates, mortgage-backed commercial
14 paper, obligations of real estate mortgage investment con-
15 duits and similar assets, in each case to the extent such
16 assets would appear on the balance sheet of such enter-
17 prise in accordance with generally accepted accounting
18 principles and held for the benefit of the enterprises.

19 **SEC. 506. REPEAL OF MANDATORY HOUSING GOALS.**

20 (a) REPEAL OF HOUSING GOALS.—The Federal
21 Housing Enterprises Financial Safety and Soundness Act
22 of 1992 is amended by striking sections 1331 through
23 1336 (12 U.S.C. 4561–6).

1 (b) CONFORMING AMENDMENTS.—The Federal
2 Housing Enterprises Financial Safety and Soundness Act
3 of 1992 (12 U.S.C. 4501 et seq.) is amended—

4 (1) in section 1303(28), by striking “, and, for
5 the purposes” and all that follows through “des-
6 ignated disaster areas”;

7 (2) in section 1324(b)(1)(A), by striking clauses
8 (i), (ii), and (iv);

9 (3) in section 1341—

10 (A) in subsection (a)—

11 (i) in paragraph (1), by inserting “or”
12 after the semicolon at the end;

13 (ii) in paragraph (2), by striking the
14 semicolon at the end and inserting a pe-
15 riod; and

16 (iii) by striking paragraphs (3) and
17 (4); and

18 (B) in subsection (b)(2)—

19 (i) in subparagraph (A), by inserting
20 “or” after the semicolon at the end;

21 (ii) by striking subparagraphs (B) and
22 (C); and

23 (iii) by redesignating subparagraph
24 (D) as subparagraph (B);

25 (4) in section 1345(a)—

1 (A) in paragraph (1), by inserting “or”
2 after the semicolon at the end;

3 (B) in paragraph (2), by striking the semi-
4 colon at the end and inserting a period; and

5 (C) by striking paragraphs (3) and (4);
6 and

7 (5) in section 1371(a)(2), by striking “with any
8 housing goal established under subpart B of part 2
9 of subtitle A of this title, with section 1336 or 1337
10 of this title,”.

11 **SEC. 507. FAIR HOUSING ACT COMPLIANCE.**

12 Nothing in this Act reduces or eliminates the respon-
13 sibility of the Issuer to comply with the Fair Housing Act.
14 The Administration may impose such reporting require-
15 ments or take such other action as it deems necessary for
16 enforcement purposes.

17 **TITLE VI—MULTIFAMILY**
18 **HOUSING FINANCE REFORM**

19 **SEC. 601. SHORT TITLE.**

20 This title may be cited as the “Multifamily Housing
21 Finance Reform Act of 2014”.

22 **SEC. 602. FINDINGS.**

23 Congress finds the following:

1 (1) Broad housing finance reform is necessary
2 to provide stability and certainty to the housing
3 market, and to protect taxpayers from future losses.

4 (2) The multifamily housing businesses of
5 Fannie Mae and Freddie Mac maintained appro-
6 priate underwriting standards during the recent
7 housing bubble, and, as a result, did not incur sig-
8 nificant losses during the financial crisis.

9 (3) Due to the strong performance of their mul-
10 tifamily housing businesses, Fannie Mae and
11 Freddie Mac were able to play an important coun-
12 tercyclical role in the multifamily housing market by
13 increasing their financing for multifamily housing
14 projects at the same time that private lenders were
15 pulling back from the multifamily housing market.

16 (4) The multifamily businesses of Fannie Mae
17 and Freddie Mac have each developed successful
18 risk-sharing programs that provide substantial pro-
19 tection for taxpayers by requiring private market en-
20 tities to share losses with the GSEs.

21 (5) Broad housing finance reform should strive
22 to preserve the successful multifamily risk-sharing
23 programs that Fannie Mae and Freddie Mac have
24 developed.

1 (6) In the context of broad housing finance re-
2 form that replaces Fannie Mae and Freddie Mac
3 with a government-backed reinsurance program, the
4 best way to ensure the continuation of the successful
5 multifamily risk-sharing programs that Fannie Mae
6 and Freddie Mac have developed is to—

7 (A) transfer Fannie Mae and Freddie
8 Mac’s multifamily housing businesses to the
9 Issuer;

10 (B) subject the multifamily platform(s), as
11 part of the Issuer, to supervision and oversight
12 by the Administration; and

13 (C) allow the multifamily platform(s), as
14 part of the Issuer, to purchase catastrophic re-
15 insurance from a government-backed agency,
16 subject to minimum loss-sharing requirements
17 that protect taxpayers from future bailouts.

