

113TH CONGRESS
1ST SESSION

S. 1217

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

IN THE SENATE OF THE UNITED STATES

JUNE 25, 2013

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

A BILL

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

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

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

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Housing Finance Reform and Taxpayer Protection Act
6 of 2013”.

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—FEDERAL MORTGAGE INSURANCE CORPORATION

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

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

Subtitle A—Duties and Authorities

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

Subtitle B—Oversight of Market Participants

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

Subtitle C—Transparency in Market Operations

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

Subtitle D—FMIC Structure

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

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

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

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

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

TITLE V—WIND DOWN OF FANNIE MAE AND FREDDIE MAC

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

TITLE VI—IMPROVEMENTS TO FUNCTIONING OF HOUSING
MARKET

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

TITLE VII—GENERAL PROVISIONS

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

1 **SEC. 2. DEFINITIONS.**

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

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

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

4 (A) to issue covered securities; and

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

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

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

18 (5) AREA.—The term “area”—

19 (A) means a metropolitan statistical area
20 as established by the Office of Management and
21 Budget; and

22 (B) for purposes of paragraph (11)(A)(ii),
23 the median 1-family house price for an area
24 shall be equal to the median 1-family house

1 price of the county within the area that has the
2 highest such median price.

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

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

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

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

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

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

21 (A) collateralized by eligible mortgages;

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

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

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

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

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

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

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

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

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

6 (ii) is not less than 80 percent but not
7 more than 85 percent of the value of the
8 property securing the mortgage, provided
9 that not less than 12 percent of the unpaid
10 principal balance of the mortgage, account-
11 ing for any downpayment required under
12 subparagraph (D), is insured by—

13 (I) an approved private mortgage
14 insurer; or

15 (II) lender recourse or other
16 credit enhancement that—

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

21 (bb) is approved by the Cor-
22 poration;

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

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

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

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

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

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

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

22 (I) an approved private mortgage
23 insurer; or

24 (II) lender recourse or other
25 credit enhancement that—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3 **SEC. 101. ESTABLISHMENT.**

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

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

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

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

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

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

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

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

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

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

5 **SEC. 102. DIRECTOR.**

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

9 (b) APPOINTMENT; TERM.—

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

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

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

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

23 (3) VACANCY.—

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

1 tion of the term for which a Director was ap-
2 pointed shall be filled in the manner established
3 under paragraph (1), and the Director ap-
4 pointed to fill such vacancy shall be appointed
5 only for the remainder of such term.

6 (B) ACTING DIRECTOR.—

7 (i) DESIGNATION BY THE PRESI-
8 DENT.—

9 (I) ELIGIBLE INDIVIDUALS.—If
10 the Senate has not confirmed a Direc-
11 tor, the President may designate ei-
12 ther the individual nominated, but not
13 yet confirmed, for the position of Di-
14 rector or a member of the Board of
15 Directors to serve as the Acting Di-
16 rector, and such Acting Director shall
17 have all the rights, duties, powers,
18 and responsibilities of the Director,
19 until such time as a Director is con-
20 firmed by the Senate.

21 (II) LIMITATION.—No individual
22 may serve concurrently as the Acting
23 Director of the Corporation and the
24 Director of the Federal Housing Fi-
25 nance Agency.

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

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

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

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

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

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

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

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

1 “(i) the Mortgage Insurance Fund es-
 2 tablished under title II of the Housing Fi-
 3 nance Reform and Taxpayer Protection
 4 Act of 2013; and

5 “(ii) the Federal Home Loan Banks
 6 or the Federal Home Loan Bank Sys-
 7 tem.”; and

8 (2) in section 111(b)(1)(H), by striking “Direc-
 9 tor of the Federal Housing Finance Agency” and in-
 10 serting “Chairperson of the Federal Mortgage Insur-
 11 ance Corporation”.

12 **SEC. 103. BOARD OF DIRECTORS.**

13 (a) BOARD OF DIRECTORS.—

14 (1) VOTING MEMBERS.—The management of
 15 the Corporation shall be vested in a Board of Direc-
 16 tors consisting of 5 voting members—

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

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

23 (i) 1 of whom shall have demonstrated
 24 technical, academic, or professional under-
 25 standing of, and practical, disciplinary, vo-

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

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

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

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

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

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

4 (3) INDEPENDENCE.—

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

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

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

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

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

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

1 nancial interest in the outcome of the
2 transaction.

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

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

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

18 (d) TERMS.—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3 (l) STATUS OF EMPLOYEES.—

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

16 (2) EFFECT ON OTHER LAW.—

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

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

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

1 son other than a person described in para-
2 graph (1) participating in such trans-
3 actions.

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

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

10 (a) OFFICE OF INSPECTOR GENERAL.—

11 (1) IN GENERAL.—There is established the Of-
12 fice of the Inspector General of the Federal Mort-
13 gage Insurance Corporation. The head of the Office
14 of the Inspector General of the Federal Mortgage
15 Insurance Corporation is the Inspector General of
16 the Federal Mortgage Insurance Corporation (in this
17 section referred to as the “Inspector General”), who
18 shall be appointed by the President, by and with the
19 advice and consent of the Senate.

20 (2) ADDITIONAL RESPONSIBILITIES.—In addi-
21 tion to carrying out the requirements established
22 under the Inspector General Act of 1978 (5 U.S.C.
23 App.), the Inspector General shall—

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

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

16 (ii) with respect to the—

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

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

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

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

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

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

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

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

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

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

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

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

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

5 (a) COMPENSATION.—

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

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

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

18 (B) reasonably increased, notwithstanding
19 any limitation set forth in paragraph (3), if the
20 Board of Directors determines such increases
21 are necessary to attract and hire qualified em-
22 ployees.

