

112TH CONGRESS
1ST SESSION

S. 170

To provide for the affordable refinancing of mortgages held by Fannie Mae
and Freddie Mac.

IN THE SENATE OF THE UNITED STATES

JANUARY 25 (legislative day, JANUARY 5), 2011

Mrs. BOXER introduced the following bill; which was read twice and referred
to the Committee on Banking, Housing, and Urban Affairs

A BILL

To provide for the affordable refinancing of mortgages held
by Fannie Mae and Freddie Mac.

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.**

4 This Act may be cited as the “Helping Responsible
5 Homeowners Act”.

6 **SEC. 2. AFFORDABLE REFINANCING OF MORTGAGES**
7 **OWNED OR GUARANTEED BY FANNIE MAE**
8 **AND FREDDIE MAC.**

9 (a) DEFINITIONS.—As used in this Act, the following
10 definitions shall apply:

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

4 (2) ENTERPRISE.—The term “enterprise”
5 means the Federal National Mortgage Association
6 and the Federal Home Loan Mortgage Corporation.

7 (3) QUALIFIED MORTGAGE.—The term “quali-
8 fied mortgage” means a mortgage that—

9 (A) is an existing first mortgage that was
10 made for purchase of, or refinancing another
11 first mortgage on, a one- to four-family dwell-
12 ing, including a condominium or a share in a
13 cooperative ownership housing association, that
14 is occupied by the mortgagor as the principal
15 residence of the mortgagor;

16 (B) is owned or guaranteed by the Federal
17 National Mortgage Association or the Federal
18 Home Loan Mortgage Corporation; and

19 (C) the mortgagor is current on payments
20 due under the mortgage.

21 (4) REFINANCING MORTGAGE.—The term “refi-
22 nancing mortgage” means a mortgage that meets
23 the following requirements:

24 (A) REFINANCING OF QUALIFIED MORT-
25 GAGE.—The principal loan amount repayment

1 of which is secured by the mortgage shall be
2 used to satisfy all indebtedness under an exist-
3 ing qualified mortgage and any closing costs
4 from the refinancing of the mortgage that the
5 mortgagor chooses to include in the refinanced
6 mortgage.

7 (B) SINGLE-FAMILY HOUSING.—The prop-
8 erty that is subject to the mortgage shall be the
9 same property that is subject to the qualified
10 mortgage being refinanced.

11 (C) INTEREST RATE.—The mortgage shall
12 bear a fair rate of interest, which shall not ex-
13 ceed 40 basis points above the required net
14 yield for a 60-day commitment to purchase a
15 prime conventional conforming fixed rate mort-
16 gage as published by the Federal National
17 Mortgage Association or the Federal Home
18 Loan Mortgage Corporation at the time the in-
19 terest rate is locked in.

20 (D) LOAN TO VALUE.—The mortgage shall
21 not be limited by the loan-to-value ratio.

22 (E) WAIVER OF PREPAYMENT PEN-
23 ALTIES.—All penalties for prepayment or refi-
24 nancing of the qualified mortgage that is refi-
25 nanced by the mortgage, and all fees and pen-

1 alties related to the default or delinquency on
2 such mortgage, shall have been waived or for-
3 given.

4 (F) TERM TO MATURITY.—The mortgage
5 shall have a term to maturity of not more than
6 40 years from the date of the beginning of the
7 amortization of the mortgage.

8 (b) AUTHORITY.—The Federal National Mortgage
9 Association and the Federal Home Loan Mortgage Cor-
10 poration shall each carry out a program under this section
11 to provide for the refinancing of qualified mortgages on
12 single-family housing owned by such enterprise through a
13 refinancing mortgage, and for the purchase of and
14 securitization of such refinancing mortgages, in accord-
15 ance with this section and policies and procedures that the
16 Director of the Federal Housing Finance Agency shall es-
17 tablish. Such program shall require the Federal National
18 Mortgage Association and the Federal Home Loan Mort-
19 gage Corporation to purchase or guarantee the refinancing
20 mortgage used to refinance a qualified mortgage upon the
21 request of the mortgagor.

22 (c) PROHIBITION ON LOAN LEVEL PRICE ADJUST-
23 MENTS AND POST SETTLEMENT DELIVERY FEES.—In
24 carrying out the program established under this section,
25 the Federal National Mortgage Association and the Fed-

1 eral Home Loan Mortgage Corporation shall not charge
2 the mortgagee any up-front fee beyond the standard guar-
3 antee fee for the refinancing of the qualified mortgage
4 through the refinancing mortgage.

5 (d) RESUBORDINATION OF SECOND LIENS.—For any
6 servicer or creditor holding a second lien on a qualified
7 mortgage who refuses to resubordinate that lien, thereby
8 preventing the refinancing of the qualified mortgage, new
9 mortgages originated by that servicer or creditor shall be
10 ineligible for purchase or guarantee by the Federal Na-
11 tional Mortgage Association or the Federal Home Loan
12 Mortgage Corporation.

13 (e) TERMINATION.—The requirement for an enter-
14 prise to refinance qualified mortgages under this section
15 shall not apply to any request for refinancing made after
16 the expiration of the 1-year period beginning on the date
17 of the enactment of this Act. Notwithstanding the prior
18 sentence, the Director, at his or her discretion, may extend
19 the program established under this section, and the re-
20 quirements of such program shall apply during any such
21 extension, in 1-year increments.

22 (f) REGULATIONS.—The Director shall issue any reg-
23 ulations or guidance necessary to carry out the program
24 established under this section.

1 **SEC. 3. NOTICE OF THE REFINANCING PROGRAM.**

2 The Federal National Mortgage Association and the
3 Federal Home Loan Mortgage Corporation shall require
4 each servicer of a mortgage owned or guaranteed by each
5 such enterprise to inform each borrower of such mortgage
6 of the refinancing program authorized and established
7 under section 2.

8 **SEC. 4. REPORT.**

9 The Director shall, as part of the monthly Fore-
10 closure Prevention & Refinance Report published by the
11 Director, include information on the progress of the refi-
12 nancing program authorized and established under section
13 2.

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