18 (7) The National Mortgage Finance Adminis-
19 tration and the Mortgage Insurance Fund should
20 serve as the regulator and reinsurer for the multi-
21 family platform(s) created by this Act as part of the
22 Issuer.

23 **SEC. 603. DEFINITIONS.**

24 For purposes of this Act, the following definitions
25 shall apply:

1 (1) APPROVED MULTIFAMILY LENDER.—The
2 term “approved multifamily lender” means a lender
3 that is approved by the Issuer under such rules as
4 the Administration provides.

5 (2) COVERED MULTIFAMILY SECURITY.—The
6 term “covered multifamily security” means a mort-
7 gage-backed security—

8 (A) collateralized by eligible multifamily
9 mortgages; and

10 (B) which is eligible for insurance by the
11 Mortgage Insurance Fund pursuant to section
12 611.

13 (3) ELIGIBLE MULTIFAMILY MORTGAGE.—The
14 term “eligible multifamily mortgage” means a mort-
15 gage that—

16 (A) is secured by a property comprising
17 five or more dwelling units; and

18 (B) is originated by an approved multi-
19 family lender in accordance with the under-
20 writing standards established by the Adminis-
21 tration under section 609(b)(2) of this Act.

22 (4) MULTIFAMILY PLATFORM.—The term
23 “Multifamily Platform” means the entity established
24 in section 604 of this Act.

1 (5) MULTIFAMILY PLATFORM CERTIFICATION
2 DATE.—The term “Multifamily Platform certifi-
3 cation date” means the date on which the Issuer cer-
4 tifies that the Multifamily Platform is operational
5 and able to perform the functions described in this
6 Act, which date shall not be later than 5 years after
7 the date of enactment of this Act, except that the
8 Secretary of the Treasury may extend such 5-year
9 period for not more than 12 additional months.

10 **SEC. 604. ESTABLISHMENT OF MULTIFAMILY PLATFORM.**

11 (a) IN GENERAL.—The Issuer shall establish a sepa-
12 rate group or entity within the Issuer to be known as the
13 “Multifamily Platform”.

14 (b) PURPOSES.—The purpose of the Multifamily
15 Platform is to—

16 (1) foster liquid, efficient, competitive, and re-
17 silient national multifamily housing finance markets;

18 (2) purchase, pool, and securitize eligible multi-
19 family mortgages from approved multifamily lenders,
20 and otherwise facilitate the issuance of covered mul-
21 tifamily securities;

22 (3) ensure equitable access to the secondary
23 mortgage market for all markets, including rural
24 and underserved markets;

1 (4) facilitate credit loss mitigation on eligible
2 multifamily mortgages;

3 (5) collect a guarantee fee in connection with
4 any guarantee of timely payment of principal and in-
5 terest on covered multifamily securities under this
6 title; and

7 (6) provide a stable source of liquidity for the
8 national multifamily housing markets in severe mar-
9 ket downturns.

10 (c) AUTHORIZED ACTIVITIES.—The Multifamily
11 Platform is authorized to—

12 (1) purchase, service, sell, lend on the security
13 of, and otherwise deal in eligible multifamily mort-
14 gages and covered multifamily securities, pursuant
15 to commitments or otherwise;

16 (2) purchase insurance on a covered multifamily
17 security from the Administration under section 611;

18 (3) purchase, sell, receive, hold, and use real
19 and personal property, and other assets necessary
20 for the conduct of its operations;

21 (4) create, accept, execute, and otherwise ad-
22 minister in all respects such trusts as may be nec-
23 essary to conduct the business of the Multifamily
24 Platform;

1 (5) through the Issuer, issue covered multi-
2 family securities; and

3 (6) perform all other functions and services as
4 are necessary or incidental to the proper conduct of
5 its business under this Act.