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

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

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

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

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

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

2 (a) REPORTS.—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

21 (c) AUDIT OF CORPORATION.—

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

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

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

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

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

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

10 (6) REPORT.—

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

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

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

19 and

20 (ii) include—

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

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

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

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

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

16 (7) ASSISTANCE AND COSTS.—

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

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

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

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

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

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

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

20 (b) TREATMENT OF ASSESSMENTS.—

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

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

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

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

18 (4) USE OF FUNDS.—

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

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

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

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

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

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

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

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

4 **Subtitle A—Duties and Authorities**

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

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

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

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

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

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

15 (ii) the availability of mortgage credit;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

5 (2) EXAMINATION OF VARIOUS MECHANISMS.—

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

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

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

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

- 1 (i) minimizes any potential long-term
2 negative cost to the taxpayer;
- 3 (ii) impacts the availability of mort-
4 gage credit for—
- 5 (I) small financial institutions,
6 such as credit unions and community
7 and mid-size banks; and
- 8 (II) consumers;
- 9 (iii) influences mortgage affordability;
- 10 (iv) allows for loan modifications and
11 foreclosure prevention alternatives;
- 12 (v) interacts with the To-Be-An-
13 nounced market; and
- 14 (vi) facilitates market liquidity and re-
15 siliency; and
- 16 (D) ensure that lenders of all sizes and
17 from all geographic locations, including rural lo-
18 cations, have equitable access to secondary
19 mortgage market financing.
- 20 (3) REPORT.—
- 21 (A) IN GENERAL.—Not later than 1 year
22 after the date of enactment of this Act, and an-
23 nually thereafter until the end of the 5-year pe-
24 riod provided in paragraph (1), the Corporation
25 shall submit a report to the Committee on

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

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

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

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

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

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

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

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

15 (b) **DEPOSITS.**—The Mortgage Insurance Fund shall
16 be credited with any—
17 (1) insurance fee amounts required to be depos-
18 ited in the Fund under this section;
19 (2) guarantee fee amounts collected under sec-
20 tion 601; and
21 (3) amounts earned on investments pursuant to
22 subsection (h).

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

1 (d) USE.—

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

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

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

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

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

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

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

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

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

19 (C) fund the operations of the Corporation.

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

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

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

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

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

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

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

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

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

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

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

24 (B) may not vary—

25 (i) by geographic location; or

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

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

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

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

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

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

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

20 **SEC. 204. INSURANCE.**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

22 **SEC. 207. EXEMPTIONS.**

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

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

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

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

18 (1) in paragraph (3)(B)—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

20 (b) APPLICATION AND APPROVAL.—

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

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

5 (3) PUBLICATION.—The Corporation shall—

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

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

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

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

19 (2) SUSPENSION OR REVOCATION.—

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

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

6 (3) PUBLICATION.—The Corporation shall—

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

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

12 (d) APPEALS.—

13 (1) IN GENERAL.—

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

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

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

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

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

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

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

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

20 (a) STANDARDS FOR APPROVAL OF SERVICERS.—

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

- 1 (A) the collection and forwarding of prin-
2 cipal and interest payments;
- 3 (B) the maintenance of escrow accounts;
- 4 (C) the collection and payment of taxes
5 and insurance premiums;
- 6 (D) the maintenance of records on eligible
7 mortgages;
- 8 (E) the establishment of foreclosure loss
9 mitigation programs that seek to enhance inves-
10 tor value and prevent, to greatest extent pos-
11 sible, the need to trigger any claim on insur-
12 ance offered by the Corporation pursuant to
13 this title;
- 14 (F) the advancement of principal and in-
15 terest payments to investors in the case of a de-
16 linquency by a borrower until such time as the
17 borrower has made all payments in arrears or
18 the property securing the eligible mortgage has
19 been liquidated; and
- 20 (G) implementing the terms of any loss
21 mitigation and foreclosure prevention as re-
22 quired by a uniform securitization agreement
23 developed under section 223.

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

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

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

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

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

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

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

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

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

24 (b) APPLICATION AND APPROVAL.—

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

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

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

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

13 (3) PUBLICATION.—The Corporation shall—

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

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

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

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

1 uniform securitization agreement developed under
2 section 223.

3 (2) SUSPENSION OR REVOCATION.—

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

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

15 (3) PUBLICATION.—The Corporation shall—

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

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

21 (d) APPEALS.—

22 (1) IN GENERAL.—

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

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

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

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

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

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

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

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

4 (a) STANDARDS FOR APPROVAL OF ISSUERS.—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

23 (b) APPLICATION AND APPROVAL.—

24 (1) APPLICATION PROCESS.—

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

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

12 (2) APPROVAL.—The Corporation—

13 (A) may approve—

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

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

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

1 (3) PUBLICATION.—The Corporation shall—

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

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

6 (c) FEDERAL HOME LOAN BANK SYSTEM.—

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

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

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

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

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

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

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

17 (2) FEDERAL HOME LOAN BANK ACT.—

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

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

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

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

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

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

15 (2) SUSPENSION OR REVOCATION.—

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

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

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

3 (3) PUBLICATION.—The Corporation shall—

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

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

9 (e) APPEALS.—

10 (1) IN GENERAL.—

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

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

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

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

6 (f) LIMITATION ON MARKET SHARE.—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

23 (c) APPLICATION AND APPROVAL.—

24 (1) APPLICATION PROCESS.—

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

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

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

16 (3) PUBLICATION.—The Corporation shall—

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

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

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

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

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

4 (2) SUSPENSION OR REVOCATION.—

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

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

15 (3) PUBLICATION.—The Corporation shall—

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

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

21 (e) APPEALS.—

22 (1) IN GENERAL.—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

18 (f) GOVERNANCE.—

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

1 participants of the FMIC Mutual Securitization
2 Company.

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

7 (3) BOARD OF DIRECTORS.—

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

14 (i) mortgage bankers;

15 (ii) community banks; and

16 (iii) credit unions.

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

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

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

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

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

12 (g) APPROVAL OF MEMBER PARTICIPANTS.—

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

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

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

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

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

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

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

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

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

4 (h) FUNDING AUTHORITY.—

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

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

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

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

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

23 (A) shall be equitably assessed; and

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

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

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

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

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

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

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

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

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

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

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

16 (b) **PROCEDURES.**—

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

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

1 (B) shall provide for the imposition of a
2 penalty only after the approved private mort-
3 gage insurer, servicer, issuer, or bond guar-
4 antor, as the case may be, has been given an
5 opportunity for a hearing on the record; and

6 (C) may provide for review by the Corpora-
7 tion of any determination or order, or interlocu-
8 tory ruling, arising from a hearing.

9 (2) FACTORS DETERMINING AMOUNT OF PEN-
10 ALTY.—In determining the amount of a penalty
11 under this section, the Corporation shall give consid-
12 eration to factors including—

13 (A) the gravity of the offense;

14 (B) any history of prior offenses;

15 (C) ability to pay the penalty;

16 (D) injury to the public;

17 (E) benefits received;

18 (F) deterrence of future violations; and

19 (G) such other factors as the Corporation
20 may determine, by regulation, to be appro-
21 priate.

