S. 1217

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

IN THE SENATE OF THE UNITED STATES

JUNE 25, 2013

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

A BILL

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

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

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

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

(b) TABLE OF CONTENTS.—The table of contents for 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. 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 condi-
tions.
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.

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 apply:

3 (1) APPROVED BOND GUARANTOR.—The term “approved bond guarantor” means any entity that provides credit enhancement that is approved by the Corporation pursuant to section 214 to guarantee the timely payment of principal and interest on securities collateralized by eligible mortgages and insured by the Corporation.
(2) Approved Issuer.—The term “approved issuer” means an issuer that is approved by the Corporation pursuant to section 213—

(A) to issue covered securities; and

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

(3) Approved Private Mortgage Insurer.—The term “approved private mortgage insurer” means an insurer that is approved by the Corporation pursuant to section 211 to provide private mortgage insurance on eligible mortgages.

(4) Approved Servicer.—The term “approved servicer” means a servicer that is approved by the Corporation pursuant to section 212 to administer eligible mortgages.

(5) Area.—The term “area”—

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

(B) for purposes of paragraph (11)(A)(ii), the median 1-family house price for an area shall be equal to the median 1-family house price...
price of the county within the area that has the
highest such median price.

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

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

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

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

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

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

(A) collateralized by eligible mortgages;

(B) which is issued subject to a standard
form credit-risk sharing mechanism, product,
structure, contract, or other securitization
agreement developed by the Corporation pursuant to title II; and

(C) which is eligible for insurance by the Corporation pursuant to title II, which insurance is purchased by an approved issuer who issues covered securities.

(10) DIRECTOR.—The term “Director” means the Director of the Federal Mortgage Insurance Corporation, unless the context otherwise requires.

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

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

(B) has a maximum original principal obligation amount that does not exceed the conforming loan limitation determined under section 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-
vided that not less than 25 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 com-
parable to the standards required
of private mortgage insurers
under section 211; and

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

(iv) is not less than 90 percent but
not more than 95 percent of the value of
the property securing the mortgage, pro-
vided that not less than 30 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;

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

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

(F) that contains such terms and provisions with respect to insurance, property maintenance, repairs, alterations, payment of taxes, default, reserves, delinquency charges, foreclosure proceedings, anticipation of maturity, additional and secondary liens, and other matters, including matters that set forth terms and provisions for establishing escrow accounts, performing financial assessments, or limiting the amount of any payment made available under the mortgage as the Corporation may prescribe; and

(G) that contains such other terms or characteristics as the Corporation, in consulta-
tion with the Bureau of Consumer Financial Protection, may determine necessary or appro-
priate.

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

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

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

(13) FEDERAL BANKING AGENCIES.—The term—

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

(B) “Federal banking agencies” means all of the agencies referred to in subparagraph (A), collectively.
(14) **FEDERAL HOME LOAN BANK.**—The term “Federal Home Loan Bank” means a bank established under the authority of the Federal Home Loan Bank Act (12 U.S.C. 1421 et seq.).

(15) **FEDERAL HOME LOAN BANK SYSTEM.**—The term “Federal Home Loan Bank System” means the Federal Home Loan Banks and the Office of Finance and any authorized subsidiary of one or more Federal Home Loan Banks.

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

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

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

(B) a credit union that meets the definition of “depository institution” as that term is defined under section 19(b) of the Federal Reserve Act (12 U.S.C. 461).
(18) Senior preferred stock purchase agreement defined.—The term “Senior Preferred Stock Purchase Agreement” means—

(A) the Amended and Restated Senior Preferred Stock Purchase Agreement, dated September 26, 2008, as such Agreement has been amended on May 6, 2009, December 24, 2009, and August 17, 2012, respectively, and as such Agreement may be further amended and restated, entered into between the Department of the Treasury and each enterprise, as applicable; and

(B) any provision of any certificate in connection with such Agreement creating or designating the terms, powers, preferences, privileges, limitations, or any other conditions of the Variable Liquidation Preference Senior Preferred Stock of an enterprise issued or sold pursuant to such Agreement.

(19) Transfer date.—The term “transfer date” means the date that is 1 year after the date of enactment of this Act.
TITLE I—FEDERAL MORTGAGE INSURANCE CORPORATION

SEC. 101. ESTABLISHMENT.

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

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

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

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

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

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

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

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

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

SEC. 102. DIRECTOR.

(a) ESTABLISHMENT OF POSITION.—There is established the position of the Director of the Corporation, who shall be the head of the Corporation.

(b) APPOINTMENT; TERM.—

(1) APPOINTMENT.—The Director shall be appointed by the President, by and with the advice and consent of the Senate, from among individuals who—

(A) are citizens of the United States; and

(B) have a demonstrated technical, academic, or professional understanding of, and practical, disciplinary, vocational, or regulatory experience working in, the mortgage securities markets and housing finance.

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

(3) VACANCY.—

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

(B) ACTING DIRECTOR.—

(i) DESIGNATION BY THE PRESI-
DENT.—

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

(II) LIMITATION.—No individual
may serve concurrently as the Acting
Director of the Corporation and the
Director of the Federal Housing Fi-
nance Agency.
(4) SERVICE AFTER END OF TERM.—An individual may serve as the Director after the expiration of the term for which appointed until a successor has been appointed.

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

(6) RULES OF CONSTRUCTION.—No individual—

(A) may serve concurrently as the Director of the Corporation and the Director of the Federal Housing Finance Agency; and

(B) that has, at any time prior to, on, or after the date of enactment of this Act, served as the Director of the Federal Housing Finance Agency may serve as the Director of the Corporation.

(c) MEMBERSHIP ON FSOC.—The Dodd-Frank Wall Street Reform and Consumer Protection Act is amended—

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

“(E) the Federal Mortgage Insurance Corporation, with respect to—
“(i) the Mortgage Insurance Fund est-
established under title II of the Housing Fi-
nance Reform and Taxpayer Protection
Act of 2013; and
“(ii) the Federal Home Loan Banks
or the Federal Home Loan Bank Sys-
tem.”; and

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

SEC. 103. BOARD OF DIRECTORS.

(a) BOARD OF DIRECTORS.—

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

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

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

(i) 1 of whom shall have demonstrated
technical, academic, or professional under-
standing of, and practical, disciplinary, vo-
cational, or regulatory experience working in, the field of asset management;

(ii) 1 of whom shall have demonstrated technical, academic, or professional understanding of, and practical, disciplinary, vocational, or regulatory experience working in, mortgage insurance markets;

(iii) 1 of whom shall have a demonstrated technical, academic, or professional understanding of, and practical, disciplinary, vocational, or regulatory experience working with, lenders having less than $10,000,000,000 in total assets; and

(iv) 1 of whom shall have a demonstrated technical, academic, or professional understanding of, and practical, disciplinary, vocational, or regulatory experience working with, multifamily housing development.

(2) NON-VOTING MEMBER.—The President shall appoint the Director of the Federal Housing Finance Agency as an additional non-voting member of the Board of Directors. The Director of the Federal 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, advisory, or other compensatory fee from
the Corporation; or

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

(ii) shall be disqualified from any de-
liberation involving any transaction of the
Corporation in which the member has a fi-
nancial interest in the outcome of the transaction.