6 (d) **AUTHORITY TO DELEGATE CERTAIN FUNCTIONS**
7 **TO MEMBERS.**—The Multifamily Platform may, in accord-
8 ance with regulations promulgated by the Administration,
9 delegate underwriting and servicing functions that the
10 Multifamily Platform is authorized to perform under this
11 title, to approved multifamily lenders.

12 (e) **MULTIPLE FORMS OF LOSS-SHARING DEALS RE-**
13 **QUIRED TO BE COMPLETED EACH YEAR.**—The Adminis-
14 tration may require the Multifamily Platform to issue a
15 minimum amount, as determined by the Administration,
16 of covered multifamily securities each year which satisfy
17 the minimum loss-sharing requirement under section
18 611(b).

19 (f) **AFFORDABILITY.**—In any year, to the maximum
20 extent practicable, at least 60 percent of the total dwelling
21 units financed by mortgages purchased by the Multifamily
22 Platform must be affordable to households earning not in
23 excess of 80 percent of area median income, with adjust-
24 ments for smaller and larger households as determined by

1 the Administration. The Administration shall promulgate
2 regulations to implement the requirements of this section.

3 **SEC. 605. TRANSITION.**

4 (a) **IN GENERAL.**—In accordance with the transition
5 schedule established under subsection (b), the Administra-
6 tion shall transfer the appropriate functions, activities, in-
7 frastructure, property, including intellectual property,
8 platforms, or any other object or service of an enterprise
9 relating to the multifamily guarantee business of an enter-
10 prise, to the Multifamily Platform.

11 (b) **TRANSITION SCHEDULE.**—Not later than 12
12 months after the date of enactment of this Act, the Ad-
13 ministration shall develop and publish a schedule for
14 transferring the systems, personnel, and assets of the en-
15 terprises' multifamily businesses to the Multifamily Plat-
16 form. In developing the transition schedule, the Adminis-
17 tration shall seek, to the maximum extent possible, to min-
18 imize disruptions to the multifamily housing finance mar-
19 kets, and to preserve the going concern value of the enter-
20 prises' multifamily businesses. The transition schedule de-
21 veloped under this subsection shall establish a Multifamily
22 Platform certification date.

23 (c) **INITIAL CAPITALIZATION AMOUNT.**—Not later
24 than 15 months after the date of enactment of this Act,
25 the Administration shall publish an Initial Capitalization

1 Amount, which shall represent the capitalization that the
2 Administration determines the portion of the Issuer or
3 such separate entity as the Issuer shall establish relating
4 to the Multifamily Platform will require to begin oper-
5 ations, in accordance with the transition schedule devel-
6 oped under subsection (b), on the Multifamily Platform
7 certification date.

8 (d) INITIAL CAPITALIZATION FUND.—Not later than
9 3 months after the Administration publishes the Initial
10 Capitalization Amount under subsection (d), the Adminis-
11 tration shall establish a segregated fund, to be known as
12 the Initial Capitalization Fund. Beginning in the next cal-
13 endar quarter after the Initial Capitalization Fund is es-
14 tablished, the Administration shall direct the enterprises
15 to set aside and transfer, on a quarterly basis, the total
16 net income attributable to each enterprise’s multifamily
17 business to the Initial Capitalization Fund, until the en-
18 terprises have collectively transferred to the Initial Cap-
19 italization Fund an amount equal to the Initial Capitaliza-
20 tion Amount established under subsection (c). On the Mul-
21 tifamily Platform certification date, the Administration
22 shall transfer the funds held in the Initial Capitalization
23 Fund to the Issuer.

1 **SEC. 606. MEMBERSHIP.**

2 (a) ELIGIBILITY.—Eligibility to participate as a
3 member in the Multifamily Platform shall be limited to
4 insured depository institutions and non-depository mort-
5 gage originators that—

6 (1) are, on the Multifamily Platform certifi-
7 cation date, eligible to participate in either (A) the
8 Program Plus Lender Program established by the
9 Federal Home Loan Mortgage Corporation, or (B)
10 the Delegated Underwriting and Servicing Lender
11 Program established by the Federal National Mort-
12 gage Association; or

13 (2) meet the standards established by the Ad-
14 ministration under subsection (b).