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

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

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

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

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

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

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

4 “(vii) The Federal Mortgage Insur-
5 ance Corporation.”; and

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

7 (A) by inserting “the Federal Mortgage In-
8 surance Corporation,” before “any Federal
9 banking agency” each place that term appears;
10 and

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

14 (b) PERMISSIBLE CONSULTATION WITH FEDERAL
15 BANKING AGENCIES.—

16 (1) IN GENERAL.—Pursuant to its authority
17 under section 103(c), to facilitate the consultive
18 process, the Corporation may share information with
19 the Federal banking agencies, or any individual Fed-
20 eral banking agency, or any State bank supervisor,
21 or foreign banking authority, on a one-time, regular,
22 or periodic basis as determined by the Corporation
23 regarding the capital, asset and liabilities, financial
24 condition, risk management practices or any other

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

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

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

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

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

1 **Subtitle C—Transparency in**
2 **Market Operations**

3 **SEC. 221. REVIEW OF LOAN DOCUMENTS; DISCLOSURES.**

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

5 (1) require that approved issuers—

6 (A) grant access to private market inves-
7 tors seeking to take the first loss position in a
8 covered security to all—

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

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

14 (B) disclose any other material information
15 that a reasonable investor would want to know,
16 and make no material omission of such infor-
17 mation, relating to eligible mortgage loans
18 collateralizing a covered security; and

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

21 (b) PRIVACY PROTECTIONS.—In prescribing the rules
22 required under this section, the Corporation shall take into
23 consideration issues of consumer privacy and all statutes,
24 rules, and regulations related to privacy of consumer cred-
25 it information and personally identifiable information.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 **Subtitle D—FMIC Structure**

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

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

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

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

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

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

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

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

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

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

3 (b) RESPONSIBILITIES.—

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

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

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

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

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

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

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

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

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

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

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

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

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

7 (4) informs—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

7 (f) SAVINGS PROVISIONS.—

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

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

24 (g) CONFORMING AMENDMENTS.—

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

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

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

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

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

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

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

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

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

6 (A) in subsection (a)—

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

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

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

15 (C) in subsection (c)—

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

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

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

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

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

3 (D) in subsection (e)—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

16 (f) EMPLOYEE BENEFIT PROGRAMS.—

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

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

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

5 (2) COST DIFFERENTIAL.—

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

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

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

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

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

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

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

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

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

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

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

25 (2) in section 212(c)(2)—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

6 (1) in section 1216—

7 (A) in subsection (a)—

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

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

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

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

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

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

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

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

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

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

8 (1) in section 104(b)—

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

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

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

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

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

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

22 (1) in section 342(g)(1)—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

18 (2) in section 129E—

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

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

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

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

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

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

15 (1) charge and collect a fee in an amount equal
 16 to not less than 5 basis points and not more than
 17 10 basis points for each dollar of the outstanding
 18 principal balance of eligible mortgages collateralizing
 19 covered securities for which insurance is being pro-
 20 vided under title II; and

21 (2) allocate or otherwise transfer—

22 (A) 80 percent of such fee amounts to the
 23 Secretary of Housing and Urban Development
 24 to fund the Housing Trust Fund established
 25 under section 1338 of the Federal Housing En-

1 terprises Financial Safety and Soundness Act
2 of 1992 (12 U.S.C. 4568); and

3 (B) 20 percent of such fee amounts to the
4 Secretary of the Treasury to fund the Capital
5 Magnet Fund established under section 1339 of
6 the Federal Housing Enterprises Financial
7 Safety and Soundness Act of 1992 (12 U.S.C.
8 4569).

9 (b) SUSPENSION OF CONTRIBUTIONS.—The Corpora-
10 tion may temporarily suspend allocations under subsection
11 (a) upon a finding by the Corporation that such alloca-
12 tions are contributing, or would contribute, to the finan-
13 cial instability of the Mortgage Insurance Fund estab-
14 lished under section 203.

15 **SEC. 402. HOUSING TRUST FUND.**

16 Section 1338 of the Federal Housing Enterprises Fi-
17 nancial Safety and Soundness Act of 1992 (12 U.S.C.
18 4568) is amended—

19 (1) in subsection (a), by striking “by the enter-
20 prises under section 1337” and inserting “pursuant
21 to section 401 of the Housing Finance Reform and
22 Taxpayer Protection Act of 2013”;

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

24 (3) in subsection (c)—

1 (A) in paragraph (1), by striking “Except
2 as provided in subsection (b), the” and insert-
3 ing “The”;

4 (B) in paragraph (4)(B), by striking
5 “other than fiscal year 2009”;

6 (C) in paragraph (7)—

7 (i) in subparagraph (A), by striking “;
8 and” and inserting a semicolon;

9 (ii) in subparagraph (B)(iv)—

10 (I) by striking “section 132” and
11 inserting “section 1132”; and

12 (II) by striking the period at the
13 end and inserting a semicolon; and

14 (iii) by adding at the end the fol-
15 lowing:

16 “(C) grants and loans, including through
17 the use of pilot programs of sufficient scale, to
18 support the research and development of sus-
19 tainable homeownership and affordable rental
20 programs, provided that such grant or loan
21 amounts are used only for the benefit of fami-
22 lies whose income does not exceed 120 percent
23 of the area median income as determined by the
24 Secretary, with adjustments for family size; and

1 “(D) provide limited credit enhancement,
2 and other forms of credit support, for product
3 and services that—

4 “(i) will increase the rate of sustain-
5 able homeownership and affordable rental
6 by individuals or families whose income
7 does not exceed 120 percent of the area
8 median income as determined by the Sec-
9 retary, with adjustments for family size;
10 and

11 “(ii) might not otherwise be offered or
12 supported by a pilot program of sufficient
13 scale to determine the viability of such
14 products and services in the private mar-
15 ket.”; and

16 (D) in paragraph (10)—

17 (i) by amending subparagraph (A) to
18 read as follows:

19 “(A) ENSURING EFFICIENT USE OF GRANT
20 AMOUNTS.—

21 “(i) USE FOR CERTAIN ELIGIBLE AC-
22 TIVITIES.—In each fiscal year, of the ag-
23 gregate amount allocated to a State or
24 State designated entity under this sub-
25 section—

1 “(I) 35 percent shall be used for
2 activities under subparagraph (A) of
3 paragraph (7);

4 “(II) 5 percent shall be used for
5 activities under subparagraph (B) of
6 paragraph (7); and

7 “(III) 60 percent shall be used
8 for activities under subparagraphs (C)
9 and (D) of paragraph (7).