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

(b) ADMINISTRATION.—Except as otherwise may provided in this Act, the Board of Directors shall administer the affairs of the Corporation fairly and impartially and without discrimination.

(c) CONSULTATION.—The Board of Directors may, in carrying out any duty, responsibility, requirement, or action authorized under this Act, consult with the Federal banking agencies or any individual Federal banking agency, as the Board determines necessary and appropriate.

(d) TERMS.—

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

(2) INTERIM APPOINTMENTS.—Any voting member appointed to fill a vacancy occurring before the expiration of the term for which such member’s
predecessor was appointed shall be appointed only for the remainder of such term.

(3) **CONTINUATION OF SERVICE.**—The Chairperson and each appointed voting member may continue to serve after the expiration of the term of office to which such member was appointed until a successor has been appointed and qualified.

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

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

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

(1) at the call of the Chairperson; and

(2) not less frequently than once each month.

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

(i) **BYLAWS.**—A majority of the voting members of the Board of Directors may amend the bylaws of the Corporation.
(j) ATTENDANCE.—Members of the Board of Directors may attend meetings of the Corporation and vote in person, via telephone conference, or via video conference.

(k) INELIGIBILITY FOR OTHER OFFICES DURING SERVICE.—

(1) IN GENERAL.—No voting member of the Board of Directors may during the time such member is in office—

(A) be an officer or director of any insured depository institution, depository institution holding company, Federal Reserve bank, Federal home loan bank, approved servicer, approved private mortgage insurer, institution that originates eligible mortgages, or institution that issues a covered security; or

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

(2) CERTIFICATION.—Upon taking office, each voting member of the Board of Directors shall certify under oath that such member has complied with
this subsection and such certification shall be filed
with the secretary of the Board of Directors.

(l) **Status of Employees.**—

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

(2) **Effect on other law.**—

(A) **In general.**—This subsection does
not affect—

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

(ii) any other right or remedy against
the Corporation, against the United States
under applicable law, or against any per-
son other than a person described in para-
graph (1) participating in such trans-
actions.

(B) Rule of Construction.—This sub-
section shall not be construed to limit or alter in any way the immunities that are available under applicable law for Federal officials and employees not described in this subsection.

SEC. 104. OFFICE OF THE INSPECTOR GENERAL.

(a) Office of Inspector General.—

(1) In General.—There is established the Office of the Inspector General of the Federal Mortgage Insurance Corporation. The head of the Office of the Inspector General of the Federal Mortgage Insurance Corporation is the Inspector General of the Federal Mortgage Insurance Corporation (in this section referred to as the “Inspector General”), who shall be appointed by the President, by and with the advice and consent of the Senate.

(2) Additional Responsibilities.—In addition to carrying out the requirements established under the Inspector General Act of 1978 (5 U.S.C. App.), the Inspector General shall—
(A) conduct, supervise, and coordinate audits and investigations relating to the programs and operations of the Corporation—

(i) to ensure that the first loss position that the Corporation requires of private market holders of covered securities insured under this Act is adequate to cover losses that might be incurred as a result of adverse economic conditions, wherein such conditions are generally consistent with the economic conditions, including national home price declines, observed in the United States during moderate to severe recessions experienced during the last 100 years; and

(ii) with respect to the—

(I) oversight and supervision of the Federal Home Loan Banks and the Federal Home Loan Bank System; and

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

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

(3) Inspector General Report; Report of
Independent Actuary.—Beginning 1 year after
the FMIC certification date, and annually there-
after, the Inspector General and an independent ac-
tuary contracted for by the Director shall each con-
duct an examination and issue a separate report re-
garding—

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

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

(b) Amendments to Inspector General Act of
(5 U.S.C. App.) is amended—

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

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

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

SEC. 105. STAFF, EXPERTS, AND CONSULTANTS.

(a) Compensation.—

(1) In general.—The Board of Directors may appoint and fix the compensation of such officers, attorneys, economists, examiners, and other employees as may be necessary for carrying out the functions of the Corporation.

(2) Rates of pay.—Rates of basic pay and the total amount of compensation and benefits for all employees of the Corporation may be—

(A) set and adjusted by the Board of Directors without regard to the provisions of chapter 51 or subchapter III of chapter 53 of title 5, United States Code; and

(B) reasonably increased, notwithstanding any limitation set forth in paragraph (3), if the Board of Directors determines such increases are necessary to attract and hire qualified employees.

(3) Parity.—The Board of Directors may provide additional compensation and benefits to employees of the Corporation, of the same type of com-
compensation or benefits that are then being provided by
any agency referred to under section 1206 of the Fi-
nancial Institutions Reform, Recovery, and Enforce-
ment Act of 1989 (12 U.S.C. 1833b) or, if not then
being provided, could be provided by such an agency
under applicable provisions of law, rule, or regula-
tion. In setting and adjusting the total amount of
compensation and benefits for employees, the Board
of Directors shall consult with and seek to maintain
comparability with the agencies referred to under
section 1206 of the Financial Institutions Reform,
1833b).

(b) Detail of Government Employees.—Upon
the request of the Board of Directors, any Federal Gov-
ernment employee may be detailed to the Corporation
without reimbursement, and such detail shall be without
interruption or loss of civil service status or privilege.

(c) Experts and Consultants.—The Board of Di-
rectors may procure the services of experts and consult-
ants as the Board considers necessary or appropriate.

(d) Technical and Professional Advisory Com-
mitees.—The Board of Directors may appoint such spe-
cial advisory, technical, or professional committees as may
be useful in carrying out the functions of the Corporation.
SEC. 106. REPORTS; TESTIMONY; AUDITS.

(a) Reports.—

(1) In general.—The Corporation shall submit, on an annual basis, to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representatives a written report of its operations, activities, budget, receipts, and expenditures for the preceding 12-month period.

(2) Contents of report.—The report required under subsection (a) shall include an analysis of—

(A) with respect to the Mortgage Insurance Fund established under section 203—

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

(ii) the exposure of the Mortgage Insurance Fund to changes in those economic factors most likely to affect the condition of that fund;

(iii) a current estimate of the resources needed for the Mortgage Insurance Fund to achieve the purposes of this Act; and

(iv) any findings, conclusions, and recommendations for legislative and adminis-
trative actions considered appropriate to

the future activities of the Corporation;

(B) the secondary mortgage market, the

housing market, and the economy, including

through use of stress tests, and how such anal-

ysis was used to determine and set the reserve

ratio for the Mortgage Insurance Fund for the

preceding 12-month period;

(C) whether or not the actual reserve ratio

of the Mortgage Insurance Fund met—

(i) the reserve ratio set for the pre-

ceding 12-month period; or

(ii) the reserve ratio goals established

in section 203(e);

(D) how the Corporation intends to ensure

that the goals set for the reserve ratio for the

Mortgage Insurance Fund are to be met and

maintained for the next 12-month period, and

such analysis shall include a detailed and de-

scriptive plan of the actions that the Corpora-

tion intends to take pursuant to its authorities

under this Act;

(E) how the Corporation has provided li-

quidity, transparency, and access to mortgage

credit in its support of a robust secondary
mortgage market and the production of residential mortgage-backed securities;

(F) the state of the private label mortgage-backed securities market, and such analysis shall include the submission of a reasonable set of administrative, regulatory, and legislative proposals on how to limit the Federal Government’s footprint in the secondary mortgage market;

(G) the effect that further decreases in loan limits would have on the secondary mortgage market, the housing market, and the economy; and

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

(b) Testimony.—The Chairperson of the Corporation, on a biannual basis, shall provide testimony to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representatives.

