To stabilize the housing and banking sectors by eliminating policies that distort markets and facilitate risky lending, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 20, 2013

Mr. AMASH (for himself, Mr. DUNCAN of South Carolina, Mr. JORDAN, Mr. LAMBORN, Mr. MCCLINTOCK, Mr. MEADOWS, Mr. PRICE of Georgia, and Mr. SALMON) introduced the following bill; which was referred to the Committee on Financial Services, and in addition to the Committees on Appropriations, Science, Space, and Technology, Transportation and Infrastructure, and the Judiciary, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To stabilize the housing and banking sectors by eliminating policies that distort markets and facilitate risky lending, and for other purposes.

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

SECTION 1. SHORT TITLE AND TABLE OF CONTENTS.

(a) Short Title.—This Act may be cited as the
“New Fair Deal Banking and Housing Stability Act of
2013”.

Table of Contents.—The table of contents for this Act is as follows:

Sec. 1. Short title and table of contents.

**TITLE I—REDUCING RISKY LENDING AND HOUSING MARKET INSTABILITY**

Subtitle A—Withdrawing Failed Government Mortgage Corporations

PART 1—IMMEDIATE REFORMS OF GOVERNMENT-SPONSORED CORPORATIONS

Sec. 101. Repeal of housing goals for enterprises.
Sec. 102. Repeal of Housing Trust Fund.
Sec. 103. Repeal of Capital Magnet Fund.
Sec. 104. Limitation on enterprise mortgage purchases.
Sec. 105. Repeal of banking agencies’ authority relating Freddie Mac transactions.

PART 2—MAKING SPACE FOR PRIVATE SECONDARY MARKETS

Sec. 111. Reduction of enterprise conforming loan limits.
Sec. 112. Loan-to-value limitation on enterprise mortgage purchases.
Sec. 113. Increased capital standards for enterprises.
Sec. 114. Enterprise portfolio limitations.

PART 3—ABOLITION OF FANNIE MAE AND FREDDIE MAC

Sec. 121. Abolishment of enterprises.

Subtitle B—Termination of Insurance for Banks’ Mortgage Lending

PART 1—IMMEDIATE REFORMS OF FHA CREDIT PROGRAMS

Sec. 131. FHA lender repurchase requirement.
Sec. 132. Prohibition of FHA mortgage insurance for cash-out refinancings.
Sec. 133. FHA limitation on seller concessions.

PART 2—REDUCING TAXPAYER GUARANTEES OF MORTGAGES

Sec. 141. Reduction of FHA mortgage insurance coverage.
Sec. 142. Increase in FHA downpayment requirement.

PART 3—TERMINATION OF FHA CREDIT GUARANTEES

Sec. 151. Termination of FHA insurance authority.

Subtitle C—Ending Guarantees for Government Mortgage-Backed Securities

Sec. 161. Limitation on GNMA guarantees.
Sec. 162. Abolishment of Ginnie Mae.

Subtitle D—Repealing Regulations That Promote Risky Lending

Sec. 172. Repeal of Dodd-Frank credit risk retention provisions.
Sec. 173. Repeal of Dodd-Frank ability to repay and qualified mortgage provisions.
Sec. 175. Repeal of Federal Home Loan Banks Affordable Housing Program and housing goals.
Sec. 176. Repeal of FDIC Affordable Housing Program.

Subtitle E—Stopping Subsidies for Certain Obstacles to Housing Construction

Sec. 181. Repeal of transportation planning provisions; rescission.
Sec. 182. Termination of HUD sustainable communities initiatives; rescission.

TITLE II—ENDING BANK BAILOUTS AND RESTORING MARKET DISCIPLINE

Subtitle A—Reducing Risks to Bank Depositors and Other Creditors

Sec. 201. Capital requirements.
Sec. 202. FDIC insurance.

Subtitle B—Repeal of Bailout Authorities

Sec. 211. Repeal of FDIC powers under the systemic risk determination.
Sec. 212. Repeal of unusual and exigent authority of the Federal Reserve.
Sec. 213. Exchange Stabilization Fund.

Subtitle C—Bankruptcy, Not Bailouts, for Complex Financial Institutions

Sec. 221. Reforming the bankruptcy code to accommodate failing financial institutions.

TITLE I—REDUCING RISKY LENDING AND HOUSING MARKET INSTABILITY

Subtitle A—Withdrawing Failed Government Mortgage Corporations

PART 1—IMMEDIATE REFORMS OF GOVERNMENT-SPONSORED CORPORATIONS

SEC. 101. REPEAL OF HOUSING GOALS FOR ENTERPRISES.

(b) CONFORMING AMENDMENTS.—Federal Housing Enterprises Financial Safety and Soundness Act of 1992 is amended—

(1) in section 1303(28) (12 U.S.C. 4502(28)), by striking “, and, for the purposes” and all that follows through “designated disaster areas”;

(2) in section 1324(b)(1)(A) (12 U.S.C. 4544(b)(1)(A)), by striking clauses (i), (ii), and (iv);

(3) in section 1339(h) (12 U.S.C. 4569(h)), by striking paragraph (7);

(4) in section 1341 (12 U.S.C. 4581)—

(A) in subsection (a)—

(i) in paragraph (1), by inserting “or” after the semicolon at the end;

(ii) in paragraph (2), by striking the semicolon at the end and inserting a pe-
period; and

(iii) by striking paragraphs (3) and (4); and

(B) in subsection (b)(2)—

(i) in subparagraph (A), by inserting “or” after the semicolon at the end;

(ii) by striking subparagraphs (B) and (C); and
(iii) by redesignating subparagraph (D) as subparagraph (B);

(5) in section 1345(a) (12 U.S.C. 4585(a))—

(A) in paragraph (1), by inserting “or” after the semicolon at the end;

(B) in paragraph (2), by striking the semicolon at the end and inserting a period; and

(C) by striking paragraphs (3) and (4);

and

(6) in section 1371(a)(2) (12 U.S.C. 4631(a)(2)), by striking “with any housing goal established under subpart B of part 2 of subtitle A of this title, with section 1336 or 1337 of this title,”.

(e) REPEAL OF REPORTING REQUIREMENTS.—

(1) Fannie Mae.—Section 309 of the Federal National Mortgage Association Charter Act (12 U.S.C. 1723a) is amended by striking subsection (n).

(2) Freddie Mac.—Section 307 of the Federal Home Loan Mortgage Corporation Act (12 U.S.C. 1456) is amended by striking subsection (f).

(d) TERMINATION OF AFFORDABLE HOUSING ADVISORY COUNCILS.—

(1) Fannie Mae.—Section 309 of the Federal National Mortgage Association Charter Act (12
U.S.C. 1723a) is amended by striking subsection (o).

(2) FREDDIE MAC.—Section 307 of the Federal Home Loan Mortgage Corporation Act (12 U.S.C. 1456) is amended by striking subsection (g).

SEC. 102. REPEAL OF HOUSING TRUST FUND.


(b) CONFORMING AMENDMENTS.—


(A) in section 1324(b)(1)(A) (12 U.S.C. 4544(b)(1)(A)), as amended by the preceding provisions of this Act—

(i) by striking clause (iii);

(ii) by striking the dash after “which” and inserting the text of clause (v) and a period; and

(iii) by striking clause (v);

(B) in section 1339(b)—

(i) by striking paragraph (1);
(ii) by striking the dash after “consist
of” and inserting the text of paragraph (2)
and a period; and
(iii) by striking paragraph (2); and
(C) in section 1345 (12 U.S.C. 4585), by
striking subsection (f).

(2) HOPE FOR HOMEOWNERS PROGRAM.—Sec-
tion 257(w) of the National Housing Act (12 U.S.C. 1715z–23(w)) is amended—
(A) by striking paragraphs (2) and (3);
and
(B) by redesignating paragraph (4) as paragraph (2).

SEC. 103. REPEAL OF CAPITAL MAGNET FUND.
(a) USE OF FUNDS.—Immediately upon the enact-
ment of this Act, any amounts in the Capital Magnet
Fund established under section 1339 of the Federal Hous-
ing Enterprises Financial Safety and Soundness Act of 1992 (12 U.S.C. 4569) shall be available to the Secretary of the Treasury for use only for reducing the budget def-
cit of the Federal Government.