10 “(ii) ENSURING BENEFITS FOR RURAL
11 COMMUNITIES.—

12 “(I) IN GENERAL.—In each fiscal
13 year, of the aggregate amount allo-
14 cated to a State or State designated
15 entity under this subsection, the State
16 or State designated entity shall ensure
17 that, at a minimum, such amounts
18 are distributed for the benefit of non-
19 entitlement areas in that State in the
20 same proportion that the total amount
21 of nonentitlement areas in that State
22 bears to the total amount of all areas
23 in that State.

24 “(II) TARGETED OUTREACH TO
25 SMALLER COMMUNITIES.—In carrying

1 out the requirement under subclause
2 (I), each State or State designated en-
3 tity shall in distributing amounts allo-
4 cated to that State or State des-
5 ignated entity give priority to non-
6 entitlement areas with a population of
7 less than 20,000.

8 “(III) DEFINITION OF NON-
9 ENTITLEMENT AREA.—For purposes
10 of this clause, the term ‘nonentitle-
11 ment area’ has the same meaning
12 given that term under section
13 102(a)(7) of the Housing and Com-
14 munity Development Act of 1974 (42
15 U.S.C. 5302(a)(7)).”; and

16 (ii) by striking subparagraph (E).

17 **SEC. 403. CAPITAL MAGNET FUND.**

18 Section 1339 of the Federal Housing Enterprises Fi-
19 nancial Safety and Soundness Act of 1992 (12 U.S.C.
20 4569) is amended—

21 (1) in subsection (b)(1), by striking “pursuant
22 to section 1337” and inserting “pursuant to section
23 401 of the Housing Finance Reform and Taxpayer
24 Protection Act of 2013”; and

25 (2) in subsection (h), by striking paragraph (7).

1 **SEC. 404. ADDITIONAL TAXPAYER PROTECTIONS.**

2 (a) ENSURING BENEFITS SUPPORT CITIZENS AND
3 LAWFUL PERMANENT RESIDENTS.—The Secretary of
4 Housing and Urban Development and the Secretary of the
5 Treasury, respectively, shall ensure that grant amounts al-
6 located to covered grantees, allocated by covered grantees
7 to eligible recipients, or allocated to individuals by such
8 eligible recipients are used for the benefit of only lawful
9 permanent residents and citizens of the United States in
10 carrying out the activities of—

11 (1) the Housing Trust Fund; and

12 (2) the Capital Magnet Fund.

13 (b) NOT TO BE USED FOR POLITICAL ACTIVITIES.—

14 Consistent with the existing requirements under sections
15 1338(c)(10)(D) and section 1339(h)(5) of the Federal
16 Housing Enterprises Financial Safety and Soundness Act
17 of 1992, the Secretary of Housing and Urban Develop-
18 ment and the Secretary of the Treasury, respectively, shall
19 ensure that grant amounts allocated by covered grantees
20 to eligible recipients or allocated to individuals by such eli-
21 gible recipients are not used for—

22 (1) political activities;

23 (2) advocacy;

24 (3) lobbying, whether directly or through other
25 parties;

1 (4) influencing the selection, nomination, elec-
2 tion, or appointment of one or more candidates to
3 any Federal, State or local office;

4 (5) personal counseling services;

5 (6) travel expenses; and

6 (7) preparing or providing advice on tax re-
7 turns.

8 (c) PENALTIES.—

9 (1) CIVIL MONEY PENALTY.—If an eligible re-
10 recipient or any other individual in receipt of grant
11 amounts described by this section violates any provi-
12 sion of subsection (a) or (b), the Secretary of Hous-
13 ing and Urban Development or the Secretary of the
14 Treasury, as the case may be, may impose a civil
15 penalty on such recipient or individual, as the case
16 may be, of not more than \$1,000,000 for each viola-
17 tion.

18 (2) CRIMINAL PENALTIES.—Whoever, being
19 subject to the provisions of subsection (a) or (b),
20 knowingly participates, directly or indirectly, in any
21 manner in conduct that results in a violation of such
22 provisions shall, notwithstanding section 3571 of
23 title 18, United States Code, be fined not more than
24 \$1,000,000 for each violation, imprisoned for not
25 more than 5 years, or both.

1 (3) RULE OF CONSTRUCTION.—The penalties
2 imposed under paragraphs (1) or (2) shall be in ad-
3 dition to any other available civil remedy or any
4 other available criminal penalty and may be imposed
5 whether or not the Secretary of Housing and Urban
6 Development or the Secretary of the Treasury, as
7 the case may be, imposes other administrative sanc-
8 tions.

9 (d) DEFINITION.—As used in this section—

10 (1) the term “covered grantee” means—

11 (A) for purposes of the Housing Trust
12 Fund, a State or State designated entity; and

13 (B) for purposes of the Capital Magnet
14 Fund, an eligible grantee as described under
15 section 1339(e) of the Federal Housing Enter-
16 prises Financial Safety and Soundness Act of
17 1992;

18 (2) the term “eligible recipient” means—

19 (A) for purposes of the Housing Trust
20 Fund, a recipient as described under section
21 1338(c)(9) of the Federal Housing Enterprises
22 Financial Safety and Soundness Act of 1992t;
23 and

1 (B) for purposes of the Capital Magnet
2 Fund, a recipient of assistance from the Capital
3 Magnet Fund;

4 (3) the term “Capital Magnet Fund” means the
5 Capital Magnet Fund established under section
6 1339 of the Federal Housing Enterprises Financial
7 Safety and Soundness Act of 1992 (12 U.S.C.
8 4569); and

9 (4) the term “Housing Trust Fund” means the
10 Housing Trust Fund established under section 1338
11 of the Federal Housing Enterprises Financial Safety
12 and Soundness Act of 1992 (12 U.S.C. 4568).