15 (b) STANDARDS FOR APPROVED MULTIFAMILY
16 LENDERS.—The Administration shall develop, adopt, and
17 publish standards for the approval by the Multifamily
18 Platform of lenders to participate as members of the Mul-
19 tifamily Platform, which shall include standards with re-
20 spect to—

21 (1) the underwriting practices, procedures, and
22 controls of the lender;

23 (2) the financial history and condition of the
24 lender;

1 (3) the lender's ability to originate loans in dif-
2 ferent geographical markets, as well as the lender's
3 ability to originate small multifamily loans;

4 (4) the general character and fitness of the
5 lender's management; and

6 (5) any other standard the Administration de-
7 termines necessary or appropriate.

8 (c) REVIEW, SUSPENSION OR REVOCATION OF AP-
9 PROVED STATUS.—

10 (1) IN GENERAL.—The Issuer, or the Adminis-
11 tration, shall have the authority to review the status
12 of any approved multifamily lender approved under
13 subsection (b).

14 (2) SUSPENSION OR REVOCATION.—

15 (A) ISSUER AUTHORITY.—If the Issuer or
16 the Administration determines, in a review pur-
17 suant to paragraph (1), that an approved multi-
18 family lender no longer meets the standards for
19 approval, the Administration may suspend or
20 revoke the approved status of such lender.

21 (B) RULE OF CONSTRUCTION.—The sus-
22 pension or revocation of an approved multi-
23 family lender's approved status under this para-
24 graph shall have no effect on the status of any
25 covered multifamily security.

1 (3) APPEALS PROCESS.—An approved multi-
2 family lender may appeal a decision of the Issuer or
3 Administration suspending or revoking the approved
4 status of such servicer.

5 (d) NATIONWIDE NETWORK OF MULTIFAMILY
6 MORTGAGE LENDERS; SMALL MULTIFAMILY MORTGAGE
7 LOANS.—The Multifamily Platform shall, to the max-
8 imum extent practicable, ensure that its membership pro-
9 vides the Multifamily Platform with access to a broad, na-
10 tionwide network of multifamily mortgage lenders, which
11 shall include a substantial number of approved multifamily
12 lenders that—

13 (1) predominantly originate multifamily mort-
14 gage loans with a maximum original principal obli-
15 gation amount that does not exceed \$3 million, or
16 \$5 million in an area that is subject to a high cost
17 area mortgage limit under title II of the National
18 Housing Act (12 U.S.C. 1707 et seq.); or

19 (2) make a significant volume of such loans, as
20 determined by the Administration.

21 **SEC. 607. GOVERNANCE OF MULTIFAMILY PLATFORM.**

22 (a) BOARD OF DIRECTORS.—The management of the
23 Multifamily Platform shall be vested in the board of direc-
24 tors of the Issuer, which shall include directors that rep-

1 resent Multifamily Platform members, as determined by
2 the Administration.

3 (b) ADVISORY BOARD.—There is established an Advi-
4 sory Board for the Multifamily Platform, which shall be
5 comprised of—

6 (1) members elected by the approved multi-
7 family lenders, and who shall comprise at least the
8 majority of the members of the Advisory Board; and

9 (2) independent members, appointed by the Ad-
10 ministration, who shall comprise not fewer than 1/
11 5 of the members of the Advisory Board, of which—

12 (A) not less than one member shall have
13 professional or academic experience in low-in-
14 come or very low-income multifamily housing;

15 (B) not less than one member shall have
16 professional or academic experience in rural
17 multifamily housing; and

18 (C) not less than one member shall have
19 professional or academic experience in the fi-
20 nancing of small multifamily housing loans.

21 (c) NO PREFERENCES FOR SIZE.—Approved multi-
22 family lenders shall have equal voting rights on Advisory
23 Board members and Issuer board members that represent
24 the Multifamily Platform, regardless of the size of the in-
25 dividual approved multifamily lender.

1 (d) IMPARTIAL ADMINISTRATION.—The board of di-
2 rectors of the Issuer shall administer the affairs of the
3 Multifamily Platform fairly and impartially and without
4 discrimination.