(b) REPEAL AND ABOLISHMENT OF FUND.—Section 1339 of the Federal Housing Enterprises Financial Safety and Soundness Act of 1992 (12 U.S.C. 4569) is hereby
repealed and the Capital Magnet Fund established under such section is abolished.

(c) CONFORMING AMENDMENT.—Section 1303(24) of the Federal Housing Enterprises Financial Safety and Soundness Act of 1992 (12 U.S.C. 4502(24)) is amended by striking subparagraph (B).

SEC. 104. LIMITATION ON ENTERPRISE MORTGAGE PURCHASES.

(a) FANNIE MAE.—Section 302(b) of the Federal National Mortgage Association Charter Act (12 U.S.C. 1717(b)) is amended by adding at the end the following new paragraph:

“(7) The corporation may only purchase, make commitments to purchase, service, sell, lend on the security of, or otherwise deal in a mortgage on a property comprising 1- to 4-family dwelling units that—

“(A) bears interest at a rate that is fixed for the entire term of the mortgage; and

“(B) is made—

“(i) to finance the purchase of such property that shall be occupied by the mortgagor as the mortgagor’s principal residence; or

“(ii) to prepay or pay off the outstanding principal obligation under an existing mortgage or loan secured by the same property, which is
occupied by the mortgagor as the mortgagor’s principal residence, but not including a mortgage under which any portion of the mortgage proceeds are used for any purpose other than to prepay or pay off such existing mortgage or for any settlement costs in connection with such mortgage, as determined in accordance with guidelines issued by the Director.”.

(b) FREDDIE MAC.—Section 305(a) of the Federal Home Loan Mortgage Corporation Act (12 U.S.C. 1454(a)) is amended by adding at the end the following new paragraph:

“(6) The Corporation may only purchase, make commitments to purchase, service, sell, lend on the security of, or otherwise deal in a mortgage on a property comprising 1- to 4-family dwelling units that—

“(A) bears interest at a rate that is fixed for the entire term of the mortgage; and

“(B) is made—

“(i) to finance the purchase of such property that shall be occupied by the mortgagor as the mortgagor’s principal residence; or

“(ii) to prepay or pay off the outstanding principal obligation under an existing mortgage or loan secured by the same property, which is
occupied by the mortgagor as the mortgagor’s principal residence, but not including a mortgage under which any portion of the mortgage proceeds are used for any purpose other than to prepay or pay off such existing mortgage or for any settlement costs in connection with such mortgage, as determined in accordance with guidelines issued by the Director.”.

SEC. 105. REPEAL OF BANKING AGENCIES’ AUTHORITY RELATING FREDDIE MAC TRANSACTIONS.

Section 305 of the Federal Home Loan Mortgage Corporation Act (12 U.S.C. 1454) is amended by striking subsection (b).

PART 2—MAKING SPACE FOR PRIVATE SECONDARY MARKETS

SEC. 111. REDUCTION OF ENTERPRISE CONFORMING LOAN LIMITS.

(a) FANNIE MAE.—Paragraph (2) of section 302(b) of the Federal National Mortgage Association Charter Act (12 U.S.C. 1717(b)(2)) is amended by striking the 7th through 11th sentences and inserting the following: “Such limitations shall not exceed $417,000 for a mortgage secured by a single-family residence, $533,850 for a mortgage secured by a 2-family residence, $645,300 for a mortgage secured by a 3-family residence, and $801,950
for a mortgage secured by a 4-family residence, except
that such maximum limitations shall be adjusted effective
January 1 of each year beginning after the effective date
of the New Fair Deal Banking and Housing Stability Act
of 2013, subject to the limitations in this paragraph. Each
adjustment shall be made by subtracting from such
amount (as it may have been previously adjusted) an
amount equal to 20 percent thereof.”.

(b) FREDDIE MAC.—Paragraph (2) of section 305(a)
of the Federal Home Loan Mortgage Corporation Act (12
U.S.C. 1454(a)(2)) is amended by striking the 6th
through 10th sentences and inserting the following: “Such
limitations shall not exceed $417,000 for a mortgage se-
cured by a single-family residence, $533,850 for a mort-
gage secured by a 2-family residence, $645,300 for a
mortgage secured by a 3-family residence, and $801,950
for a mortgage secured by a 4-family residence, except
that such maximum limitations shall be adjusted effective
January 1 of each year beginning after the effective date
of the New Fair Deal Banking and Housing Stability Act
of 2013, subject to the limitations in this paragraph. Each
adjustment shall be made by subtracting from such
amount (as it may have been previously adjusted) an
amount equal to 20 percent thereof.”.
SEC. 112. LOAN-TO-VALUE LIMITATION ON ENTERPRISE MORTGAGE PURCHASES.

(a) FANNIE MAE.—Section 302(b) of the Federal National Mortgage Association Charter Act (12 U.S.C. 1717(b)) is amended by adding at the end the following new paragraph:

“(7) Notwithstanding any other provision of law, the corporation may not purchase, or make commitments to purchase, any mortgage on a 1- to 4-family residence if the outstanding principal balance of the mortgage at the time of purchase exceeds 95.0 percent of the value of the property securing the mortgage, except that such percentage shall be adjusted effective January 1 of each year beginning after the effective date of the New Fair Deal Banking and Housing Stability Act of 2013, by reducing such percentage by 1.5 percentage points.”.

(b) FREDDIE MAC.—Section 3052(a) of the Federal Home Loan Mortgage Corporation Act (12 U.S.C. 1454(a)) is amended by adding at the end the following new paragraph:

“(6) Notwithstanding any other provision of law, the Corporation may not purchase, or make commitments to purchase, any mortgage on a 1- to 4-family residence if the outstanding principal balance of the mortgage at the time of purchase exceeds 95.0 percent of the value of the property securing the mortgage, except that such percent-

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age shall be adjusted effective January 1 of each year be-
ginning after the effective date of the New Fair Deal
Banking and Housing Stability Act of 2013, by reducing
such percentage by 1.5 percentage points.’’.

SEC. 113. INCREASED CAPITAL STANDARDS FOR ENTER-
PRISES.

(a) Termination of Risk-Based Standard.—

(1) In general.—Section 1361 of the Federal
Housing Enterprises Financial Safety and Sound-
ness Act of 1992 (12 U.S.C. 4611) is amended—

(A) in the section heading, by striking
‘‘RISK-BASED’’; and

(B) in subsection (a)(1), by striking ‘‘risk-
based’’ and inserting ‘‘non-risk-based’’.

(2) Conforming Amendments.—Subtitle B of
the Federal Housing Enterprises Financial Safety
and Soundness Act of 1992 is amended by striking
‘‘risk-based’’ each place such term appears in the
following sections and inserting ‘‘required’’:

(A) Section 1364(a) (12 U.S.C. 4614(a)).

(B) Section 1366(a)(2)(B) (12 U.S.C.
4616(a)(2)(B)).

(C) Section 1369C(a) (12 U.S.C. 4622(a)).

(b) Increase in Minimum Capital Levels.—Sec-
tion 1362(a) of the Federal Housing Enterprises Finan-
(1) in paragraph (1), by inserting before the semicolon at the end the following: “; except that such percentage shall be adjusted effective January 1 of each year beginning after the effective date of the New Fair Deal Banking and Housing Stability Act of 2013, by increasing such percentage (as it may have been previously adjusted) by 0.7 percentage points”;

(2) in paragraph (2), by inserting before “; and” the following: “; except that such percentage shall be adjusted effective January 1 of each year beginning after the effective date of the New Fair Deal Banking and Housing Stability Act of 2013, by increasing such percentage (as it may have been previously adjusted) by 0.15 percentage points”; and

(3) in paragraph (3), by inserting before the period at the end the following: “; and except that such percentage shall be adjusted effective January 1 of each year beginning after the effective date of the New Fair Deal Banking and Housing Stability Act of 2013, by increasing such percentage (as it may have been previously adjusted) by 0.15 percentage points”.
(c) INCREASE IN CRITICAL CAPITAL LEVELS.—Section 1363(a) of the Federal Housing Enterprises Financial Safety and Soundness Act of 1992 (12 U.S.C. 4613(a)) is amended—

(1) in paragraph (1), by inserting before the semicolon at the end the following: “; except that such percentage shall be adjusted effective January 1 of each year beginning after the effective date of the New Fair Deal Banking and Housing Stability Act of 2013, by increasing such percentage (as it may have been previously adjusted) by 0.7 percentage points”;

(2) in paragraph (2), by inserting before “; and” the following: “; except that such percentage shall be adjusted effective January 1 of each year beginning after the effective date of the New Fair Deal Banking and Housing Stability Act of 2013, by increasing such percentage (as it may have been previously adjusted) by 0.15 percentage points”; and

(3) in paragraph (3), by inserting before the period at the end the following: “; and except that such percentage shall be adjusted effective January 1 of each year beginning after the effective date of the New Fair Deal Banking and Housing Stability Act of 2013, by increasing such percentage (as it
may have been previously adjusted) by 0.15 percent-
age points”.