13 **TITLE V—WIND DOWN OF**
14 **FANNIE MAE AND FREDDIE MAC**

15 **SEC. 501. REPEAL OF GSE CHARTERS.**

16 (a) FANNIE MAE.—Effective on the FMIC certifi-
17 cation date, the charter of the Federal National Mortgage
18 Association is repealed and the Federal National Mort-
19 gage Association shall have no authority to conduct new
20 business under such charter, except that the provisions of
21 such charter in effect immediately before such repeal shall
22 continue to apply with respect to the rights and obligations
23 of any holders of—

24 (1) outstanding debt obligations of the Federal
25 National Mortgage Association, including any—

1 (A) bonds, debentures, notes, or other
2 similar instruments;

3 (B) capital lease obligations; or

4 (C) obligations in respect of letters of cred-
5 it, bankers' acceptances, or other similar instru-
6 ments; or

7 (2) mortgage-backed securities guaranteed by
8 the Federal National Mortgage Association.

9 (b) FREDDIE MAC.—Effective on the FMIC certifi-
10 cation date, the charter of the Federal Home Loan Mort-
11 gage Corporation is repealed and the Federal Home Loan
12 Mortgage Corporation shall have no authority to conduct
13 new business under such charter, except that the provi-
14 sions of such charter in effect immediately before such re-
15 peal shall continue to apply with respect to the rights and
16 obligations of any holders of—

17 (1) outstanding debt obligations of the Federal
18 Home Loan Mortgage Corporation, including any—

19 (A) bonds, debentures, notes, or other
20 similar instruments;

21 (B) capital lease obligations; or

22 (C) obligations in respect of letters of cred-
23 it, bankers' acceptances, or other similar instru-
24 ments; or

1 (2) mortgage-backed securities guaranteed by
2 the Federal Home Loan Mortgage Corporation.

3 (c) EXISTING GUARANTEE OBLIGATIONS.—

4 (1) EXPLICIT GUARANTEE.—The full faith and
5 credit of the United States is pledged to the pay-
6 ment of all amounts which may be required to be
7 paid under any obligation described under sub-
8 sections (a) and (b).

9 (2) CONTINUED DIVIDEND PAYMENTS.—Not-
10 withstanding section 502 or any other provision of
11 law, and subject to section 601, provision 2(a) (re-
12 lating to Dividend Payment Dates and Dividend Pe-
13 riods) and provision 2(c) (relating to Dividend Rates
14 and Dividend Amount) of the Senior Preferred
15 Stock Purchase Agreement, or any provision of any
16 certificate in connection with such Agreement cre-
17 ating or designating the terms, powers, preferences,
18 privileges, limitations, or any other conditions of the
19 Variable Liquidation Preference Senior Preferred
20 Stock of an enterprise issued pursuant to such
21 Agreement—

22 (A) shall not be amended, restated, or oth-
23 erwise changed to reduce the rate or amount of
24 dividends in effect pursuant to such Agreement
25 as of the Third Amendment to such Agreement

1 dated August 17, 2012, except that any amend-
2 ment to such Agreement to facilitate the sale of
3 assets of the enterprises to facilitate compliance
4 with the provisions of section 502(b) shall be
5 permitted; and

6 (B) shall remain in effect until the guar-
7 antee obligations described under subsections
8 (a)(2) and (b)(2) are fully extinguished.

9 (3) APPLICABILITY.—Notwithstanding section
10 502, all guarantee fee amounts derived from the sin-
11 gle-family mortgage guarantee business of the enter-
12 prises in existence as of the FMIC certification date
13 shall be subject to the terms of the Senior Preferred
14 Stock Purchase Agreement.

15 (d) FEDERAL SAFETY AND SOUNDNESS ACT.—

16 (1) IN GENERAL.—The Federal Housing Enter-
17 prises Financial Safety and Soundness Act of 1992
18 (12 U.S.C. 4501 et seq.) is amended—

19 (A) in section 1303—

20 (i) in paragraph (2), by striking
21 “Federal Housing Finance Agency” and
22 inserting “Federal Mortgage Insurance
23 Corporation”;

24 (ii) in paragraph (3), by striking
25 “means” and all that follows through the

1 period at the end, and inserting “means
2 the Federal Home Loan Bank Act.”;

3 (iii) by repealing paragraph (4); and

4 (iv) in paragraph (9), by striking “Di-
5 rector of the Federal Housing Finance
6 Agency” and inserting “Board of Directors
7 of the Federal Mortgage Insurance Cor-
8 poration”;

9 (B) by repealing section 1313A; and

10 (C) by repealing section 1317(d).

11 (2) EFFECTIVE DATE.—The amendments made
12 by paragraph (1) shall take effect on the FMIC cer-
13 tification date.

14 **SEC. 502. WIND DOWN.**

15 (a) WIND DOWN.—

16 (1) AUTHORITY OF FHFA.—Beginning on the
17 date of enactment of this Act and ending on the
18 FMIC certification date, the Director of the Federal
19 Housing Finance Agency, in consultation with the
20 Corporation and the Secretary of the Treasury, shall
21 take such action, and may prescribe such regulations
22 and procedures, as may be necessary to wind down
23 the operations of the enterprises in an orderly man-
24 ner that complies with the requirements of this Act
25 and any amendments made by this Act.

1 (2) LIMITATION.—Notwithstanding any author-
2 ity granted to the Director of the Federal Housing
3 Finance Agency under paragraph (1), the sale,
4 transfer, exchange, or other disposition of any asset
5 subject to the wind down required under this section
6 shall be prohibited, if the Corporation—

7 (A) in its discretion determines that such
8 sale, transfer, exchange, or disposition would
9 materially interfere with the ability of the Cor-
10 poration to carry out the requirements of this
11 Act; and

12 (B) notifies, in writing, the Director of the
13 Federal Housing Finance Agency within 14
14 days of such determination.

15 (3) RULE OF CONSTRUCTION.—Notwith-
16 standing any authority granted to the Director of
17 the Federal Housing Finance Agency under para-
18 graph (1), the Director of the Federal Housing Fi-
19 nance Agency—

20 (A) shall have no authority to sell, trans-
21 fer, exchange, or otherwise dispose of any guar-
22 antee obligations described under subsections
23 (a)(2) and (b)(2) of section 501; and

24 (B) shall have no rights, claims, or title to,
25 nor any authority to sell, transfer, exchange, or

1 otherwise dispose of, guarantee fee amounts de-
2 rived from the single-family mortgage guar-
3 antee business of the enterprises in existence as
4 of the FMIC certification date.