5 **SEC. 608. CAPITALIZATION; FUNDING.**

6 (a) CAPITAL STRUCTURE PLAN.—Not later than 2
7 years after the date of enactment of this Act, the Adminis-
8 tration shall, by regulation, establish a capital structure
9 plan for the Multifamily Platform, which shall include—

10 (1) a requirement that each member maintain
11 a minimum capital contribution to the Multifamily
12 Platform, the amount of which shall be determined
13 by the Administration, taking into account the min-
14 imum capital requirements under subsection (b);

15 (2) a requirement that each member contribute
16 an amount of capital to the Multifamily Platform
17 based on either—

18 (A) the volume of eligible multifamily
19 mortgages that such member sells or submits
20 for a guarantee through to the Multifamily
21 Platform; or

22 (B) the percentage of the unpaid principal
23 balance of the Multifamily Platform's total new
24 business purchases for which the member is re-
25 sponsible; and

1 (3) a requirement that each member maintain
2 a minimum capital contribution to the Multifamily
3 Platform.

4 (b) **MINIMUM CAPITAL REQUIREMENTS.**—The Ad-
5 ministration shall, by regulation, establish risk-based cap-
6 ital requirements for the Multifamily Platform that ensure
7 that the Multifamily Platform operates in a safe and
8 sound manner, and maintains sufficient capital and re-
9 serves to support the operations of the Multifamily Plat-
10 form during severe market downturns, as defined in sec-
11 tion 611(c).

12 (c) **AUTHORITY TO ESTABLISH MEMBERSHIP**
13 **FEEES.**—The Issuer shall have the authority to establish,
14 charge, and collect fees, and in its discretion increase or
15 decrease such fees, on members of the Multifamily Plat-
16 form, in order to cover the costs of the continued operation
17 of the Multifamily Platform.

18 **SEC. 609. OVERSIGHT OF MULTIFAMILY PLATFORM.**

19 (a) **DEPUTY DIRECTOR.**—

20 (1) **ESTABLISHMENT.**—There is established
21 within the Administration the position of Deputy Di-
22 rector, who shall—

23 (A) be responsible for the Division of Mul-
24 tifamily Lending;

1 (B) be designated by the Director of Ad-
2 ministration; and

3 (C) have a demonstrated understanding of
4 financial management or oversight, and have a
5 demonstrated understanding of the multifamily
6 housing finance system.

7 (b) PRUDENTIAL SUPERVISION OF MULTIFAMILY
8 PLATFORM.—The Administration shall establish, by regu-
9 lation or guideline, prudential standards for the Multi-
10 family Platform relating to—

11 (1) the safe and sound operation of the Multi-
12 family Platform, including—

13 (A) risk-based capital requirements;

14 (B) management of the Multifamily Plat-
15 form's risk exposures, including market, credit,
16 interest rate, liquidity, and operational risk ex-
17 posures; and

18 (C) adequate and well-tested disaster re-
19 covery and business resumption plans for all
20 major systems;

21 (2) minimum underwriting criteria for eligible
22 multifamily mortgages, which may include criteria
23 based on—

24 (A) the loan-to-value of a multifamily
25 mortgage; and

1 (B) the applicable debt service coverage
2 ratio of a multifamily mortgage;

3 (3) the adequacy and independence of internal
4 controls, including processes and policies to identify,
5 monitor, and control credit and counterparty risk,
6 including concentrations of counterparty risk;

7 (4) the adequacy and maintenance of liquidity
8 reserves, which shall include a requirement that the
9 Multifamily Platform maintain an adequate reserve
10 of unencumbered, high quality liquid assets, which
11 reserve shall be sufficient to support—

12 (A) the Multifamily Platform's portfolio in-
13 vestments in eligible multifamily mortgages and
14 covered multifamily securities; and

15 (B) the continued operation of the Multi-
16 family Platform in the event that the Adminis-
17 tration orders a recapitalization of the Multi-
18 family Platform under subsection (e);

19 (5) procedures for recapitalization, including
20 the exercise of the right to require additional capital
21 from approved multifamily lenders under subsection
22 (e);

23 (6) investments and acquisitions of assets by
24 the Multifamily Platform; and

25 (7) maintenance of adequate records.