SEC. 114. ENTERPRISE PORTFOLIO LIMITATIONS.

The Housing and Community Development Act of 1992 (12 U.S.C. 4611 et seq.) is amended by striking section 1369E (12 U.S.C. 4624) and inserting the following new section:

“SEC. 1369E. RESTRICTION ON MORTGAGE ASSETS OF ENTERPRISES.

“(a) Restriction.—No enterprise shall own, as of any applicable date in this subsection or thereafter, mortgage assets in excess of—

“(1) as of December 31, 2013, $550,000,000,000; or

“(2) as of December 31 of each year thereafter, 80 percent of the aggregate amount of mortgage assets that the enterprise was permitted to own pursuant to this section as of December 31 of the immediately preceding calendar year.

“(b) Definition of Mortgage Assets.—For purposes of this section, the term ‘mortgage assets’ means, with respect to an enterprise, assets of such enterprise consisting of mortgages, mortgage loans, mortgage-related securities, participation certificates, mortgage-backed commercial paper, obligations of real estate mortgage in-
vestment conduits and similar assets, in each case to the extent such assets would appear on the balance sheet of such enterprise in accordance with generally accepted accounting principles in effect in the United States as of September 7, 2008 (as set forth in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board from time to time; and without giving any effect to any change that may be made after September 7, 2008, in respect of Statement of Financial Accounting Standards No. 140 or any similar accounting standard).”.

PART 3—ABOLITION OF FANNIE MAE AND FREDDIE MAC

SEC. 121. ABOLISHMENT OF ENTERPRISES.

(a) REPEAL OF CHARTERS.—

(1) FANNIE MAE.—Effective upon the expiration of the 5-year period beginning on the date of the enactment of this Act, the Federal National Mortgage Association Charter Act (12 U.S.C. 1716 et seq.) is repealed and the Federal National Mortgage Association shall have no authority to conduct new business under such charter, except that the provisions of such charter in effect immediately be-
fore such repeal shall continue to apply with respect to the rights and obligations of any holders of—

(A) outstanding debt obligations of the Federal National Mortgage Association, including any—

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

(ii) capital lease obligations; or

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

(B) mortgage-backed securities guaranteed by the Federal National Mortgage Association.

(2) FREDDIE MAC.—Effective upon the expiration of the 5-year period beginning on the date of the enactment of this Act, the Federal Home Loan Mortgage Corporation Act (12 U.S.C. 1451 et seq.) is repealed and the Federal Home Loan Mortgage Corporation shall have no authority to conduct new business under such charter, except that the provisions of such charter in effect immediately before such repeal shall continue to apply with respect to the rights and obligations of any holders of—
(A) outstanding debt obligations of the Federal Home Loan Mortgage Corporation, including any—

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

(ii) capital lease obligations; or

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

(B) mortgage-backed securities guaranteed by the Federal Home Loan Mortgage Corporation.

(3) EXISTING GUARANTEE OBLIGATIONS.—

(A) EXPLICIT GUARANTEE.—The full faith and credit of the United States is pledged to the payment of all amounts which may be required to be paid under any obligation described under paragraphs (1) and (2).

(B) APPLICABILITY.—Except for amounts determined necessary for use for winding up the affairs of the enterprises pursuant to subsection (b), all guarantee fee amounts derived from the mortgage guarantee business of the enterprises in existence as of the expiration of the 5-year period beginning on the date of the enactment
of this Act shall be deposited into the Treasury
of the United States, for purposes of deficit re-
duction.

(b) Wind-Down of Enterprises.—

(1) Termination of Current Conservator-
ship.—Upon the expiration of the 5-year period be-
ginning on the date of the enactment of this Act, the
Director of the Federal Housing Finance Agency
shall, with respect to each enterprise, appoint the
Federal Housing Finance Agency as receiver under
section 1367 of the Federal Housing Enterprises Fi-
nancial Safety and Soundness Act of 1992 and carry
out such receivership under the authority of such
section and in accordance with this Act and any
amendments made by this Act.

(2) Wind Down.—During the 5-year period
that begins upon the date of the enactment of this
Act, the Director of the Federal Housing Finance
Agency, in consultation with the Secretary of the
Treasury, shall take such action, and may prescribe
such regulations and procedures, as may be nec-
essary and consistent with the receiverships pursu-
ant to paragraph (1) to wind down the operations of
the enterprises in an orderly manner that complies
with the requirements of this Act and any amend-
ments made by this Act.

(3) Division of Assets and Liabilities; Au-
thority to Establish Holding Corporation
and Dissolution Trust Fund.—The action and
procedures required under paragraph (2)—

(A) shall include the establishment and
execution of plans to provide for an equitable
division, distribution, and liquidation of the as-
sets and liabilities of each enterprise, including
any infrastructure, property, including intellec-
tual property, platforms, or any other thing or
object of value, provided that such plans shall—

(i) provide for the sale, at auction, of
the servicing rights to mortgages guaran-
teed by an enterprise under terms that en-
sure that a purchaser of such servicing
rights shall assume a first loss position in
the event of a default under such a mort-
gage in an amount equal to 20 percent of
the aggregate amount of such loss and the
Federal Government shall be liable to the
purchaser for the remainder of such loss;
(ii) provide for the sale, at auction, of any other assets of an enterprise having value; and

(iii) comply with the requirements of this Act and any amendments made by this Act;

(B) may provide for establishment of a holding corporation organized under the laws of any State of the United States or the District of Columbia for the purpose of winding down an enterprise; and

(C) shall provide for establishment of one or more trusts to which to transfer—

(i) outstanding debt obligations of an enterprise; or

(ii) outstanding mortgages held for the purpose of collateralizing mortgage-backed securities guaranteed by an enterprise.

(e) CONFORMING AMENDMENTS TO FEDERAL HOME LOAN BANK ACT.—Effective upon the expiration of the 5-year period that begins on the date of the enactment of this Act, the Federal Home Loan Bank Act is amended—

(2) in section 16(a) (12 U.S.C. 1436(a)), by striking “, in obligations, participations, or other instruments” and all that follows through “section 306 of the Federal Home Loan Mortgage Corporation Act,”.

Subtitle B—Termination of Insurance for Banks’ Mortgage Lending

PART 1—IMMEDIATE REFORMS OF FHA CREDIT PROGRAMS

SEC. 131. FHA LENDER REPURCHASE REQUIREMENT.

Title II of the National Housing Act (12 U.S.C. 1707 et seq.) is amended by adding at the end the following new section:

“SEC. 259. LENDER REPURCHASE REQUIREMENT.

“The Secretary may not newly insure any mortgage on a 1- to 4-family residential property unless the mortgagee under such mortgage enters into such binding
agreements as the Secretary considers necessary to ensure that, if the mortgagor is in default with respect to the mortgagor’s obligation to make payments under the mortgage for 30 or more consecutive days during the 6-month period beginning upon origination of the mortgage, the mortgagee will, upon notice by the Secretary, repurchase such mortgage in an amount equal to the remaining principal obligation under the mortgage, as determined in accordance with guidelines issued by the Secretary.”.

SEC. 132. PROHIBITION OF FHA MORTGAGE INSURANCE

FOR CASH-OUT REFINANCINGS.

Title II of the National Housing Act (12 U.S.C. 1707 et seq.), as amended by the preceding provisions of this Act, is further amended by adding at the end the following new section:

“SEC. 260. PROHIBITION OF CASH-OUT REFINANCINGS.

