

113TH CONGRESS  
1ST SESSION

# S. 1217

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

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## 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

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## 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;

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

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

(ii) is not less than 80 percent but not more than 85 percent of the value of the property securing the mortgage, provided that not less than 12 percent of the unpaid principal balance of the mortgage, accounting for any downpayment required under subparagraph (D), is insured by—

(I) an approved private mortgage insurer; or

(II) lender recourse or other credit enhancement that—

(aa) meets standards comparable to the standards required of private mortgage insurers under section 211; and

(bb) is approved by the Corporation;

(iii) is not less than 85 percent but not more than 90 percent of the value of 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-

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

(B) ACTING DIRECTOR.—

(i) DESIGNATION BY THE PRESIDENT.—

(I) ELIGIBLE INDIVIDUALS.—If the Senate has not confirmed a Director, the President may designate either the individual nominated, but not yet confirmed, for the position of Director or a member of the Board of Directors to serve as the Acting Director, and such Acting Director shall have all the rights, duties, powers, and responsibilities of the Director, until such time as a Director is confirmed by the Senate.

(II) LIMITATION.—No individual may serve concurrently as the Acting Director of the Corporation and the Director of the Federal Housing Finance 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-

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

(3) INDEPENDENCE.—

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

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

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

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

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

(ii) shall be disqualified from any de-  
liberation involving any transaction of the  
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

sufficient capital to cover the first loss insurance obligations it assumes under this Act and that might be incurred in a period of economic stress, including, but not limited to, any period of economic stress that would result in a 30 percent (or greater) national home price decline;

(C) the general character and fitness of the management of the insurer, including compliance history with Federal and State laws;

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

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

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

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

(b) APPLICATION AND APPROVAL.—

(1) APPLICATION PROCESS.—The Corporation shall establish an application process, in such form and manner and requiring such information as the Corporation may require, for the approval of private 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

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

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

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

(iii) not adversely impact the traditional liquidity and advance business of the Federal Home Loan Banks or the Federal Home Loan Bank System.

(2) FEDERAL HOME LOAN BANK ACT.—

(A) AMENDMENT.—Section 12 of the Federal Home Loan Bank Act (12 U.S.C. 1432) is amended by adding at the end the following:

“(c) Subject to such regulations as may be prescribed by the Corporation, one or more Federal Home Loan Banks may establish a subsidiary. Any subsidiary established under this subsection shall be subject to supervision 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) in section 11(t)(2)(A) (12 U.S.C. 1821(t)(2)(A)), by inserting after clause (v) the following:

“(vii) The Federal Mortgage Insurance Corporation.”; and

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

(A) by inserting “the Federal Mortgage Insurance Corporation,” before “any Federal banking agency” each place that term appears; and

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

(b) PERMISSIBLE CONSULTATION WITH FEDERAL BANKING AGENCIES.—

(1) IN GENERAL.—Pursuant to its authority under section 103(c), to facilitate the consultive process, the Corporation may share information with the Federal banking agencies, or any individual Federal banking agency, or any State bank supervisor, or foreign banking authority, on a one-time, regular, or periodic basis as determined by the Corporation regarding the capital, asset and liabilities, financial 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.

## **Subtitle C—Transparency in Market Operations**

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

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

(1) require that approved issuers—

(A) grant access to private market investors seeking to take the first loss position in a covered security to all—

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

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

(B) disclose any other material information that a reasonable investor would want to know, and make no material omission of such information, relating to eligible mortgage loans collateralizing a covered security; and

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

(b) PRIVACY PROTECTIONS.—In prescribing the rules required under this section, the Corporation shall take into consideration issues of consumer privacy and all statutes, rules, and regulations related to privacy of consumer credit 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       tion, or mix of information, collected and made  
2       available for public access.

3       (d) MONTHLY UPDATE.—The database required  
4       under subsection (a) shall be updated not less frequently  
5       than once a month.

6       **SEC. 225. ELECTRONIC REGISTRATION OF ELIGIBLE MORT-**  
7                                   **GAGES.**

8       (a) ESTABLISHMENT OF ELECTRONIC REGISTRATION  
9       SYSTEM.—The Corporation shall establish, operate, and  
10      maintain an electronic registry system for eligible mort-  
11      gages that collateralize a covered security insured under  
12      this Act in order to automate, centralize, standardize, and  
13      improve the process of tracking changes in servicing rights  
14      and beneficial ownership interests in such eligible mort-  
15      gages.

16      (b) CONSIDERATIONS.—In establishing the electronic  
17      registry system required under subsection (a), the Cor-  
18      poration shall take into consideration, build upon, and  
19      adopt to the extent the Corporation determines appro-  
20      priate, any existing efforts of the Federal Housing Fi-  
21      nance Agency or expertise among the private sector to de-  
22      velop a sound, efficient system for document custody and  
23      electronic registration of mortgages, notes, titles, and  
24      liens.

## 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”.

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

(A) in subsection (a)—

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

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

(B) in subsection (b), by striking paragraph (2);

(C) in subsection (c)—

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

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

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

(iv) by striking “such regulated entity” and inserting “such enterprise” each 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 TRANS-**  
 7 **PARENCY, ACCOUNTABILITY,**  
 8 **AND EFFICACY WITHIN AF-**  
 9 **FORDABLE 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

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

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

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

(D) in paragraph (10)—

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

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

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

period at the end, and inserting “means the Federal Home Loan Bank Act.”;

(iii) by repealing paragraph (4); and

(iv) in paragraph (9), by striking “Director of the Federal Housing Finance Agency” and inserting “Board of Directors of the Federal Mortgage Insurance Corporation”;

(B) by repealing section 1313A; and

(C) by repealing section 1317(d).

(2) EFFECTIVE DATE.—The amendments made by paragraph (1) shall take effect on the FMIC certification date.

**SEC. 502. WIND DOWN.**

(a) WIND DOWN.—

(1) AUTHORITY OF FHFA.—Beginning on the date of enactment of this Act and ending on the FMIC certification date, the Director of the Federal Housing Finance Agency, in consultation with the Corporation and the Secretary of the Treasury, shall take such action, and may prescribe such regulations and procedures, as may be necessary to wind down the operations of the enterprises in an orderly manner that complies with the requirements of this Act 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, retransferring, 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.

○