1 (c) REPORTS BY AND EXAMINATIONS OF MULTI-
2 FAMILY PLATFORM.—

3 (1) REGULAR REPORTS.—The Administration
4 may require, by general or specific orders, the Multi-
5 family Platform to submit reports, including finan-
6 cial statements, to keep the Administration informed
7 as to—

8 (A) the condition (including financial con-
9 dition), management, activities, or operations of
10 the Multifamily Platform, any approved multi-
11 family lender, approved servicer, or any other
12 regulated entity, as the Administration con-
13 siders appropriate; and

14 (B) compliance by the Multifamily Plat-
15 form, any approved multifamily lender, ap-
16 proved servicer, or any other regulated entity,
17 with the requirements of this title.

18 (2) SPECIAL REPORTS.—The Administration
19 may also require, by general or specific orders, the
20 Multifamily Platform, any approved multifamily
21 lender, approved servicer, or any other regulated en-
22 tity, to submit special reports on any of the topics
23 specified in paragraph (1) or any other relevant top-
24 ics, if, in the judgment of the Administration, such

1 reports are necessary to carry out the purposes of
2 this title.

3 (3) EXAMINATIONS.—The Administration may
4 conduct examinations of the Multifamily Platform or
5 any subsidiary whenever the Administration deter-
6 mines that an examination is necessary or appro-
7 priate, to keep the Administration informed as to—

8 (A) the nature of the operations and finan-
9 cial condition of the Multifamily Platform or
10 any subsidiary;

11 (B) the financial, operational, and other
12 risks of the Multifamily Platform that may dis-
13 rupt the liquid, efficient, competitive, and resil-
14 ient national multifamily housing finance mar-
15 kets; and

16 (C) compliance by the Multifamily Plat-
17 form with the requirements of this title.

18 (d) DELEGATED FUNCTIONS.—

19 (1) REGULATION AND EXAMINATION.—When
20 the Multifamily Platform delegates to an approved
21 multifamily lender the performance of any functions
22 or services authorized to be performed by the Multi-
23 family Platform under this title—

24 (A) such performance shall be subject to
25 regulation and examination by the Administra-

1 tion to the same extent as if such services were
2 being performed by the Multifamily Platform;
3 and

4 (B) the Multifamily Platform shall prompt-
5 ly notify the Administration of such delegation
6 of functions or services to an approved multi-
7 family lender.

8 (2) **AUTHORITY.**—The Administration is au-
9 thorized to issue such regulations and orders as may
10 be necessary to enable the Administration to admin-
11 ister and to carry out the purposes of this section
12 and to prevent evasions thereof.

13 (e) **AUTHORITY TO REQUIRE RECAPITALIZATION.**—
14 If the Administration determines that the Multifamily
15 Platform is in danger of depleting the capital dedicated
16 to the Multifamily Platform due to defaults on multifamily
17 lending, the Administration shall order the Multifamily
18 Platform to submit a plan for rebuilding the capital dedi-
19 cated to multifamily lending.

20 (f) **RESPONSIBILITY TO ENSURE BROAD MARKET**
21 **ACCESS.**—

22 (1) **IN GENERAL.**—Subject to paragraph (2),
23 the Administration shall develop and enforce stand-
24 ards which ensure that the Multifamily Platform is
25 serving, to the maximum extent practicable and con-

1 sistent with the safe and sound operation of the
2 Multifamily Platform, broad market access, con-
3 sistent with section 215, including access for—

4 (A) underserved markets, including public,
5 federally assisted, and tax credit funded hous-
6 ing; and

7 (B) rural areas.

8 (2) LIMITATION.—In developing and enforcing
9 the standards required under paragraph (1), the Ad-
10 ministration may not impose on the Multifamily
11 Platform numerical quotas of specific multifamily
12 mortgage originations.

13 (g) LIMITATIONS ON PORTFOLIO OF MULTIFAMILY
14 PLATFORM.—Subject to section 214, the Administration
15 shall establish limitations on the Multifamily Platform’s
16 ability to hold eligible multifamily mortgages and covered
17 multifamily securities on its balance sheet, which shall
18 take into account the need for the Multifamily Platform
19 to—

20 (1) aggregate eligible multifamily mortgages to
21 be securitized in a covered multifamily security;

22 (2) engage in appropriate credit loss mitigation
23 with respect to an eligible multifamily mortgage that
24 is collateralizing a covered multifamily security;

1 (3) facilitate a reasonably liquid and orderly
2 market for covered multifamily securities; and

3 (4) facilitate transactions involving affordable
4 housing and the introduction of new multifamily
5 mortgage products.