(c) Audit of Corporation.—

(1) Annual Audit.—The Comptroller General of the United States shall annually audit the financial transactions of the Corporation in accordance with the United States generally accepted govern-
ment auditing standards as may be prescribed by
the Comptroller General.

(2) Place of Audit.—The audit required
under this subsection shall be conducted at the place
or places where accounts of the Corporation are nor-
mally kept.

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

(4) Possession and Custody.—All such
books, accounts, documents, records, reports, files,
papers, and property of the Corporation used to
carry out the audit required under this subsection
shall remain in the possession and custody of the
Corporation.
(5) PERMISSIBLE DUPLICATION.—The Comptroller General may obtain and duplicate any such books, accounts, documents, records, working papers, automated data and files, or other information relevant to such audit without cost to the Comptroller General and the Comptroller General’s right of access to such information shall be enforceable pursuant to section 716(c) of title 31, United States Code.

(6) REPORT.—

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

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

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

(ii) include—

(I) the statement of assets and liabilities and surplus or deficit;

(II) the statement of income and expenses;
(III) the statement of sources and application of funds; and

(IV) such comments and information as the Comptroller General may deem necessary to inform Congress of the financial operations and condition of the Corporation, together with such recommendations with respect thereto as the Comptroller General may deem advisable.

(C) COPIES.—A copy of each report required under subparagraph (A) shall be furnished to the President and to the Chairperson of the Corporation at the time such report is submitted to the Congress.

(7) ASSISTANCE AND COSTS.—

(A) PERMITTED USE OF OUTSIDE ASSISTANCE.—For the purpose of conducting an audit under this subsection, the Comptroller General may employ by contract, without regard to section 3709 of the Revised Statutes of the United States (41 U.S.C. 5), professional services of firms and organizations of certified public accountants for temporary periods or for special purposes.
(B) Cost of audit covered by corporation.—

(i) In general.—Upon the request of the Comptroller General, the Chairperson of the Corporation shall transfer to the Comptroller General from funds available, the amount requested by the Comptroller General to cover the reasonable costs of any audit and report conducted by the Comptroller General pursuant to this subsection.

(ii) Credit of funds.—The Comptroller General shall credit funds transferred under clause (i) to the account at the Treasury established for salaries and expenses of the Government Accountability Office, and such amounts shall be available upon receipt and without fiscal year limitation to cover the full costs of the audit and report.

SEC. 107. INITIAL FUNDING.

(a) In general.—Section 1316 of the Federal Housing Enterprises Financial Safety and Soundness Act of 1992 (12 U.S.C. 4516) is amended by adding at the end the following:
“(i) Annual Assessments Relating to Initial Funding of the FMIC.—Notwithstanding title V of the Housing Finance Reform and Taxpayer Protection Act of 2013 or any other provision of law, for the period beginning on the date of enactment of this subsection and ending on the FMIC certification date (as that date is set forth under section 2(16) of the Housing Finance Reform and Taxpayer Protection Act of 2013, the Director, in consultation with the Chairperson of the Federal Mortgage Insurance Corporation, shall establish and collect from the enterprises annual assessments in addition to those required under subsection (a) in an amount not exceeding the amount sufficient to provide for the reasonable costs (including administrative costs) and expenses of the Corporation. All amounts collected under this subsection shall be transferred to the Federal Mortgage Insurance Corporation. The annual assessment shall be payable semiannually for each fiscal year, on October 1 and April 1.”.

(b) Treatment of Assessments.—

(1) Deposit.—Amounts received by the Corporation from assessments imposed under section 1316(i) of the Federal Housing Enterprises Financial Safety and Soundness Act of 1992 shall be deposited by the Corporation in the manner provided
in section 5234 of the Revised Statutes of the United States (12 U.S.C. 192) for monies deposited by the Comptroller of the Currency.

(2) **NOT GOVERNMENT FUNDS.**—The amounts received by the Corporation from any assessment imposed under section 1316(i) of the Federal Housing Enterprises Financial Safety and Soundness Act of 1992 shall not be construed to be Government or public funds or appropriated money.

(3) **NO APPORTIONMENT OF FUNDS.**—Notwithstanding any other provision of law, the amounts received by the Corporation from any assessment imposed under section 1316(i) of the Federal Housing Enterprises Financial Safety and Soundness Act of 1992 shall not be subject to apportionment for the purpose of chapter 15 of title 31, United States Code, or under any other authority.

(4) **USE OF FUNDS.**—

(A) **IN GENERAL.**—The Corporation may use any amounts received from assessments imposed under section 1316(i) of the Federal Housing Enterprises Financial Safety and Soundness Act of 1992—

(i) for compensation of the employees of the Corporation; and
(ii) for all other expenses of the Corporation.

(B) Treasury Investments.—The Corporation may request the Secretary of the Treasury to invest such portions of amounts received from assessments imposed under section 1316(i) of the Federal Housing Enterprises Financial Safety and Soundness Act of 1992 that, in the discretion of the Corporation, are not required to meet the current working needs of the Corporation.

(C) Government Obligations.—Pursuant to a request under subparagraph (B), the Secretary of the Treasury shall invest such amounts in Government obligations—

(i) guaranteed as to principal and interest by the United States with maturities suitable to the needs of the Corporation; and

(ii) bearing interest at a rate determined by the Secretary of the Treasury taking into consideration current market yields on outstanding marketable obligations of the United States of comparable maturity.
TITLE II—DUTIES, RESPONSIBILITIES, AND STRUCTURE OF THE FMIC

Subtitle A—Duties and Authorities

SEC. 201. DUTIES AND RESPONSIBILITIES OF THE FMIC.

(a) Duties.—The principal duties of the Corporation shall be to—

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

(A) minimizes any potential long-term negative cost on the taxpayer; and

(B) ensures, to the maximum extent possible—

(i) a liquid and resilient housing finance market; and

(ii) the availability of mortgage credit;

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

(3) provide insurance on any covered security for which private market holders of such security have assumed the first loss position with respect to losses that may be incurred on such security in
order to provide a liquid and resilient housing fi-
nance market;

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

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

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

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

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

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

(10) develop, adopt, and publish standard uni-
form securitization agreements for covered securi-
ties;
(11) establish, operate, and maintain an electronic registry system for eligible mortgages that collateralize covered securities insured under this Act;

(12) oversee and supervise the common securitization platform developed by the business entity announced by the Federal Housing Finance Agency and established by the enterprises; and

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

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

(B) are not, in their access or use of such platforms, discriminated against through discounts for volume pricing or other mechanisms.