“The Secretary may not newly insure any mortgage on a 1- to 4-family residential property under which—

“(1) a portion of the mortgage proceeds are used to prepay or pay off the outstanding principal obligation under an existing mortgage or loan secured by the same residential property; and

“(2) any portion of the mortgage proceeds are used for any purpose other than to prepay or pay off such existing mortgage and for any settlement costs
in connection with such mortgage, as determined in accordance with guidelines issued by the Secretary.”.

SEC. 133. FHA LIMITATION ON SELLER CONCESSIONS.

Title II of the National Housing Act (12 U.S.C. 1707 et seq.), as amended by the preceding provisions of this Act, is further amended by adding at the end the following new section:

“SEC. 261. LIMITATION ON SELLER CONCESSIONS.

“The Secretary may not newly insure any mortgage on a 1- to 4-family residential property with respect to which the seller of the property subject to such mortgage (or any third party or entity that is reimbursed directly or indirectly by the seller) contributes toward the acquisition of the property by the mortgagor any amount in excess of 3 percent of the total closing costs (as determined by the Secretary) in connection with such acquisition.”.

PART 2—REDUCING TAXPAYER GUARANTEES OF MORTGAGES

SEC. 141. REDUCTION OF FHA MORTGAGE INSURANCE COVERAGE.

Title II of the National Housing Act (12 U.S.C. 1707 et seq.), as amended by the preceding provisions of this Act, is further amended by adding at the end the following new section:
“SEC. 262. REDUCTION OF MORTGAGE INSURANCE COVERAGE.

“Notwithstanding any other provision of this title, the Secretary may not insure, or make any commitment to insure, any portion of any mortgage on a 1- to 4-family residential property in excess of the amount equal to the following percentage of the original principal obligation of the mortgage:

“(1) In the case of any such mortgage insured after the date of the enactment of the New Fair Deal Banking and Housing Stability Act of 2013, 80 percent of such original principal obligation, subject to paragraphs (2) through (5).

“(2) In the case of any such mortgage insured after the expiration of the 1-year period beginning on the date of the enactment of such Act, 70 percent of such original principal obligation, subject to paragraphs (3) through (5).

“(3) In the case of any such mortgage insured after the expiration of the 2-year period beginning on the date of the enactment of such Act, 60 percent of such original principal obligation, subject to paragraphs (4) through (5).

“(4) In the case of any such mortgage insured after the expiration of the 3-year period beginning on the date of the enactment of such Act, 50 percent
of such original principal obligation, subject to para-

graph (5).

“(5) In the case of any such mortgage insured
after the expiration of the 4-year period beginning
on the date of the enactment of such Act, 40 percent
of such original principal obligation.”.

SEC. 142. INCREASE IN FHA DOWNPAYMENT REQUIRE-

MENT.

Subparagraph (A) of section 203(b)(9) of the Na-
tional Housing Act (12 U.S.C. 1709(b)(9)(A)) is amend-
ed—

(1) by striking “(A) IN GENERAL.—A mort-
gage” and inserting the following:

“(A) IN GENERAL.—

“(i) PAYMENT REQUIREMENT.—A
mortgage”;

(2) by striking “3.5 percent of the appraised
value of the property” and inserting “the percentage
of the appraised value of the property specified in
clause (ii)”; and

(3) by adding at the end the following new
clause:

“(ii) PERCENTAGE OF APPRAISED
VALUE OF PROPERTY.—The percentage of
the appraised value of a property specified in this clause is—

“(I) for a mortgage insured under this section after the date of the enactment of the New Fair Deal Banking and Housing Stability Act of 2013, 5.0 percent, subject to subclauses (II) through (V);

“(II) for a mortgage insured under this section after the expiration of the 1-year period beginning on the date of the enactment of the New Fair Deal Banking and Housing Stability Act of 2013, 6.5 percent, subject to subclauses (III) through (V);

“(III) for a mortgage insured under this section after the expiration of the 2-year period beginning on the date of the enactment of the New Fair Deal Banking and Housing Stability Act of 2013, 8.0 percent, subject to subclauses (IV) and (V);

“(IV) for a mortgage insured under this section after the expiration of the 3-year period beginning on the
date of the enactment of the New Fair Deal Banking and Housing Stability Act of 2013, 9.5 percent, subject to subclause (V); and

“(V) for a mortgage insured under this section after the expiration of the 4-year period beginning on the date of the enactment of the New Fair Deal Banking and Housing Stability Act of 2013, 11.0 percent.”.

PART 3—TERMINATION OF FHA CREDIT GUARANTEES

SEC. 151. TERMINATION OF FHA INSURANCE AUTHORITY.

(a) Termination.—Effective upon the expiration of the 5-year period beginning on the date of the enactment of this Act, the Secretary of Housing and Urban Development may not insure, guarantee, or make any mortgage or other loan pursuant to any of the following provisions of law:

(1) National Housing Act.—Titles I, II, V, VI, VII, VIII, IX, and XI of the National Housing Act (12 U.S.C. 1702 et seq., 1707 et seq., 1731a et seq., 1736 et seq., 1747 et seq., 1748 et seq., 1750 et seq., 1749aaa et seq.).

(3) Flexible subsidy program.—Section 201 of the Housing and Community Development Amendments of 1978 (12 U.S.C. 1715z–1a).


(b) Repeals.—Effective upon the expiration of the period referred to in subsection (a), the provisions of law specified in such subsection are repealed.

(c) Transfer of FHA functions to Secretary of the Treasury.—Effective upon the expiration of the period referred to in subsection (a), all FHA functions are transferred to the Secretary of the Treasury, but only to
the extent necessary to fulfill outstanding obligations of
the Department of Housing and Urban Development
under such provisions and windup the business of the De-
partment of Housing and Urban Development under such
provisions.

(d) Resolution and Termination of FHA Func-
tions.—

(1) Resolution of Functions.—The Sec-

(2) Termination of Functions.—All FHA
functions that are transferred to the Secretary under
subsection (e) shall terminate on the date all obliga-
tions of the FHA, and all obligations of others to
the FHA, in effect immediately before the expiration
of the period referred to in subsection (a) have been
satisfied, as determined by the Secretary of the
Treasury.

(3) Report to Congress.—Upon making the
determination described in paragraph (2), the Sec-

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retary of the Treasury shall report the determination
to the Committee on Financial Services of the House
of Representatives and the Committee on Banking,
Housing, and Urban Affairs of the Senate.

(e) DUTIES OF SECRETARY OF THE TREASURY.—

(1) IN GENERAL.—The Secretary of the Treas-
ury shall be responsible for the implementation of
this section, including—

(A) the administration and wind-up of all
FHA functions transferred to the Secretary
under subsection (c);

(B) the administration and wind-up of any
outstanding obligations of the Federal Govern-
ment under any programs terminated by this
section; and

(C) taking such other actions as may be
necessary to wind-up any outstanding affairs of
the FHA.

(f) PERSONNEL.—Effective upon the expiration of
the period referred to in subsection (a), there are trans-
ferred to the Department of the Treasury all individuals,
who—

(1) immediately before such expiration, were of-
ficers or employees of the Department of Housing
and Urban Development; and
(2) in their capacity as such an officer or employee, performed functions that are transferred to
the Secretary under subsection (c).

(g) Exercise of Authorities.—Except as otherwise provided by law, a Federal official to whom a function
is transferred by this section, for purposes of performing the function and subject to subsection (c), exercise all au-
thorities under any other provision of law that were available with respect to the performance of that function to
the official responsible for the performance of the function immediately before the effective date of the transfer of the
function under this section.

(h) Transfer of Assets.—Except as otherwise provided in this section so much of the personnel, prop-
erty, records, and unexpended balances of appropriations, allocations, and other funds employed, used, held, avail-
able, or to be made available in connection with a function transferred to an official or agency by this section shall
be available to the official or the head of that agency, re-
spectively, at such time or times as the Director of the Office of Management and Budget directs for use in con-
nection with the functions transferred.

(i) Delegation and Assignment.—Except as otherwise expressly prohibited by law, an official to whom
functions are transferred under this section (including the
head of any office to which functions are transferred under this section) may delegate any of the functions so transferred to such officers and employees of the office of the official as the official may designate, and may authorize successive redelegations of such functions as may be necessary or appropriate. No delegation of functions under this subsection or under any other provision of this section shall relieve the official to whom a function is transferred under this section of responsibility for the administration of the function.