5 (b) DIVISION OF ASSETS AND LIABILITIES; AUTHOR-
6 ITY TO ESTABLISH HOLDING CORPORATION AND DIS-
7 SOLUTION TRUST FUND.—The action and procedures re-
8 quired under subsection (a)—

9 (1) shall include the establishment and execu-
10 tion of plans to provide for an equitable division, dis-
11 tribution, and liquidation of the assets and liabilities
12 of an enterprise, including any infrastructure, prop-
13 erty, including intellectual property, platforms, or
14 any other thing or object of value, provided such
15 plan complies with the requirements of this Act and
16 any amendments made by this Act; and

17 (2) may provide for establishment of—

18 (A) a holding corporation organized under
19 the laws of any State of the United States or
20 the District of Columbia for the purpose of
21 winding down an enterprise; and

22 (B) one or more trusts to which to trans-
23 fer—

24 (i) outstanding debt obligations of an
25 enterprise; or

1 (ii) outstanding mortgages held for
2 the purpose of collateralizing mortgage-
3 backed securities guaranteed by an enter-
4 prise.

5 (c) RECOUPMENT BY SENIOR PREFERRED SHARE-
6 HOLDERS.—

7 (1) IN GENERAL.—Subject to the requirements
8 of this Act, any proceeds from the wind down of an
9 enterprise shall be paid first to the senior preferred
10 shareholders of each such enterprise, then to the
11 preferred shareholders of each such enterprise, and
12 then to the common shareholders of each such enter-
13 prise.

14 (2) JOINT DETERMINATION.—The amount of
15 any proceeds to be paid pursuant to paragraph (1)
16 shall be jointly determined by the Director of the
17 Federal Housing Finance Agency, the Corporation,
18 and the Secretary of the Treasury.

19 (3) MAXIMUM RETURN TO SHAREHOLDERS.—
20 The wind down of each enterprise required under
21 this section shall be managed by the Director of the
22 Federal Housing Finance Agency, in consultation
23 with the Corporation and the Secretary of the Treas-
24 ury, to obtain resolutions that maximize the return

1 for the senior preferred shareholders under para-
2 graph (1), to the extent that such resolutions—

3 (A) are consistent with the goal of sup-
4 porting a sound, stable, and liquid housing
5 market;

6 (B) are consistent with applicable Federal
7 and State law;

8 (C) comply with the requirements of this
9 Act and any amendments made by this Act;
10 and

11 (D) protect the taxpayer.

12 (4) SALE OF CERTAIN ASSETS AS A GOING CON-
13 CERN.—Except as provided in section 601 or else-
14 where as required in this Act, if the Director of the
15 Federal Housing Finance Agency, in consultation
16 with the Corporation and the Secretary of the Treas-
17 ury, determines that the sale of any line of business,
18 or any function, activity, or service of an enterprise
19 as a going concern will maximize the return for the
20 senior preferred shareholders as required under
21 paragraph (3), the Director may conduct such sale,
22 provided that—

23 (A) under no circumstance, shall such sale
24 transfer, convey, or authorize, or be deemed to
25 transfer, convey, or authorize, any guarantee or

1 Federal support, assistance, or backing, implicit
2 or explicit, related to any such line of business,
3 function, activity, or service; and

4 (B) such sale does not impede or otherwise
5 interfere with the ability of the Federal Mort-
6 gage Insurance Corporation to carry out the
7 functions and requirements of this Act.

8 (5) RULE OF CONSTRUCTION.—For purposes of
9 this subsection, the term “proceeds” does not in-
10 clude any guarantee fee amounts derived from the
11 single-family mortgage guarantee business of the en-
12 terprises in existence as of the FMIC certification
13 date.

14 **SEC. 503. ALIGNING PURPOSE OF CONSERVATORSHIP WITH**
15 **FMIC.**

16 (a) POWER AS CONSERVATOR.—Section
17 1367(b)(2)(D) of the Federal Housing Enterprises Finan-
18 cial Safety and Soundness Act of 1992 (12 U.S.C.
19 4617(b)(2)(D)) is amended to read as follows:

20 “(D) POWER AS CONSERVATOR.—After the
21 date of enactment of the Housing Finance Re-
22 form and Taxpayer Protection Act of 2013 the
23 Agency shall, as conservator, take such actions
24 as are necessary—

1 “(i) to ensure the efficient, effective,
2 and expeditious wind down of the enter-
3 prises;

4 “(ii) to manage the affairs, assets,
5 and obligations of the enterprises and to
6 operate the enterprises in compliance with
7 the requirements of the Housing Finance
8 Reform and Taxpayer Protection Act of
9 2013;

10 “(iii) to assist the Federal Mortgage
11 Insurance Corporation, in a consultative
12 capacity, in carrying out the requirements
13 under the Housing Finance Reform and
14 Taxpayer Protection Act of 2013; and

15 “(iv) to maintain liquidity and sta-
16 bility in the secondary mortgage market
17 until such as time as the charters of the
18 enterprises are revoked pursuant to title V
19 of such Act.”.

20 (b) RULE OF CONSTRUCTION.—Nothing in this Act,
21 or any amendments made by this Act, except as may be
22 explicitly provided for in this Act, or any amendment made
23 by this Act, shall be deemed to alter the powers, authori-
24 ties, rights, and duties that are vested in the Federal
25 Housing Finance Agency and the Director of the Federal

1 Housing Finance Agency with respect to its supervision
2 and regulation of the enterprises.

3 **SEC. 504. CONFORMING LOAN LIMITS.**

4 (a) IN GENERAL.—Beginning on the date of enact-
5 ment of this Act, the limitations governing the maximum
6 original principal obligation of conventional mortgages
7 that may be purchased by the Federal National Mortgage
8 Association and the Federal Home Loan Mortgage Cor-
9 poration, referred to in section 302(b)(2) of the Federal
10 National Mortgage Association Charter Act (12 U.S.C.
11 1717(b)(2)) and section 305(a)(2) of the Federal Home
12 Loan Mortgage Corporation Act (12 U.S.C. 1454(a)(2)),
13 respectively, shall not exceed \$417,000 for a mortgage se-
14 cured by a single-family residence, \$533,850 for a mort-
15 gage secured by a 2-family residence, \$645,300 for a
16 mortgage secured by a 3-family residence, and \$801,950
17 for a mortgage secured by a 4-family residence, except
18 that such maximum limitations shall be adjusted effective
19 January 1 of each year beginning after the date of enact-
20 ment of this Act, subject to the limitations in this para-
21 graph. Each adjustment shall be made by adding to each
22 such amount (as it may have been previously adjusted)
23 a percentage thereof equal to the percentage increase, dur-
24 ing the most recent 12-month or 4-quarter period ending
25 before the time of determining such annual adjustment,