(b) Scope of Authority.—The authority of the Corporation shall include the authority to exercise such incidental powers as may be necessary or appropriate to fulfill the duties and responsibilities of the Corporation set forth under subsection (a).

(c) Delegation of Authority.—The Board of Directors may delegate to officers and employees of the Corporation any of the functions, powers, or duties of the Cor-
poration, as the Board of Directors determines appro-
appropriate.

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

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

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

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

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

(1) IN GENERAL.—The Corporation shall com-
plete the development and implementation of the
mechanisms, products, structures, contracts, or other security agreements required under subsection (a) not later than 5 years after the date of enactment of this Act.

(2) EXAMINATION OF VARIOUS MECHANISMS.—
In developing the mechanisms, products, structures, contracts, or other security agreements required under subsection (a), the Corporation shall—

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

(B) consider any risk-sharing mechanisms, products, structures, contracts, or other security agreements undertaken by the business entity announced by the Federal Housing Finance Agency and established by the enterprises to provide a common securitization platform for issuers in the secondary mortgage market;

(C) consider how each proposed mechanism, product, structure, contract, or other security agreement—
(i) minimizes any potential long-term negative cost to the taxpayer;

(ii) impacts the availability of mortgage credit for—

(I) small financial institutions, such as credit unions and community and mid-size banks; and

(II) consumers;

(iii) influences mortgage affordability;

(iv) allows for loan modifications and foreclosure prevention alternatives;

(v) interacts with the To-Be-Announced market; and

(vi) facilitates market liquidity and resiliency; and

(D) ensure that lenders of all sizes and from all geographic locations, including rural locations, have equitable access to secondary mortgage market financing.

(3) REPORT.—

(A) IN GENERAL.—Not later than 1 year after the date of enactment of this Act, and annually thereafter until the end of the 5-year period provided in paragraph (1), the Corporation shall submit a report to the Committee on
Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representatives that—

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

(ii) describes the operation and execution of any mechanisms, products, structures, contracts, or other security agreements that the Director determines best fulfills the requirements of this section;

and

(iii) explains how the Corporation arrived at the determination made under clause (ii).

(B) Subsequent reports.—After the expiration of the 5-year period provided in paragraph (1) and the submission of the report required under subparagraph (A), each time the Corporation develops an additional standard form credit risk-sharing mechanism, product, structure, contract, or other security agreement that fulfills the requirements of this section, the
Corporation shall submit a report to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representatives addressing the identical concerns set forth under clauses (i) through (iii) of subparagraph (A).

SEC. 203. MORTGAGE INSURANCE FUND.

(a) ESTABLISHMENT.—There is established the Mortgage Insurance Fund, which the Corporation shall—

(1) maintain and administer; and

(2) use to cover losses incurred on covered securities insured under this Act, when such losses exceed the first position losses absorbed by private market holders of such securities.

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

(1) insurance fee amounts required to be deposited in the Fund under this section;

(2) guarantee fee amounts collected under section 601; and

(3) amounts earned on investments pursuant to subsection (h).

(e) FIDUCIARY RESPONSIBILITY.—The Corporation has the responsibility to ensure that the Mortgage Insurance Fund remains financially sound.
(d) Use.—

(1) In general.—The Mortgage Insurance Fund shall be solely available to the Corporation for use by the Corporation to carry out the functions authorized by this Act and may not be used or otherwise diverted to cover any other expense of the Federal Government.

(2) Exemption from apportionment.—Notwithstanding any other provision of law, amounts received by the Mortgage Insurance Fund pursuant to any fees collected under this section shall not be subject to apportionment for the purposes of chapter 15 of title 31, United States Code, or under any other authority.

(e) Reserve ratio goals for Mortgage Insurance Fund.—The Corporation shall endeavor to ensure that the Mortgage Insurance Fund attains a reserve balance—

(1) of 1.25 percent of the sum of the outstanding principal balance of the covered securities for which insurance is being provided under this title within 5 years of the FMIC certification date, and to strive to maintain such ratio thereafter, subject to subparagraph (B); and
(2) of 2.50 percent of the sum of the outstanding principal balance of the covered securities for which insurance is being provided under this title within 10 years of the FMIC certification date, and to strive to maintain such ratio at all times thereafter.

(f) Maintenance of Reserve Ratio; Establishment of Fees.—

(1) Establishment of Fees.—The Corporation shall charge and collect a fee, and may in its discretion increase or decrease such fee, in connection with any insurance provided under this title to—

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

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

(C) fund the operations of the Corporation.

(2) Fee Considerations.—In exercising the authority granted under paragraph (1), the Corporation shall consider—

(A) the expected operating expenses of the Mortgage Insurance Fund;
(B) the risk of loss to the Mortgage Insurance Fund in carrying out the requirements under this Act;

(C) the risk presented by, and the loss absorption capacity of, the credit enhancement that is provided on the pool of eligible mortgages collateralizing the covered security to be insured under this title;

(D) economic conditions generally affecting the mortgage markets;

(E) the extent to which the reserve ratio of the Mortgage Insurance Fund met—
   (i) the reserve ratio set for the preceding 12-month period; or
   (ii) the reserve ratio goals established in subsection (e); and

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

(3) Fee Uniformity.—The fee required under paragraph (1)—

   (A) shall be set at a uniform amount applicable to all institutions purchasing insurance under this title;
   (B) may not vary—
      (i) by geographic location; or
(ii) by the size of the institution to
which the fee is charged; and

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

(4) Deposit into Mortgage Insurance
    Fund.—Any fee amounts collected under this sub-
    section shall be deposited in the Mortgage Insurance
    Fund.

(g) Full Faith and Credit.—The full faith and
    credit of the United States is pledged to the payment of
    all amounts from the Mortgage Insurance Fund which
    may be required to be paid under any insurance provided
    under this title.

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

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

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

SEC. 204. INSURANCE.

(a) Authority.—The Corporation shall, upon appli-
    cation and in exchange for a fee in accordance with section
    203(f), insure the payment of principal and interest on
    a covered security with respect to losses that may be in-
    curred on such security.
(b) Precondition; Ensuring Placement of First Loss Capital.—The Corporation shall develop standards and processes to ensure that prior to making any commitment to provide insurance under this section that private market holders have taken first loss position in a covered security and that such holders have sufficient capital to cover their risk-sharing obligations.

(c) Cash Payments; Continued Operations.—In the event of a payment default on an eligible mortgage that collateralizes a covered security insured under this section that exceeds the first loss position assumed by a private market holder or that, in the case of an approved bond guarantor, if the guarantor has become insolvent, the Corporation shall—

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

(2) continue to charge and collect any fees for the provision of insurance (in accordance with section 203(f)) relating to the covered security.