(j) Authority of Secretary of the Treasury with respect to functions transferred.—

(1) Determinations.—If necessary, the Secretary of the Treasury shall make any determination of the functions that are transferred under this section.

(2) Incidental transfers.—The Secretary of the Treasury, at such time or times as the Secretary shall provide, may make such determinations as may be necessary with regard to the functions transferred by this section, and to make such additional incidental dispositions of personnel, assets, liabilities, grants, contracts, property, records, and unexpended balances of appropriations, authorizations, allocations, and other funds held, used, arising
from, available to, or to be made available in connection with such functions, as may be necessary to carry out the provisions of this section.

(k) **Savings Provisions.**—

(1) **Authority regarding outstanding commitments.**—Notwithstanding the repeals under subsection (b), the Secretary may insure, guarantee, or make any mortgage for which a commitment to insure, guarantee, or make was made before the effective date of such repeals under the provision of law repealed. Any such mortgage shall be subject to the terms of the provisions of law repealed as in effect immediately before such repeal.

(2) **Effect on outstanding mortgage insurance.**—Any mortgage insurance, funds, or activities subject, before repeal, to a provision of law repealed by subsection (b) shall continue to be governed by the provision as in effect immediately before repeal.

(3) **Existing rights, duties, and obligations not affected.**—Subsections (a) and (b) shall not affect the validity of any right, duty, or obligation of the United States, the Secretary of Housing and Urban Development, or any other person, which—
(A) arises under any provision of law repealed by subsection (b); and

(B) existed immediately before the effective date of such repeals.

(4) LEGAL DOCUMENTS.—All orders, determinations, rules, regulations, permits, grants, loans, contracts, agreements, certificates, licenses, and privileges—

(A) that have been issued, made, granted, or allowed to become effective by the Secretary of Housing and Urban Development, any officer or employee of any office transferred by this section, or any other Government official, or by a court of competent jurisdiction, in the performance of any function that is transferred by this section, and

(B) that are in effect upon the expiration of the period referred to in subsection (a) (or become effective after such date pursuant to their terms as in effect upon such expiration), shall continue in effect according to their terms until modified, terminated, superseded, set aside, or revoked in accordance with law by the President, any other authorized official, a court of competent jurisdiction, or operation of law.
(5) PROCEEDINGS.—This section shall not affect any proceedings or any application for any benefits, service, license, permit, certificate, or financial assistance pending upon the expiration of the period referred to in subsection (a) before an office transferred by this section, but such proceedings and applications shall be continued. Orders shall be issued in such proceedings, appeals shall be taken therefrom, and payments shall be made pursuant to such orders, as if this section had not been enacted, and orders issued in any such proceeding shall continue in effect until modified, terminated, superseded, or revoked by a duly authorized official, by a court of competent jurisdiction, or by operation of law. Nothing in this paragraph shall be considered to prohibit the discontinuance or modification of any such proceeding under the same terms and conditions and to the same extent that such proceeding could have been discontinued or modified if this section had not been enacted.

(6) NONABATEMENT OF ACTIONS.—No action or other proceeding commenced by or against the Secretary of Housing and Urban Development in connection with functions transferred to the Secretary of the Treasury under subsection (e) shall
abate by reason of the enactment of this section, except that the Secretary of the Treasury shall be substituted for the Secretary of Housing and Urban Development as a party to any such action or proceeding.

(7) Suits.—This section shall not affect suits commenced before the expiration of the period referred to in subsection (a), and in all such suits, proceeding shall be had, appeals taken, and judgments rendered in the same manner and with the same effect as if this section had not been enacted. If any Government officer in the official capacity of such officer is party to a suit with respect to a function of the officer, and under this section such function is transferred to any other officer or office, then such suit shall be continued with the other officer or the head of such other office, as applicable, substituted or added as a party.

(8) Administrative Procedure and Judicial Review.—Except as otherwise provided by this section, any statutory requirements relating to notice, hearings, action upon the record, or administrative or judicial review that apply to any function transferred by this section shall apply to the exercise of such function by the head of the Federal agency,
and other officers of the agency, to which such func-

tion is transferred by this section.

(l) **AVAILABILITY OF EXISTING FUNDS.**—Existing

appropriations and funds available for the performance of

functions, programs, and activities terminated pursuant to

this section shall remain available, for the duration of

their period of availability, for necessary expenses in con-

nection with the termination and resolution of such func-

tions, programs, and activities. Upon the expiration of all

contracts and agreements with respect to such functions,

programs, and activities, any unexpended balances of the

funds referred to in this subsection shall be deposited in

the Treasury as miscellaneous receipts.

(m) **REFERENCES.**—Any reference in any other Fed-

eral law, Executive order, rule, regulation, or delegation

of authority, or any document of or pertaining to a depart-

ment or office from which a function is transferred by this

section—

(1) to the head of such department or office is

deemed to refer to the head of the department or of-

fice to which the function is transferred; or

(2) to such department or office is deemed to

refer to the department or office to which the func-

tion is transferred.
(n) DEFINITIONS.—For purposes of this section, the following definitions shall apply:

(1) FHA.—The term “FHA” means the Secretary of Housing and Urban Development, but only to the extent of the operations, authority, and functions of the Secretary pursuant to the provisions of law repealed by subsection (b).

(2) FHA FUNCTIONS.—The term “FHA functions” means functions under the provisions of law repealed by subsection (b) that, immediately before the effective date of such repeals, are authorized to be performed by the Secretary of Housing and Urban Development or any officer or employee of the Department of Housing and Urban Development, or any office of the Department of Housing and Urban Development.

(3) FUNCTION.—The term “function” includes any duty, obligation, power, authority, responsibility, right, privilege, activity, or program.

(4) OFFICE.—The term “office” includes any office, administration, agency, bureau, institute, council, unit, organizational entity, or component thereof.
Subtitle C—Ending Guarantees for Government Mortgage-Backed Securities

SEC. 161. LIMITATION ON GNMA GUARANTEES.

Subsection (g) of section 306 of the Federal National Mortgage Association Charter Act (12 U.S.C. 1721(g)) is amended by adding at the end the following new paragraph:

“(4) The Association may not enter into commitments to issue guarantees under this subsection in an aggregate amount—

“(A) in any month commencing after the date of the enactment of the New Fair Deal Banking and Housing Stability Act of 2013, that exceeds $38,000,000,000, subject to subparagraphs (B) through (F);

“(B) in any month commencing after the expiration of the 1-year period beginning on the date of the enactment of the New Fair Deal Banking and Housing Stability Act of 2013, that exceeds $32,000,000,000, subject to subparagraphs (C) through (F);

“(C) in any month commencing after the expiration of the 2-year period beginning on the date of the enactment of the New Fair Deal Banking and
Housing Stability Act of 2013, that exceeds $24,000,000,000, subject to subparagraphs (D) through (F);

“(D) in any month commencing after the expiration of the 3-year period beginning on the date of the enactment of the New Fair Deal Banking and Housing Stability Act of 2013, that exceeds $16,000,000,000, subject to subparagraphs (E) and (F);

“(E) in any month commencing after the expiration of the 4-year period beginning on the date of the enactment of the New Fair Deal Banking and Housing Stability Act of 2013, that exceeds $8,000,000,000, subject to subparagraph (F); and

“(F) in any month commencing after the expiration of the 5-year period beginning on the date of the enactment of the New Fair Deal Banking and Housing Stability Act of 2013, that exceeds $0.”.

SEC. 162. ABOLISHMENT OF GINNIE MAE.

(a) ABOLISHMENT AND TRANSFER.—Effective upon the expiration of the 5-year period beginning on the date of the enactment of this Act—

(1) the Government National Mortgage Association is abolished; and
(2) all functions that, immediately before the expiration of such period are authorized to be performed by the Association, any officer or employee of the Association acting in that capacity, or any office of the Association, are transferred to the Secretary of the Treasury.

(b) Repeals.—

(1) CHARTER.—For provisions repealing the organic authority of the Government National Mortgage Association, see section 121(a)(1) of this Act.

(2) Administrative expenses provision.—Effective upon the expiration of the period referred to in subsection (a), subsection (b) of section 306 of the Housing Act of 1959 (12 U.S.C. 1721 note) is hereby repealed.