6 **SEC. 610. MULTIFAMILY MORTGAGE INSURANCE.**

7 (a) **INSURANCE AUTHORITY.**—Insurance for securi-
8 ties backed by multifamily loans shall be provided by the
9 Mortgage Insurance Fund, established under section 203.

10 (b) **DEPOSITS.**—The Mortgage Insurance Fund
11 under section 203 shall be credited with any—

12 (1) insurance fee amounts required to be depos-
13 ited in the Fund by the Administration;

14 (2) guarantee fee amounts collected under sub-
15 section (f) of this section; and

16 (3) amounts earned on investments pursuant to
17 subsection (g) of this section.

18 (c) **RESERVE RATIO GOALS FOR MORTGAGE INSUR-**
19 **ANCE FUND.**—The Administration, consistent with its au-
20 thority under section 203, shall endeavor to ensure that,
21 with respect to multifamily lending and the capital dedi-
22 cated to multifamily lending, the Mortgage Insurance
23 Fund attains a reserve balance—

24 (1) of 1.25 percent of the sum of the out-
25 standing principal balance of the covered securities

1 for which insurance is being provided under this title
2 within 5 years of the Multifamily Platform certifi-
3 cation date, and to strive to maintain such ratio
4 thereafter, subject to subparagraph (B); and

5 (2) of 2.25 percent of the sum of the out-
6 standing principal balance of the covered securities
7 for which insurance is being provided under this title
8 within 12 years of the Multifamily Platform certifi-
9 cation date, and to strive to maintain such ratio at
10 all times thereafter.

11 (d) MAINTENANCE OF RESERVE RATIO; ESTABLISH-
12 MENT OF FEES.—

13 (1) ESTABLISHMENT OF FEES.—The Mortgage
14 Insurance Fund shall charge and collect a guarantee
15 fee in connection with any insurance provided under
16 this title, and the Administration may in its discre-
17 tion increase or decrease such fee, to—

18 (A) achieve and maintain the reserve ratio
19 goals established under subsection (c); and

20 (B) fund the operations of the Administra-
21 tion relating to multifamily lending.

22 (2) FEE CONSIDERATIONS.—In exercising the
23 authority granted under paragraph (1), the Adminis-
24 tration shall consider—

1 (A) the expected operating expenses of the
2 Mortgage Insurance Fund relating to multi-
3 family lending;

4 (B) the risk of loss to the Mortgage Insur-
5 ance Fund in carrying out the requirements
6 under this title;

7 (C) the nature and level of the credit en-
8 hancement that private market entities are pro-
9 viding pursuant to the minimum loss-sharing
10 requirement in section 611;

11 (D) economic conditions generally affecting
12 the mortgage markets;

13 (E) the extent to which the reserve ratio of
14 the Mortgage Insurance Fund relating to multi-
15 family lending met—

16 (i) the reserve ratio set for the pre-
17 ceding 12-month period; or

18 (ii) the reserve ratio goals established
19 in subsection (c); and

20 (F) any other factor that the Administra-
21 tion determines appropriate.

22 **SEC. 611. CATASTROPHIC INSURANCE.**

23 (a) **AUTHORITY.**—Subject to the minimum loss-shar-
24 ing requirement in subsection (b), the Administration
25 shall, upon application and in exchange for a fee in accord-

1 ance with section 610, insure the timely payment of prin-
2 cipal and interest on a covered multifamily security with
3 respect to losses that may be incurred on such security.

4 (b) **MINIMUM LOSS-SHARING REQUIREMENT.**—Prior
5 to making any commitment to provide insurance under
6 subsection (a), the Administration shall ensure that pri-
7 vate market entities have agreed to take, in writing, in
8 a form and manner acceptable to the Administration—

9 (1) the first at least 10 percent of losses on a
10 pool of eligible multifamily mortgages collateralizing
11 a covered multifamily security;

12 (2) losses on a covered multifamily security
13 equal to at least 15 percent of the total losses on
14 such security, subject to a *pari passu* loss-sharing
15 agreement; or

16 (3) at least a comparable amount of losses on
17 a covered multifamily security, as determined by the
18 Administration.