(d) Full Faith and Credit.—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 insurance provided under this section.
(e) Prohibition on Federal Assistance.—Notwithstanding any other provision of law, no Federal funds may be used to purchase or guarantee obligations of, issue lines of credit to, provide direct or indirect access to any financing provided by the United States Government to, or provide direct or indirect grants and aid to any private market holder of the first loss position on a covered security which, on or after the date of enactment of this Act, has defaulted on its obligations, is at risk of defaulting, or is likely to default, absent such assistance from the United States Government.

SEC. 205. AUTHORITY TO PROTECT TAXPAYERS IN UNUSUAL AND EXIGENT MARKET CONDITIONS.

(a) In General.—If the Corporation, upon the written agreement of the Chairman of the Board of Governors of the Federal Reserve System and the Secretary of the Treasury, and in consultation with the Secretary of Housing and Urban Development, determines that unusual and exigent circumstances have created or threatened to create an anomalous lack of mortgage credit availability within the housing markets that could materially and severely disrupt the functioning of the housing finance system of the United States, the Corporation may, for a period not to exceed 6 months, provide insurance in accord with section 204 to any covered security regardless of whether
such security has satisfied the requirements of section 202(a).

(b) CONSIDERATIONS.—In exercising the authority granted under subsection (a), the Corporation shall consider the severity of the conditions present in the housing markets and the risks presented to the Mortgage Insurance Fund in exercising such authority.

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

SEC. 206. GENERAL POWERS.

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

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

(2) to enter into and perform contracts, leases, cooperative agreements, or other transactions, on such terms as it may deem appropriate, with any agency or instrumentality of the United States, or with any State, Territory, or possession, or the Commonwealth of Puerto Rico, or with any political subdivision thereof, or with any person, firm, association, or corporation;
(3) to execute, in accordance with its bylaws, all instruments necessary or appropriate in the exercise of any of its powers;

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

(5) to conduct its business without regard to any qualification or similar statute in any State of the United States, including the District of Columbia, the Commonwealth of Puerto Rico, and the Territories and possessions of the United States;

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

(7) to prescribe, repeal, and amend or modify, rules, regulations, or requirements governing the manner in which its general business may be conducted;
(8) to accept gifts or donations of services, or of property, real, personal, or mixed, tangible, or intangible, in aid of any of its purposes; and

(9) to do all things as are necessary or incidental to the proper management of its affairs and the proper conduct of its business.

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

(c) EXEMPTION FROM CERTAIN TAXES.—The Corporation, including its franchise, capital, reserves, surplus, mortgages or other security holdings, and income shall be exempt from all taxation now or hereafter imposed by the United States, by any territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority, except that any real property of the Corporation shall be subject to State, territorial, county, municipal, or local taxation to the same extent according to its value as other real property is taxed.

(d) EXCLUSIVE USE OF NAME.—No individual, association, partnership, or corporation, except the bodies cor-
porate named under section 101, shall hereafter use the
words “Federal Mortgage Insurance Corporation” or any
combination of such words, as the name or a part thereof
under which the individual, association, partnership, or
corporation shall do business. Violations of the foregoing
sentence may be enjoined by any court of general jurisdic-
tion at the suit of the proper body corporate. In any such
suit, the plaintiff may recover any actual damages flowing
from such violation, and, in addition, shall be entitled to
punitive damages (regardless of the existence or nonexist-
ence of actual damages) of not exceeding $100 for each
day during which such violation is committed or repeated.

(e) Fiscal Agents.—The Federal Reserve banks
are authorized and directed to act as depositaries,
custodians, and fiscal agents for each of the bodies cor-
porate named in section 101, for its own account or as
fiduciary, and such banks shall be reimbursed for such
services in such manner as may be agreed upon; and each
of such bodies corporate may itself act in such capacities,
for its own account or as fiduciary, and for the account
of others.

SEC. 207. EXEMPTIONS.

(a) Securities Exempt From SEC Regulation.—
(1) IN GENERAL.—All covered securities insured or guaranteed by the Corporation shall, to the same extent as securities that are direct obligations of or obligations guaranteed as to principal or interest by the United States, be deemed to be exempt securities within the meaning of the laws administered by the Securities and Exchange Commission.

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

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

(1) in paragraph (3)(B)—

(A) by striking “Association, the” and inserting “Association and the”; and

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

(2) by adding at the end the following:

“(7) COVERED SECURITIES INSURED BY THE FEDERAL MORTGAGE INSURANCE CORPORATION.—
Notwithstanding any other provision of this section, the requirements of this section shall not apply to any covered security, as such term is defined under section 2(9) of the Housing Finance Reform and Taxpayer Protection Act of 2013, insured or guaranteed by the Federal Mortgage Insurance Corporation or any institution that is subject to the supervision of the Federal Mortgage Insurance Corporation.”.

Subtitle B—Oversight of Market Participants

SEC. 211. APPROVAL OF PRIVATE MORTGAGE INSURERS.

(a) Standards for Approval of Private Mortgage Insurers.—

(1) In general.—The Corporation shall develop, adopt, and publish standards for the approval by the Corporation of private mortgage insurers to provide private mortgage insurance on eligible mortgages.

(2) Required standards.—The standards required under paragraph (1) shall include—

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

(B) the adequacy of the insurer’s capital 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.
(2) APPROVAL.—The Corporation may approve any application made pursuant to paragraph (1) provided the private mortgage insurer meets the standards adopted under subsection (a).

(3) PUBLICATION.—The Corporation shall—
(A) publish in the Federal Register a list of newly approved private mortgage insurers; and
(B) maintain an updated list of approved private mortgage insurers on the website of the Corporation.

(c) REVIEW, SUSPENSION, AND REVOCATION OF APPROVED STATUS.—
(1) IN GENERAL.—The Corporation may review the status of any approved private mortgage insurer if the Corporation is notified of or becomes aware of any violation by the insurer of this Act or the rules promulgated pursuant to this Act.

(2) SUSPENSION OR REVOCATION.—
(A) CORPORATION AUTHORITY.—If the Corporation determines, in a review pursuant to paragraph (1), that an approved private mortgage insurer no longer meets the standards for approval, the Corporation may suspend or revoke the approved status of such insurer.
(B) RULE OF CONSTRUCTION.—The suspension or revocation of an approved private mortgage insurer’s approved status under this paragraph shall have no effect on the status of any covered security.

(3) PUBLICATION.—The Corporation shall—

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

(B) maintain an updated list of such insurers on the website of the Corporation.

(d) APPEALS.—

(1) IN GENERAL.—

(A) APPEALS OF DENIALS OF APPLICATION.—A private mortgage insurer who submits an application under subsection (b)(1) to become an approved private mortgage insurer may appeal a decision of the Corporation denying such application.

(B) APPEALS OF DENIALS OF BENEFITS OR SUSPENSIONS OF PARTICIPATION.—An approved private mortgage insurer may appeal a decision of the Corporation suspending or revoking the approved status of such insurer.
(2) **FILING OF APPEAL.**—Any insurer who files an appeal under paragraph (1) shall file the appeal with the Corporation not later than 90 days after the date on which the person receives notice of the decision of the Corporation being appealed.