(c) Resolution and termination of FHA functions.—

(1) Resolution of functions.—The Secretary of the Treasury shall—

(A) complete the disposition and resolution of FHA functions in accordance with this section; and

(B) resolve all FHA functions that are transferred to the Secretary under subsection (a)(2).
(2) Termination of functions.—All FHA functions that are transferred to the Secretary under subsection (a)(2) shall terminate on the date all obligations of the FHA, and all obligations of others to the FHA, in effect immediately before the expiration of the period referred to in subsection (a) have been satisfied, as determined by the Secretary of the Treasury.

(3) Report to Congress.—Upon making the determination described in paragraph (2), the Secretary of the Treasury shall report the determination to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate.

(d) Duties of Secretary of the Treasury.—

(1) In general.—The Secretary of the Treasury shall be responsible for the implementation of this section, including—

(A) the administration and wind-up of all FHA functions transferred to the Secretary under subsection (c);

(B) the administration and wind-up of any outstanding obligations of the Federal Government under any programs terminated by this section; and
(C) taking such other actions as may be necessary to wind-up any outstanding affairs of the FHA.

(e) Personnel.—Effective upon the expiration of the period referred to in subsection (a), there are transferred to the Department of the Treasury all individuals, who—

(1) immediately before such expiration, were officers or employees of the Department of Housing and Urban Development; and

(2) in their capacity as such an officer or employee, performed functions that are transferred to the Secretary under subsection (c).

(f) Exercise of Authorities.—Except as otherwise provided by law, a Federal official to whom a function is transferred by this section, for purposes of performing the function, exercise all authorities under any other provision of law that were available with respect to the performance of that function to the official responsible for the performance of the function immediately before the effective date of the transfer of the function under this section.

(g) Transfer of Assets.—Except as otherwise provided in this section so much of the personnel, property, records, and unexpended balances of appropriations, allocations, and other funds employed, used, held, avail-
able, or to be made available in connection with a function transferred to an official or agency by this section shall be available to the official or the head of that agency, respectively, at such time or times as the Director of the Office of Management and Budget directs for use in connection with the functions transferred.

(h) DELEGATION AND ASSIGNMENT.—Except as otherwise expressly prohibited by law, an official to whom functions are transferred under this section (including the head of any office to which functions are transferred under this section) may delegate any of the functions so transferred to such officers and employees of the office of the official as the official may designate, and may authorize successive redelegations of such functions as may be necessary or appropriate. No delegation of functions under this subsection or under any other provision of this section shall relieve the official to whom a function is transferred under this section of responsibility for the administration of the function.

(i) AUTHORITY OF SECRETARY OF THE TREASURY WITH RESPECT TO FUNCTIONS TRANSFERRED.—

(1) DETERMINATIONS.—If necessary, the Secretary of the Treasury shall make any determination of the functions that are transferred under this section.
(2) INCIDENTAL TRANSFERS.—The Secretary of the Treasury, at such time or times as the Secretary shall provide, may make such determinations as may be necessary with regard to the functions transferred by this section, and to make such additional incidental dispositions of personnel, assets, liabilities, grants, contracts, property, records, and unexpended balances of appropriations, authorizations, allocations, and other funds held, used, arising from, available to, or to be made available in connection with such functions, as may be necessary to carry out the provisions of this section.

(j) SAVINGS PROVISIONS.—

(1) AUTHORITY REGARDING OUTSTANDING COMMITMENTS.—Notwithstanding the repeals under subsection (b), the Secretary may insure any mortgage for which a commitment to insure was made before the effective date of such repeals under the provision of law repealed. Any such mortgage shall be subject to the terms of the provisions of law repealed as in effect immediately before such repeal.

(2) EFFECT ON OUTSTANDING MORTGAGE INSURANCE.—Any mortgage insurance, funds, or activities subject, before repeal, to a provision of law repealed by subsection (b) shall continue to be gov-
erned by the provision as in effect immediately be-
fore repeal.

(3) Existing rights, duties, and obligations not affected.—Subsections (a) and (b) shall not affect the validity of any right, duty, or ob-
ligation of the United States, the Secretary of Hous-
ing and Urban Development, or any other person,
which—

(A) arises under any provision of law re-
pealed by subsection (b); and

(B) existed immediately before the effective
date of such repeals.

(4) Legal documents.—All orders, deter-
minations, rules, regulations, permits, grants, loans,
contracts, agreements, certificates, licenses, and
privileges—

(A) that have been issued, made, granted,
or allowed to become effective by the Secretary
of Housing and Urban Development, any officer
or employee of any office transferred by this
section, or any other Government official, or by
a court of competent jurisdiction, in the per-
formance of any function that is transferred by
this section, and
(B) that are in effect upon the expiration
of the period referred to in subsection (a) (or
become effective after such date pursuant to
their terms as in effect upon such expiration),
shall continue in effect according to their terms
until modified, terminated, superseded, set
aside, or revoked in accordance with law by the
President, any other authorized official, a court
of competent jurisdiction, or operation of law.

(5) PROCEEDINGS.—This section shall not af-
fect any proceedings or any application for any bene-
fits, service, license, permit, certificate, or financial
assistance pending upon the expiration of the period
referred to in subsection (a) before an office trans-
ferred by this section, but such proceedings and ap-
lications shall be continued. Orders shall be issued
in such proceedings, appeals shall be taken there-
from, and payments shall be made pursuant to such
orders, as if this section had not been enacted, and
orders issued in any such proceeding shall continue
in effect until modified, terminated, superseded, or
revoked by a duly authorized official, by a court of
competent jurisdiction, or by operation of law. Noth-
ing in this paragraph shall be considered to prohibit
the discontinuance or modification of any such pro-
ceeding under the same terms and conditions and to
the same extent that such proceeding could have
been discontinued or modified if this section had not
been enacted.

(6) NONABATEMENT OF ACTIONS.—No action
or other proceeding commenced by or against the
Secretary of Housing and Urban Development in
connection with functions transferred to the Sec-
retary of the Treasury under subsection (c) shall
abate by reason of the enactment of this section, ex-
cept that the Secretary of the Treasury shall be sub-
stituted for the Secretary of Housing and Urban De-
velopment as a party to any such action or pro-
ceeding.

(7) SUITS.—This section shall not affect suits
commenced before the expiration of the period re-
ferred to in subsection (a), and in all such suits,
proceeding shall be had, appeals taken, and judg-
ments rendered in the same manner and with the
same effect as if this section had not been enacted.
If any Government officer in the official capacity of
such officer is party to a suit with respect to a func-
tion of the officer, and under this section such func-
tion is transferred to any other officer or office, then
such suit shall be continued with the other officer or
the head of such other office, as applicable, sub-
stituted or added as a party.

(8) **Administrative Procedure and Judicial Review.**—Except as otherwise provided by this
section, any statutory requirements relating to no-
tice, hearings, action upon the record, or administra-
tive or judicial review that apply to any function
transferred by this section shall apply to the exercise
of such function by the head of the Federal agency,
and other officers of the agency, to which such func-
tion is transferred by this section.

(k) **Availability of Existing Funds.**—Existing
appropriations and funds available for the performance of
functions, programs, and activities terminated pursuant to
this section shall remain available, for the duration of
their period of availability, for necessary expenses in con-
nection with the termination and resolution of such func-
tions, programs, and activities. Upon the expiration of all
contracts and agreements with respect to such functions,
programs, and activities, any unexpended balances of the
funds referred to in this subsection shall be deposited in
the Treasury as miscellaneous receipts.

(l) **References.**—Any reference in any other Fed-
eral law, Executive order, rule, regulation, or delegation
of authority, or any document of or pertaining to a depart-
ment or office from which a function is transferred by this section—

(1) to the head of such department or office is deemed to refer to the head of the department or office to which the function is transferred; or

(2) to such department or office is deemed to refer to the department or office to which the function is transferred.

(m) DEFINITIONS.—For purposes of this section, the following definitions shall apply:


(2) FUNCTION.—The term “function” includes any duty, obligation, power, authority, responsibility, right, privilege, activity, or program.

(3) OFFICE.—The term “office” includes any office, administration, agency, bureau, institute, council, unit, organizational entity, or component thereof.

(4) SECRETARY.—The term “Secretary” means the Secretary of the Treasury.
Subtitle D—Repealing Regulations That Promote Risky Lending


SEC. 172. REPEAL OF DODD-FRANK CREDIT RISK RETENTION PROVISIONS.