1 in the housing price index maintained pursuant to section
2 1322 of the Federal Housing Enterprises Financial Safety
3 and Soundness Act of 1992 (12 U.S.C. 4542). If the
4 change in such house price index during the most recent
5 12-month or 4-quarter period ending before the time of
6 determining such annual adjustment is a decrease, then
7 no adjustment shall be made for the next year, and the
8 next adjustment shall take into account prior declines in
9 the house price index, so that any adjustment shall reflect
10 the net change in the house price index since the last ad-
11 justment. Declines in the house price index shall be accu-
12 mulated and then reduce increases until subsequent in-
13 creases exceed prior declines.

14 (b) SPECIAL EXCEPTION FOR ALASKA, HAWAII,
15 GUAM, AND USVI.—The limitations set forth under sub-
16 section (a) shall be increased by not to exceed 50 per cen-
17 tum with respect to properties located in Alaska, Guam,
18 Hawaii, and the Virgin Islands.

19 (c) HIGH-COST AREA LIMIT.—The limitations set
20 forth under subsection (a) shall also be increased, with
21 respect to properties of a particular size located in any
22 area for which 115 percent of the median house price for
23 such size residence exceeds the limitation under subsection
24 (a) for such size residence—

1 (1) for the first year following the date of en-
2 actment of this Act, to the lesser of 150 percent of
3 such limitation for such size residence or the amount
4 that is equal to 115 percent of the median house
5 price in such area for such size residence;

6 (2) for the second year following the date of en-
7 actment of this Act, to the lesser of 145 percent of
8 such limitation for such size residence or the amount
9 that is equal to 115 percent of the median house
10 price in such area for such size residence;

11 (3) for the third year following the date of en-
12 actment of this Act, to the lesser of 135 percent of
13 such limitation for such size residence or the amount
14 that is equal to 115 percent of the median house
15 price in such area for such size residence;

16 (4) for the fourth year following the date of en-
17 actment of this Act, to the lesser of 130 percent of
18 such limitation for such size residence or the amount
19 that is equal to 115 percent of the median house
20 price in such area for such size residence; and

21 (5) for the fifth year following the date of en-
22 actment of this Act, and each year thereafter, to the
23 lesser of 125 percent of such limitation for such size
24 residence or the amount that is equal to 115 percent

1 of the median house price in such area for such size
2 residence.

3 **SEC. 505. PORTFOLIO REDUCTION.**

4 (a) GRADUATED REDUCTION.—

5 (1) IN GENERAL.—Each enterprise shall not
6 own, as of any applicable date, mortgage assets in
7 excess of—

8 (A) as of December 31, 2013,
9 \$552,500,000,000; and

10 (B) on December 31 of each year there-
11 after until the FMIC certification date, 85 per-
12 cent of the aggregate amount of the mortgage
13 assets that the enterprise was permitted to own
14 as of December 31 of the immediately pre-
15 ceding calendar year.

16 (2) RETAINED PORTFOLIO TO FACILITATE OR-
17 DERLY WIND DOWN.—On December 31 of the year
18 in which the FMIC certification date occurs, the
19 Corporation shall establish an allowable amount of
20 enterprise owned mortgage assets in an amount
21 equal to the amount necessary to facilitate—

22 (A) the orderly wind down of the enter-
23 prises; and

24 (B) appropriate loss mitigation on any leg-
25 acy guarantees of the enterprises.

1 (b) MORTGAGE ASSETS DEFINED.—For purposes of
2 this section, the term “mortgage assets” means, with re-
3 spect to an enterprise, assets of such enterprise consisting
4 of mortgages, mortgage loans, mortgage-related securities,
5 participation certificates, mortgage-backed commercial
6 paper, obligations of real estate mortgage investment con-
7 duits and similar assets, in each case to the extent such
8 assets would appear on the balance sheet of such enter-
9 prise in accordance with generally accepted accounting
10 principles in effect in the United States as of September
11 7, 2008 (as set forth in the opinions and pronouncements
12 of the Accounting Principles Board and the American In-
13 stitute of Certified Public Accountants and statements
14 and pronouncements of the Financial Accounting Stand-
15 ards Board from time to time; and without giving any ef-
16 fect to any change that may be made after September 7,
17 2008, in respect of Statement of Financial Accounting
18 Standards No. 140 or any similar accounting standard).

19 **SEC. 506. REPEAL OF MANDATORY HOUSING GOALS.**

20 (a) REPEAL OF HOUSING GOALS.—The Federal
21 Housing Enterprises Financial Safety and Soundness Act
22 of 1992 is amended by striking sections 1331 through
23 1336 (12 U.S.C. 4561–6).

1 (b) CONFORMING AMENDMENTS.—The Federal
2 Housing Enterprises Financial Safety and Soundness Act
3 of 1992 (12 U.S.C. 4501 et seq.) is amended—

4 (1) in section 1303(28), by striking “, and, for
5 the purposes” and all that follows through “des-
6 ignated disaster areas”;

7 (2) in section 1324(b)(1)(A), by striking clauses
8 (i), (ii), and (iv);

9 (3) in section 1341—

10 (A) in subsection (a)—

11 (i) in paragraph (1), by inserting “or”
12 after the semicolon at the end;

13 (ii) in paragraph (2), by striking the
14 semicolon at the end and inserting a pe-
15 riod; and

16 (iii) by striking paragraphs (3) and
17 (4); and

18 (B) in subsection (b)(2)—

19 (i) in subparagraph (A), by inserting
20 “or” after the semicolon at the end;

21 (ii) by striking subparagraphs (B) and
22 (C); and

23 (iii) by redesignating subparagraph
24 (D) as subparagraph (B);

25 (4) in section 1345(a)—

1 (A) in paragraph (1), by inserting “or”
 2 after the semicolon at the end;

3 (B) in paragraph (2), by striking the semi-
 4 colon at the end and inserting a period; and

5 (C) by striking paragraphs (3) and (4);
 6 and

7 (5) in section 1371(a)(2), by striking “with any
 8 housing goal established under subpart B of part 2
 9 of subtitle A of this title, with section 1336 or 1337
 10 of this title.”.