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

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

(1) in satisfaction of the credit enhancement required under section 2(11)(C); and

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

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

(a) **STANDARDS FOR APPROVAL OF SERVICERS.**—

(1) **IN GENERAL.**—The Corporation shall develop, adopt, and publish standards for the approval by the Corporation of servicers to administer eligible mortgages, including standards with respect to—
(A) the collection and forwarding of principal and interest payments;

(B) the maintenance of escrow accounts;

(C) the collection and payment of taxes and insurance premiums;

(D) the maintenance of records on eligible mortgages;

(E) the establishment of foreclosure loss mitigation programs that seek to enhance investor value and prevent, to greatest extent possible, the need to trigger any claim on insurance offered by the Corporation pursuant to this title;

(F) the advancement of principal and interest payments to investors in the case of a delinquency by a borrower until such time as the borrower has made all payments in arrears or the property securing the eligible mortgage has been liquidated; and

(G) implementing the terms of any loss mitigation and foreclosure prevention as required by a uniform securitization agreement developed under section 223.
(2) ADDITIONAL REQUIRED STANDARDS.—The standards required under paragraph (1) shall also include—

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

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

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

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

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

(3) COORDINATION WITH OTHER REGULATORS.—In developing the standards required under paragraph (1), the Corporation shall—

(A) coordinate with the Bureau of Consumer Financial Protection; and

(B) to the extent the Corporation determines practical and appropriate, shall coordinate with the other Federal banking agencies.

(b) APPLICATION AND APPROVAL.—
(1) APPLICATION PROCESS.—The Corporation shall establish an application process—

(A) in such form and manner and requiring such information as the Corporation may require, for the approval of servicers under this section; and

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

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

(3) PUBLICATION.—The Corporation shall—

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

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

(c) REVIEW, SUSPENSION, AND REVOCATION OF APPROVED STATUS.—

(1) IN GENERAL.—The Corporation may review the status of any approved servicer if the Corporation is notified of or becomes aware of any violation by the servicer of this Act or the rules promulgated pursuant to this Act, including any failure by an approved servicer to comply with terms set forth in any
uniform securitization agreement developed under section 223.

(2) SUSPENSION OR REVOCATION.—

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

(B) RULE OF CONSTRUCTION.—The suspension or revocation of an approved servicer’s approved status under this paragraph shall have no effect on the status of any covered security.

(3) PUBLICATION.—The Corporation shall—

(A) publish in the Federal Register a list of any approved servicers who lost their approved status; and

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

(d) APPEALS.—

(1) IN GENERAL.—

(A) APPEALS OF DENIALS OF APPLICATION.—A servicer who submits an application under subsection (b)(1) to become an approved
servicer may appeal a decision of the Corporation denying such application.

(B) APPEALS OF DENIALS OF BENEFITS OR SUSPENSIONS OF PARTICIPATION.—An approved servicer may appeal a decision of the Corporation suspending or revoking the approved status of such servicer.

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

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

(e) PETITIONS FOR CHANGE OF SERVICER BY PRIVATE MARKET HOLDERS.—The Corporation shall develop a process by which private market holders of the first loss position in a covered security may petition the Corporation for a change in approved servicers if the private market holders can demonstrate that their current approved servicer has failed to appropriately protect their invest-
ment, including by failing to meet any standard identified under subsection (a)(1).

SEC. 213. APPROVAL OF ISSUERS.

(a) Standards for Approval of Issuers.—

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

(A) aggregate eligible mortgage loans into
pools;

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

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

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

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

(F) ensure that eligible mortgage loans
that collateralize a covered security insured
under this title are originated in compliance
with the requirements of this Act.

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

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

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

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

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

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

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

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

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

(b) APPLICATION AND APPROVAL.—

(1) APPLICATION PROCESS.—
(A) IN GENERAL.—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 issuers under this section.

(B) APPLICATION PROCESS FOR INSURED DEPOSITORY INSTITUTIONS.—If an insured depository institution seeks to become an approved issuer under this section, such institution may only submit its application via a separately capitalized affiliate or subsidiary.

(2) APPROVAL.—The Corporation—

(A) may approve—

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

(ii) any application to become an approved issuer made by the Federal Home Loan Bank System; and

(B) shall ensure that at least one issuer approved to issue covered securities under this section is dedicated to serving the securitization needs of credit unions and community and mid-size banks without securitization capabilities.
(3) **Publication.**—The Corporation shall—

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

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

(c) **Federal Home Loan Bank System.**—

(1) **In general.**—If the Federal Home Loan Bank System is approved by the Corporation to become an approved issuer under this section, the Corporation shall—

(A) develop a process by which each individual Federal Home Loan Bank may elect not to engage or otherwise contribute to any activity practiced by the Federal Home Loan Bank System as an approved issuer;

(B) ensure that, notwithstanding section 11 of the Federal Home Loan Bank Act (12 U.S.C. 1431), any covered securities issued by the Federal Home Loan Bank System as an approved issuer are not issued as consolidated Federal Home Loan Bank debentures and are explicitly designated or otherwise treated as not being the joint and several obligations of any individual Federal Home Loan Bank that has 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
of the Corporation and shall be restricted to engaging in
activities related to being an approved issuer, as that term
is defined under section 2(2) of the Housing Finance Re-
form and Taxpayer Protection Act of 2013.”.

(B) Effective date.—The amendment
made by subparagraph (A) shall take effect on
the transfer date.

(d) Review, Suspension, and Revocation of Ap-
proved Status.—

(1) In general.—The Corporation may review
the status of any approved issuer if the Corporation
is notified of or becomes aware of any violation by
the issuer of this Act or the rules promulgated pur-
suant to this Act.

(2) Suspension or revocation.—

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

(B) Rule of construction.—The sus-
pension or revocation of an approved issuer’s
approved status under this paragraph shall
have no effect on the status of any covered security.

(3) PUBLICATION.—The Corporation shall—

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

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

(e) APPEALS.—

(1) IN GENERAL.—

(A) APPEALS OF DENIALS OF APPLICATION.—An issuer who submits an application under subsection (b)(1) to become an approved issuer may appeal a decision of the Corporation denying such application.

(B) APPEALS OF DENIALS OF BENEFITS OR SUSPENSIONS OF PARTICIPATION.—An approved issuer may appeal a decision of the Corporation suspending or revoking the approved status of such issuer.

(2) FILING OF APPEAL.—Any issuer who files an appeal under paragraph (1) shall file the appeal with the Corporation not later than 90 days after the date on which the person receives notice of the decision of the Corporation being appealed.
(3) **Final Determination.**—The Corporation shall make a final determination with respect to an appeal under paragraph (1) not later than 180 days after the date on which the appeal is filed under paragraph (2).

(f) **Limitation on Market Share.**—

(1) **In General.**—The Corporation may not enter into any contract, covenant, or other agreement with an approved issuer, if such contract, covenant, or agreement would provide the issuer a share of the covered security issuer market in excess of 15 percent of the total market, as such market is measured by the total outstanding principal balance at origination of eligible mortgages collateralizing covered securities issued in the previous 12-month period.