19 (c) **INSURANCE IN SEVERE MARKET DOWNTURNS.**—
20 If the Administration, in consultation with the Chairman
21 of the Board of Governors of the Federal Reserve System,
22 the Secretary of the Treasury, and the Secretary of Hous-
23 ing and Urban Development, determines that unusual and
24 exigent circumstances have created or threatened to create
25 an anomalous lack of mortgage credit availability within

1 the housing markets that could materially and severely
2 disrupt the functioning of the multifamily housing finance
3 system of the United States, the Administration may pro-
4 vide insurance in accordance with subsection (a) to any
5 covered multifamily security regardless of whether such
6 security has satisfied the minimum loss-sharing require-
7 ments in subsection (b), provided that the Administration
8 adjusts the guarantee fee paid to the Mortgage Insurance
9 Fund and capital requirements for the multifamily plat-
10 form accordingly to protect taxpayers against the addi-
11 tional risk to the Fund, consistent with section 202.

12 (d) FULL FAITH AND CREDIT.—The full faith and
13 credit of the United States is pledged to the payment of
14 all amounts which may be required to be paid under any
15 insurance provided under this section.

16 (e) PROHIBITION ON CROSS-SUBSIDIZATION.—Multi-
17 family lenders shall not be required to recapitalize the
18 Issuer as a result of a loss due to risks from single-family
19 lending. Single-family lenders shall not be required to re-
20 capitalize the Issuer as a result of losses due to multi-fam-
21 ily lending.

22 **SEC. 612. EXEMPTIONS.**

23 (a) EXEMPTION FROM TAXES.—Consistent with sec-
24 tion 205(c), the Multifamily Platform shall be exempt
25 from all taxation imposed by the United States, any terri-

1 tory, dependency, or possession of the United States or
2 any State, county, municipality, or local taxing authority.

3 (b) EXEMPTION FROM SEC REGISTRATION.—All cov-
4 ered multifamily securities insured or guaranteed by the
5 Administration shall, to the same extent as securities that
6 are direct obligations of or obligations guaranteed as to
7 principal or interest by the United States, be deemed to
8 be exempt securities within the meaning of the laws ad-
9 ministered by the Securities and Exchange Commission.

10 **TITLE VII—MULTIPLE LENDER** 11 **ISSUES**

12 **SEC. 701. MULTIPLE LENDER ISSUES.**

13 With respect to the dwelling of a borrower that serves
14 as security for an eligible mortgage, if the borrower enters
15 into any credit transaction that would result in the cre-
16 ation of a new mortgage or other lien on such dwelling
17 where the loan-to-value ratio of such credit transaction
18 amount is 80 percent or more, the creditor of such new
19 mortgage or other lien shall seek and obtain the approval
20 of the creditor of the senior eligible mortgage loan before
21 any such credit transaction becomes valid and enforceable.

1 **TITLE VIII—GENERAL**
2 **PROVISIONS**

3 **SEC. 801. AUTHORITY TO ISSUE REGULATIONS.**

4 The Administration may prescribe such regulations
5 and issue such guidelines, orders, requirements, or stand-
6 ards as are necessary to carry out this Act, or any amend-
7 ment made by this Act.

8 **SEC. 802. ACCOUNTING METHOD.**

9 In any evaluation, oversight, audit, or analysis by the
10 Administration of the cost of the Mortgage Insurance
11 Fund, the insurance or guarantee activities of the Admin-
12 istration required under this Act, including any fee or
13 charge in connection with the provision of such insurance
14 or guarantee, or the financial transactions of the Adminis-
15 tration, the Administration shall conduct any such evalua-
16 tion, oversight, audit, or analysis based on the Federal
17 Credit Reform Act of 1990 (2 U.S.C. 661 et seq.).

18 **SEC. 803. RULE OF CONSTRUCTION.**

19 Nothing in this Act shall be construed to prohibit or
20 otherwise restrict the ability of a holder of any loss posi-
21 tion in any covered security insured under this Act from
22 restructuring, retransching, or resecuritizing such position.

23 **SEC. 804. SEVERABILITY.**

24 If any provision of this Act or the application of any
25 provision of this Act to any person or circumstance, is held

1 invalid, the application of such provision to other persons
2 or circumstances, and the remainder of this Act, shall not
3 be affected thereby.