(b) Study.—Subsection (c) of section 941 of the Dodd-Frank Wall Street Reform and Consumer Protection Act is hereby repealed.

SEC. 173. REPEAL OF DODD-FRANK ABILITY TO REPAY AND QUALIFIED MORTGAGE PROVISIONS.

Section 129C of the Truth in Lending Act (15 U.S.C. 1639c) is amended—

(1) by striking subsections (a) and (b); and

(2) by redesignating subsections (c) through (i) as subsections (a) through (g), respectively.


SEC. 175. REPEAL OF FEDERAL HOME LOAN BANKS AFFORDABLE HOUSING PROGRAM AND HOUSING GOALS.

(a) AFFORDABLE HOUSING PROGRAM.—The Federal Home Loan Bank Act (12 U.S.C. 1421 et seq.) is amended—

(1) in section 10 (12 U.S.C. 1430), by striking subsections (g), (h), (i), (j), and (k); and

(2) by repealing section 10b (12 U.S.C. 1430b).

(b) HOUSING GOALS.—Section 10C of the Federal Home Loan Bank Act (12 U.S.C. 1430C) is hereby repealed.

SEC. 176. REPEAL OF FDIC AFFORDABLE HOUSING PROGRAM.

Section 40 of the Federal Deposit Insurance Act (12 U.S.C. 1831q) is hereby repealed.

Subtitle E—Stopping Subsidies for Certain Obstacles to Housing Construction

SEC. 181. REPEAL OF TRANSPORTATION PLANNING PROVISIONS; RESCISSION.

(a) REPEALS.—

(1) FEDERAL-AID HIGHWAYS.—Sections 134 and 135 of title 23, United States Code, and the items relating to such sections in the analysis for chapter 1 of that title, are repealed.
(2) **Research, Technology, and Education.**—Section 505 of title 23, United States Code, and the item relating to that section in the analysis for chapter 5 of that title, are repealed.

(3) **Public Transportation.**—Sections 5303, 5304, and 5305 of title 49, United States Code, and the items relating to such sections in the analysis for chapter 53 of that title, are repealed.

(b) **Rescissions.**—Effective on the date of the enactment of this Act, the unobligated balances available on such date of enactment of funds made available to carry out each of the sections repealed by this section are hereby rescinded.

**SEC. 182. TERMINATION OF HUD SUSTAINABLE COMMUNITIES INITIATIVES; RESCISSION.**

(a) **Termination.**—The following programs, activities, and initiatives of the Department of Housing and Urban Development are hereby terminated:

(1) **Sustainable Communities Initiative.**—

The Sustainable Communities Initiative originally established under the heading “Community Planning and Development—Community Development Fund” of title II of division A of the Consolidated Appropriations Act, 2010 (Public Law 111–117; 123 Stat. 3084).
(2) Sustainable Communities Regional Planning Grants.—The Regional Integrated Planning Grants program originally established under such heading.

(3) Community Challenge Planning Grants.—The Community Challenge Planning Grants program originally established under such heading.

(4) Capacity Building for Sustainable Communities.—The program for capacity building for sustainable communities originally established under such heading.

(b) Rescissions.—Effective on the date of the enactment of this Act, the unobligated balances available on such date of enactment of funds made available to carry out each of the programs and initiatives terminated by subsection (a) are hereby rescinded.
TITLE II—ENDING BANK BAIL-OUTS AND RESTORING MARKET DISCIPLINE

Subtitle A—Reducing Risks to Bank Depositors and Other Creditors

SEC. 201. CAPITAL REQUIREMENTS.

(a) IN GENERAL.—Notwithstanding any other provision of law, the appropriate Federal regulators shall set capital standards for financial companies as provided in this section.

(b) MINIMUM CAPITAL REQUIREMENT.—Each financial company shall be required to maintain sufficient capital to remain adequately capitalized, as defined under subsection (c)(2).

(c) CAPITAL CATEGORIES.—

(1) WELL CAPITALIZED.—A financial company is “well capitalized” if the company maintains a capital level of 12 percent or more.

(2) ADEQUATELY CAPITALIZED.—A financial company is “adequately capitalized” if the company maintains a capital level of 10 percent or more.

(3) UNDERCAPITALIZED.—A financial company is “undercapitalized” if the company maintains a capital level of less than 10 percent.
(4) **Significantly undercapitalized.**—A financial company is “significantly undercapitalized” if the company maintains a capital level of less than 6 percent.

(5) **Critically undercapitalized.**—A financial company is “critically undercapitalized” if the company maintains a capital level of 2 percent or less.

(d) **Capital Calculation.**—In computing a financial company’s capital for purposes of this section—

(1) the value of capital shall be calculated based on the current market value of the capital, and not by reference to the book value of such capital;

(2) the percentage of capital maintained by a company shall be based on the total consolidated assets of the company; and

(3) there shall be no risk-weighting of assets.

(e) **Phase-In Period.**—Notwithstanding subsection (c), during the 6-year period beginning on the date of the enactment of this Act, the percentages contained in paragraphs (1) through (5) of subsection (c) shall be treated as follows:

(1) During the 1-year period following the date of the enactment of this Act, 6 percent, 4 percent, 4 percent, 3 percent, and 2 percent, respectively.
(2) During the 1-year period following the period described under paragraph (1), 7 percent, 5 percent, 5 percent, 3.5 percent, and 2 percent, respectively.

(3) During the 1-year period following the period described under paragraph (2), 8 percent, 6 percent, 6 percent, 4 percent, and 2 percent, respectively.

(4) During the 1-year period following the period described under paragraph (3), 9 percent, 7 percent, 7 percent, 4.5 percent, and 2 percent, respectively.

(5) During the 1-year period following the period described under paragraph (4), 10 percent, 8 percent, 8 percent, 5 percent, and 2 percent, respectively.

(6) During the 1-year period following the period described under paragraph (5), 11 percent, 9 percent, 9 percent, 5.5 percent, and 2 percent, respectively.

(f) DEFINITIONS.—For purposes of this section:

(1) APPROPRIATE FEDERAL REGULATOR.—The term “appropriate Federal regulator”—

(A) has the meaning given the term “appropriate Federal banking agency” under sec-
tion 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813);

(B) means the Board of Governors of the Federal Reserve System, in the case of a nonbank financial company supervised by the Board of Governors; and

(C) means the National Credit Union Administration Board, in the case of a credit union.

(2) CAPITAL.—The term “capital” means common equity tier 1 capital and additional tier 1 capital, as such terms are defined in the notice of final rulemaking published in the Federal Register on October 11, 2013 (78 Fed. Reg. 62173–74).

(3) CREDIT UNION.—The term “credit union” includes a Federal credit union and a State credit union, as such terms are defined under section 101 of the Federal Credit Union Act (12 U.S.C. 1752).

(4) DEPOSITORY INSTITUTION.—The term “depository institution” has the meaning given such term under section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813).

(5) DEPOSITORY INSTITUTION HOLDING COMPANY.—The term “depository institution holding company” has the meaning given such term under

(6) FINANCIAL COMPANY.—The term “financial company” means—

(A) a credit union;

(B) a depository institution;

(C) a depository institution holding company; and

(D) a nonbank financial company supervised by the Board of Governors.

(7) NONBANK FINANCIAL COMPANY SUPER­VISED BY THE BOARD OF GOVERNORS.—The term “nonbank financial company supervised by the Board of Governors” has the meaning given such term under section 102 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (12 U.S.C. 5311).

SEC. 202. FDIC INSURANCE.

(a) REDUCTION IN MAXIMUM INSURANCE AMOUNT.—Section 11(a)(1) of the Federal Deposit Insurance Act (12 U.S.C. 1821(a)(1)) is amended—

(1) by amending subparagraph (E) to read as follows:

“(E) STANDARD MAXIMUM DEPOSIT INSURANCE AMOUNT DEFINED.—For purposes of
this Act, the term ‘standard maximum deposit
insurance amount’ means $150,000, adjusted
as provided under subparagraph (F).’’; and

(2) in subparagraph (F), by striking ‘‘April 1
of 2010,’’ and inserting ‘‘April 1, 2015,’’.

(b) EFFECTIVE DATE.—The amendments made by
this section shall take effect on the day that is the end
of the 1-year period beginning on the date of the enact-
ment of this Act.