(2) **Exception.**—The limitation set forth under paragraph (1) shall not apply to—

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

(B) the FMIC Mutual Securitization Company;

(C) any approved issuer which securitizes only eligible mortgage loans originated by the issuer or an affiliate of the issuer; or
(D) any approved issuer to which the Corporation grants a waiver pursuant to paragraph (3).

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

(g) Limited Authority To Hold Eligible Mortgage Loans.—An approved issuer may, for a period not to exceed 6-months, hold—

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

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

SEC. 214. APPROVAL OF BOND GUARANTORS.

(a) Standards for Approval of Bond Guarantors.—

(1) In general.—The Corporation shall develop, adopt, and publish standards for the approval by the Corporation of bond guarantors to guarantee the timely payment of principal and interest on secu-
rities collateralized by eligible mortgages and insured
by the Corporation.

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

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

(B) that the guarantor maintain a min-
imum capital level equal to not less than 10
percent of the unpaid principal balance of out-
standing mortgage-backed securities for which
the guarantor is providing insurance, net of any
transactions, including derivative transactions,
repurchase agreements, reverse repurchase
agreements, securities lending transactions, or
securities borrowing transactions, that in the
determination of the Corporation are used by
the guarantor to hedge or mitigate against
credit risk, provided that any such hedging
transaction does not diminish the total amount
of loss absorption capital in the secondary
mortgage market that stands in front of the in-
surance provided by the Corporation under this
title;
(C) the general character and fitness of the management of the guarantor, including compliance history with Federal and State laws;

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

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

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

(G) a requirement that the guarantor meet a minimum tangible common equity level, or other minimum capital threshold as the Corporation determines necessary; and

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

(b) RULE OF CONSTRUCTION.—Any covered security issued by an approved issuer and insured by an approved bond guarantor shall be deemed to have satisfied the credit-risk sharing requirements under section 202(a)(1) with respect to the eligibility of that security to obtain insurance under this title.

(e) APPLICATION AND APPROVAL.—

(1) APPLICATION PROCESS.—
(A) IN GENERAL.—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 bond guarantors under this section.

(B) APPLICATION PROCESS BY INSURED DEPOSITORY INSTITUTIONS.—If an insured depository institution seeks to become an approved bond guarantor under this section, such institution may only submit its application via a separately capitalized affiliate or subsidiary.

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

(3) PUBLICATION.—The Corporation shall—

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

(B) maintain an updated list of approved bond guarantors on the website of the Corporation.

(d) REVIEW, SUSPENSION, AND REVOCATION OF APPROVED STATUS.—

(1) IN GENERAL.—The Corporation may review the status of any approved bond guarantor if the
Corporation is notified of or becomes aware of any violation by the insurer of this Act or the rules promulgated pursuant to this Act.

(2) Suspension or revocation.—

(A) Corporation authority.—If the Corporation determines, in a review pursuant to paragraph (1), that an approved bond guarantor no longer meets the standards for approval, the Corporation shall revoke the approved status of such guarantor.

(B) Rule of construction.—The revocation of an approved bond guarantor’s approved status under this paragraph shall have no effect on the status of any covered security.

(3) Publication.—The Corporation shall—

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

(B) maintain an updated list of such guarantors on the website of the Corporation.

(e) Appeals.—

(1) In general.—

(A) Appeals of denials of application.—A bond guarantor who submits an application under subsection (e)(1) to become an
approved bond guarantor may appeal a decision of the Corporation denying such application.

(B) **Appeals of Denials of Benefits or Suspensions of Participation.**—An approved bond guarantor may appeal a decision of the Corporation suspending or revoking the approved status of such guarantor.

(2) **Filing of Appeal.**—Any bond guarantor who files an appeal under paragraph (1) shall file the appeal with the Corporation not later than 90 days after the date on which the person receives notice of the decision of the Corporation being appealed.

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

(f) **Limitations on Approved Bond Guarantors.**—With respect to any eligible mortgage collateralizing a covered security insured under this Act, an approved bond guarantor may not provide insurance—

(1) in satisfaction of the credit enhancement required under section 2(11)(C) or as an approved private mortgage insurer pursuant to section 211; and
(2) as an approved bond guarantor under this section.

(g) PERMISSION TO CARRY OUT OTHER ACTIVITIES.—Nothing in this Act prohibits an approved bond guarantor from being or controlling an approved issuer, provided that each issuer and bond guarantor, independent of each other, meet the approval standards established by the Corporation under this title.

SEC. 215. AUTHORITY TO ESTABLISH FMIC MUTUAL SECURITIZATION COMPANY.

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

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

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

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

(e) SALE OF NECESSARY TECHNOLOGY.—Upon the FMIC certification date, the enterprises shall sell to the FMIC Mutual Securitization Company any function, activ-
•ity, infrastructure, property, including intellectual prop-
erty, platform, or any other object or service of an enter-
prise that the Corporation determines necessary for the
FMIC Mutual Securitization Company to carry out its ac-
tivities and operations.

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

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

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

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

(f) GOVERNANCE.—

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

(2) Establishment of position of director.—There is established the position of the Director of the FMIC Mutual Securitization Company who shall be the head of the Company.

(3) Board of directors.—

(A) In general.—The management of the FMIC Mutual Securitization Company shall be vested in a Board of Directors (hereafter referred to as the “Mutual Board”), which shall include representatives of member participants of the Company, including representatives of—

(i) mortgage bankers;

(ii) community banks; and

(iii) credit unions.

(B) Initial appointment.—The Corporation shall make initial appointments of the members of the Mutual Board. Each such initial appointment shall be for a term 1 year.

(C) Appointments.—Following the initial 1-year appointment of the members of the Mutual Board, member participants in the FMIC Mutual Securitization Company shall elect the
members of the Mutual Board from within the membership of the Company.

(D) ADMINISTRATION.—The Mutual Board shall administer the affairs of the FMIC Mutual Securitization Company fairly and impartially and without discrimination.

(4) NO PREFERENCES FOR SIZE.—Member participants of the FMIC Mutual Securitization Company shall have equal voting rights on any matters before the Company, regardless of the size of the individual member participant.

(g) APPROVAL OF MEMBER PARTICIPANTS.—

(1) IN GENERAL.—The Mutual Board shall develop standards and procedures to approve the application of member participants in the FMIC Mutual Securitization Company.

(2) CONTENT OF STANDARDS.—The standards required under paragraph (1) shall include standards relating to the safety and soundness of prospective member participants, including standards regarding the underwriting practices of such prospective members.

(3) COORDINATION WITH OTHER REGULATORS.—
(A) Consultation.—In approving any prospective member to become a member participant in the FMIC Mutual Securitization Company, the Mutual Board may consult and share information with the primary prudential regulator of the prospective member.

(B) Privilege preserved.—Information shared pursuant to subparagraph (A) shall not be construed as waiving, destroying, or otherwise affecting any privilege or confidential status that a prospective member may claim with respect to such information under Federal or State law as to any person or entity other than the Mutual Board or its primary prudential regulator.