11 **TITLE VI—IMPROVEMENTS TO**
 12 **FUNCTIONING OF HOUSING**
 13 **MARKET**

14 **SEC. 601. CONTINUATION OF MULTIFAMILY BUSINESS OF**
 15 **THE ENTERPRISES.**

16 (a) IN GENERAL.—Notwithstanding any provision of
 17 title V, or any other provision of law, effective on the
 18 FMIC certification date, all functions, activities, infra-
 19 structure, property, including intellectual property, plat-
 20 forms, or any other object or service of an enterprise relat-
 21 ing to the maintenance and operation of the multifamily
 22 guarantee business of an enterprise shall be transferred,
 23 without cost, to the Corporation.

24 (b) AUTHORITY OF DIRECTOR.—The Corporation is
 25 authorized, upon such terms and conditions as it may

1 deem appropriate, to guarantee the timely payment of
2 principal of and interest, on any mortgage on multifamily
3 housing purchased by the Corporation pursuant to the
4 transfer of an enterprise's multifamily guarantee business
5 under subsection (a).

6 (c) LIMITATION ON ONGOING OPERATION OF MULTI-
7 FAMILY BUSINESS.—In carrying out the multifamily guar-
8 antee business of an enterprise transferred pursuant to
9 subsection (a), the Corporation shall ensure that any such
10 business continues to operate, as applicable, consistent
11 with—

12 (1) the Delegated Underwriting and Servicing
13 Lender Program established by the Federal National
14 Mortgage Association; and

15 (2) the Program Plus Lender Program estab-
16 lished by the Federal Home Loan Mortgage Cor-
17 poration, especially the Series K Structured Pass-
18 Through Certificates offered by the enterprise.

19 (d) EXPLICIT GUARANTEE.—The full faith and credit
20 of the United States is pledged to the payment of all
21 amounts which may be required to be paid under any
22 guaranty—

23 (1) issued by the Corporation pursuant to this
24 subsection; and

1 (2) obligation assumed by the Corporation pur-
2 suant to the transfer of an enterprise's multifamily
3 guarantee business under subsection (a).

4 (e) GUARANTEE FEE.—

5 (1) IN GENERAL.—The Corporation shall collect
6 a reasonable fee for any guaranty under this sub-
7 section and shall make such charges as it may deter-
8 mine to be reasonable for the analysis of any trust
9 or other security arrangement proposed by an issuer
10 of a security backed by multifamily mortgages guar-
11 anteed under this section.

12 (2) DEPOSIT INTO MORTGAGE INSURANCE
13 FUND.—Any guarantee fee amounts collected under
14 this subsection shall be deposited in the Mortgage
15 Insurance Fund.

16 **SEC. 602. MULTIPLE LENDER ISSUES.**

17 With respect to the dwelling of a borrower that serves
18 as security for an eligible mortgage, if the borrower enters
19 into any credit transaction that would result in the cre-
20 ation of a new mortgage or other lien on such dwelling
21 where the loan-to-value ratio of such credit transaction
22 amount is 80 percent or more, the creditor of such new
23 mortgage or other lien shall seek and obtain the approval
24 of the creditor of the senior eligible mortgage loan before
25 any such credit transaction becomes valid and enforceable.

1 **SEC. 603. GAO REPORT ON FULL PRIVATIZATION OF SEC-**
2 **ONDARY MORTGAGE MARKET.**

3 (a) GAO REPORT.—Not later than 8 years after the
4 date of enactment of this Act, the Comptroller General
5 of the United States shall submit a report to the Com-
6 mittee on Banking, Housing, and Urban Affairs of the
7 Senate and the Committee on Financial Services of the
8 House of Representatives on the feasibility of maintaining
9 a fully privatized secondary mortgage market, including
10 recommendations on how to best carry out any displace-
11 ment of the insurance model established under this Act.

12 (b) CORPORATION PLAN TO TRANSITION TO A
13 FULLY PRIVATE SECONDARY MORTGAGE MARKET.—

14 (1) REQUIRED SUBMISSION TO CONGRESS.—
15 Not later than 6 months after the date on which the
16 report required under subsection (a) is submitted,
17 the Corporation shall submit to the Committee on
18 Banking, Housing, and Urban Affairs of the Senate
19 and the Committee on Financial Services of the
20 House of Representatives a plan to transition to a
21 fully privatized secondary mortgage market.

22 (2) REQUIRED CONTENT OF PLAN.—The plan
23 required to be submitted under paragraph (1) shall
24 describe, chronicle, and specify all the legislative, ad-
25 ministrative, and regulatory actions necessary to
26 carry out a transition to a fully private secondary

1 mortgage market, including all actions necessary to
2 dissolve the Corporation and successfully displace
3 the insurance model established under this Act.

4 **TITLE VII—GENERAL**
5 **PROVISIONS**

6 **SEC. 701. AUTHORITY TO ISSUE REGULATIONS.**

7 The Corporation may prescribe such regulations and
8 issue such guidelines, orders, requirements, or standards
9 as are necessary to carry out this Act, or any amendment
10 made by this Act.

11 **SEC. 702. FAIR VALUE ACCOUNTING.**

12 In any evaluation, oversight, audit, or analysis by the
13 Corporation of the cost of the Mortgage Insurance Fund,
14 the insurance or guarantee activities of the Corporation
15 required under this Act, including any fee or charge in
16 connection with the provision of such insurance or guar-
17 antee, or the financial transactions of the Corporation, the
18 Corporation shall conduct any such evaluation, oversight,
19 audit, or analysis based on the fair-value accrual account-
20 ing method.

21 **SEC. 703. RULE OF CONSTRUCTION.**

22 Nothing in this Act shall be construed to prohibit or
23 otherwise restrict the ability of a holder of any loss posi-
24 tion in any covered security insured under this Act from
25 restructuring, retransching, or resecuritizing such position.

1 **SEC. 704. SEVERABILITY.**

2 If any provision of this Act or the application of any
3 provision of this Act to any person or circumstance, is held
4 invalid, the application of such provision to other persons
5 or circumstances, and the remainder of this Act, shall not
6 be affected thereby.

○