Subtitle B—Repeal of Bailout
Authorities

SEC. 211. REPEAL OF FDIC POWERS UNDER THE SYSTEMIC
RISK DETERMINATION.

The Federal Deposit Insurance Act (12 U.S.C. 1821
et seq.) is amended—

(1) in section 11(a)(4)(C) (12 U.S.C.
1821(a)(4)(C)), by striking ‘‘other than section
13(c)(4)(G)’’; and

(2) in section 13(c)(4) (12 U.S.C.
1823(c)(4))—

(A) by striking subparagraph (G); and

(B) by redesignating subparagraph (H) as
subparagraph (G).
SEC. 212. REPEAL OF UNUSUAL AND EXIGENT AUTHORITY
OF THE FEDERAL RESERVE.

Section 13(3) of the Federal Reserve Act (12 U.S.C. 343(3)) is repealed.

SEC. 213. EXCHANGE STABILIZATION FUND.

(a) In General.—Section 5302 of title 31, United States Code, is amended by striking “stabilization fund” each place such term appears and inserting “Special Drawing Rights Fund”.

(b) Conforming Amendments.—


(A) in section 131 (12 U.S.C. 5236), by striking “Exchange Stabilization Fund” each place such term appears in headings and text and inserting “Special Drawing Rights Fund”; and

(B) in the item relating to section 131 in the table of contents of such Act, by striking
“Exchange Stabilization Fund” and inserting “Special Drawing Rights Fund”.

(3) **INTERNATIONAL FINANCIAL INSTITUTIONS ACT.**—Section 1704 of the International Financial Institutions Act (22 U.S.C. 262r–3) is amended by striking “stabilization fund” each place such term appears and inserting “Special Drawing Rights Fund”.

(4) **SPECIAL DRAWING RIGHTS ACT.**—The Special Drawing Rights Act (22 U.S.C. 286n et seq.) is amended by striking “Exchange Stabilization Fund” each place such term appears and inserting “Special Drawing Rights Fund”.

(e) **REFERENCES.**—Any reference in a law, regulation, document, paper, or other record of the United States to the “Exchange Stabilization Fund” shall be deemed a reference to the “Special Drawing Rights Fund”.

(d) **FUNDS USED TO REDUCE THE DEBT.**—The Secretary of the Treasury shall liquidate all property in the Special Drawing Rights Fund (as so renamed under subsection (a)), other than Special Drawing Rights, and use all such amounts to reduce the public debt.

(e) **LIMITATION ON FUND.**—Section 5302 of title 31, United States Code, is amended—
(1) in subsection (a)(1)—

(A) by striking “is available to carry out” and inserting “is only available to carry out”; and

(B) by striking “, and for investing in obligations of the United States Government those amounts in the fund the Secretary of the Treasury, with the approval of the President, decides are not required at the time to carry out this section. Proceeds of sales and investments, earnings, and interest shall be paid into the fund and are available to carry out this section. However, the fund is not available to pay administrative expenses”; and

(2) by striking subsection (b) and inserting the following:

“(b) FUND ONLY TO HOLD SPECIAL DRAWING RIGHTS.—Notwithstanding any other provision of law, only Special Drawing Rights may be deposited into the Special Drawing Rights Fund.”.

(f) CONFORMING AMENDMENTS.—

(1) BRETTON WOODS AGREEMENTS ACT.—Section 18 of the Bretton Woods Agreements Act (22 U.S.C. 286e–3) is hereby repealed.
(2) SUPPORT FOR EAST EUROPEAN DEMOCRACY

(66)

(SUPPORT FOR EAST EUROPEAN DEMOCRACY ACT OF 1989.—The Support for East European Democracy (SEED) Act of 1989 (22 U.S.C. 5401 et seq.) is amended—

(A) in section 101(b)(1) (22 U.S.C. 5411(b)(1)), by striking “such as—” and all that follows through the end of the paragraph and inserting “such as the authority provided in section 102(c) of this Act.”; and

(B) in section 102(a) (22 U.S.C. 5412(a)), by striking “section 101(b)—” and all that follows through the end of the subsection and inserting “section 101(b), should work closely with the European Community and international financial institutions to determine the extent of emergency assistance required by Poland for the fourth quarter of 1989.”.

(g) TREATMENT OF CERTAIN FUNDS.—Funds that would otherwise have been deposited into the Special Drawing Rights Fund (as so renamed under subsection (a)), but for the amendments made by this section, shall instead be paid to the Secretary of the Treasury, and the Secretary of the Treasury shall use such funds to reduce the public debt.
(h) Wind-Down Period for Certain Transactions.—Notwithstanding any other provision of this section, during the 3-year period beginning on the date of the enactment of this Act, property other than Special Drawing Rights may be deposited, and maintained, in the Special Drawing Rights Fund as needed to fulfill any outstanding obligations on the Fund.

Subtitle C—Bankruptcy, Not Bailouts, for Complex Financial Institutions

SEC. 221. REFORMING THE BANKRUPTCY CODE TO ACCOMMODATE FAILING FINANCIAL INSTITUTIONS.

(a) Findings.—The Congress finds the following:

(1) Bailouts undermine market discipline and the rule of law, resulting in doubt about property rights and insulating recipients from the consequences of their mistakes.

(2) A number of complex financial institutions are widely considered to be “too big to fail”.

(3) An aggravating factor in the 2008 financial crisis was uncertainty about the security and priority of claims stemming from cross-border resolution of complex financial institutions.

(4) The Federal Deposit Insurance Corporation (FDIC) has historically resolved most failing U.S.
depository institutions and has the necessary expertise and discretionary authority to conduct such resolutions quickly.

(5) The FDIC's authority did not extend to all components of very large, complex financial institutions, such as insurance, stockbroker, and commodity broker operations.

(6) The U.S. Constitution authorizes Congress to establish “uniform laws on the subject of Bankruptcies through the United States”.

(7) Bankruptcy provides predictable priority for claims under the rule of law through the jurisdiction of an Article III court.

(8) The lengthy adjudication of claims to ensure equality under the law of similarly situated creditors under bankruptcy can be problematic in the case of financial institutions but can be amended to preserve and protect value.

(9) The Dodd-Frank Wall Street Reform and Consumer Protection Act did not establish a non-discretionary, rule-of-law-based resolution process to provide certainty for creditors of failing institutions.

(10) A credible resolution process could eliminate the use of bailouts and other political interventions.
(11) Additional reforms are necessary to bring certainty and predictability to the failure of large, complex, multinational financial institutions.

(b) SENSE OF CONGRESS.—It is the sense of Congress that the Committees on the Judiciary and Financial Services of the House of Representatives and the Committees on the Judiciary and Banking, Housing, and Urban Affairs of the Senate should each report legislation proposing changes to existing law within each committee’s jurisdiction with provisions to accommodate bankruptcy proceedings for failing multinational financial institutions. Such committees should consider reforms that—

(1) establish a new chapter of the bankruptcy code specifically for financial institutions, to be used in conjunction with the existing chapter 7 liquidation or chapter 11 reorganization process;

(2) replace or supplement existing resolution authorities for certain kinds of institutions;

(3) clarify that such resolution proceedings occur at the holding company level;

(4) designate particular judges in the Second and D.C. Circuits who will hear these cases and who may appoint special masters with technical expertise to aid in the resolution;
(5) continue to use FDIC expertise to resolve such institutions under the oversight of the court;

(6) remove exemptions from bankruptcy proceedings for certain subsidiaries of complex financial institutions, such as insurance and brokerage operations;

(7) allow primary regulators to petition for involuntary bankruptcy cases against a financial institution, to have standing and raise motions, and to file plans of reorganization;

(8) establish procedures for debtor-in-possession financing to provide partial or complete payouts to some or all creditors in certain circumstances;

(9) develop rules for the applicability of short-term automatic stays for certain qualified financial contracts;

(10) recapitalize reorganized institutions at the holding company level, possibly by converting long-term debt into equity;

(11) collaborate with foreign governments to avoid domestic “ring-fencing” of failing multinational financial institutions whose holding companies are located elsewhere;

(12) ensure that institutions in conservatorship do not receive advantageous tax or regulatory treat-
ment over comparable financial institutions outside
of the bankruptcy process; and
(13) such other additional and conforming re-
forms as the Committees consider necessary.