(C) Rule of construction.—No provision of this subsection may be construed as implying or establishing that—

(i) any prospective member waives any privilege applicable to information that is shared or transferred under any circumstance to which this subsection does not apply; or

(ii) any prospective would waive any privilege applicable to any information by
submitting the information directly to its primary prudential regulator, but for this subsection.

(h) **FUNDING AUTHORITY.**—

(1) **AUTHORITY TO ESTABLISH MEMBERSHIP FEES.**—The Mutual Board shall have the authority to charge and collect fees, and may in its discretion increase or decrease such fee, on its member participants for membership in the FMIC Mutual Securitization Company, including to cover the costs of—

(A) the initial capitalization of the Company;

(B) the purchase of any function, activity, infrastructure, property, including intellectual property, platform, or any other object or service from an enterprise pursuant to subsection (e); and

(C) the continued operation of the Company.

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

(A) shall be equitably assessed; and
(B) may be based on the volume of eligible mortgages that the member participant sells to the FMIC Mutual Securitization Company.

(i) Coordination of Servicer Approval.—The Mutual Board may coordinate with the Corporation to facilitate the application process for its member participants to become approved servicers of the Corporation pursuant to section 212.

SEC. 216. ADDITIONAL AUTHORITY RELATING TO OVERSIGHT OF MARKET PARTICIPANTS.

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

(1) competition among approved private mortgage insurers, servicers, issuers, and bond guarantors and other market participants in the secondary mortgage market;

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

(3) liquidity, transparency, and access to mortgage credit in the secondary mortgage market.
SEC. 217. CIVIL MONEY PENALTIES.

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

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

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

(b) PROCEDURES.—

(1) ESTABLISHMENT.—The Corporation shall establish standards and procedures governing the imposition of civil money penalties under this section. Such standards and procedures—

(A) shall provide for the Corporation to notify the approved private mortgage insurer, servicer, issuer, or bond guarantor, as the case may be, in writing of the determination of the Corporation to impose the penalty, which shall be made on the record;
(B) shall provide for the imposition of a penalty only after the approved private mortgage insurer, servicer, issuer, or bond guarantor, as the case may be, has been given an opportunity for a hearing on the record; and

(C) may provide for review by the Corporation of any determination or order, or interlocutory ruling, arising from a hearing.

(2) Factors determining amount of penalty.—In determining the amount of a penalty under this section, the Corporation shall give consideration to factors including—

(A) the gravity of the offense;
(B) any history of prior offenses;
(C) ability to pay the penalty;
(D) injury to the public;
(E) benefits received;
(F) deterrence of future violations; and
(G) such other factors as the Corporation may determine, by regulation, to be appropriate.

(c) Action to collect penalty.—If the approved private mortgage insurer, servicer, issuer, or bond guarantor, as the case may be, fails to comply with an order by the Corporation imposing a civil money penalty under
this section, the Corporation may bring an action in the United States District Court for the District of Columbia to obtain a monetary judgment against the approved private mortgage insurer, servicer, issuer, or bond guarantor, as the case may be, and such other relief as may be available. The monetary judgment may, in the court’s discretion, include the attorneys’ fees and other expenses incurred by the United States in connection with the action. In an action under this subsection, the validity and appropriateness of the order imposing the penalty shall not be subject to review.

(d) SETTLEMENTS.—The Corporation may compromise, modify, or remit any civil money penalty which may be, or has been, imposed under this section.

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

SEC. 218. PROTECTION OF PRIVILEGE AND OTHER MATTERS RELATING TO DISCLOSURES BY MARKET PARTICIPANTS.

(a) INFORMATION SHARING AND MAINTENANCE OF PRIVILEGE.—The Federal Deposit Insurance Act (12 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
practice of any approved private mortgage insurer, servicer, issuer, or bond guarantor.

(2) Privilege Preserved.—Information shared by the Corporation pursuant to paragraph (1) shall not be construed as waiving, destroying, or otherwise affecting any privilege or confidential status that any approved private mortgage insurer, servicer, issuer, or bond guarantor or any other person may claim with respect to such information under Federal or State law as to any person or entity other than such agencies, agency, supervisor, or authority.

(3) Rule of Construction.—No provision of this subsection may be construed as implying or establishing that—

(A) any person waives any privilege applicable to information that is shared or transferred under any circumstance to which this subsection does not apply; or

(B) any person would waive any privilege applicable to any information by submitting the information directly to the Federal banking agencies, or any individual Federal banking agency, or any State bank supervisor, or foreign 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.
Such rules shall expressly prohibit the identification of specific borrowers.

SEC. 222. INVESTOR IMMUNITY.

Any private market investor that has taken the first loss position in a covered security or that has otherwise invested in any covered security insured under this Act shall have immunity and protection from civil liability under Federal and State law, and no cause of action may be brought under Federal or State law against such investor, with respect to whether or not eligible mortgages that collateralize a covered security insured under this Act have complied with the requirements of this Act, including, but not limited to, with respect to any underwriting requirements applicable to such mortgage, any representations or warranties made by an approved issuer or an approved bond guarantor with respect to such mortgages, or whether or not the terms of any uniform securitization agreement have been met.

SEC. 223. UNIFORM SECURITIZATION AGREEMENTS.

(a) In General.—The Corporation shall develop, adopt, and publish standard uniform securitization agreements for covered securities which are insured under this Act.
(b) **REQUIRED CONTENT.**—The standard uniform securitization agreements required to be developed under subsection (a) shall include terms relating to—

(1) pooling and servicing, including the development of uniform standards and practices—

(A) regarding remittance schedules and payment delays; and

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

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

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

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

(5) any other terms or standards the Corporation determines necessary or appropriate.

(c) **DEFINING REPRESENTATION AND WARRANTY VIOLATIONS.**—In developing the uniform securitization
agreements required under subsection (a), the Corporation shall also develop, adopt, and publish clear and uniform standards that define and illustrate what actions, or omissions to act, comprise a violation of the representations and warranties clauses that are made a part of such agreements.

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

SEC. 224. UNIFORM MORTGAGE DATABASE.

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

(1) loan characteristics;

(2) borrower information;

(3) the property securing the eligible mortgages;

(4) loan data required at the time of application for insurance from the Corporation under this title;

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

(6) industry-wide servicing data standards; and
(7) such other data, datasets, information, facts, or measurements as the Corporation determines appropriate to improve and enhance loan quality and operational efficiencies within the secondary mortgage market.

(b) CONSIDERATIONS.—In establishing the database required under subsection (a), the Corporation shall take into consideration, build upon, and adopt to the extent the Corporation determines appropriate, the existing data standards set forth under the Uniform Mortgage Data Program initiative established by the Federal Housing Finance Agency.

(c) REGULATIONS.—The Corporation shall, by regulation—

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

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

(3) ensure the protection of any personally identifiable information contained in any informa-
tion, or mix of information, collected and made available for public access.

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

SEC. 225. ELECTRONIC REGISTRATION OF ELIGIBLE MORTGAGES.

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

(b) CONSIDERATIONS.—In establishing the electronic registry system required under subsection (a), the Corporation shall take into consideration, build upon, and adopt to the extent the Corporation determines appropriate, any existing efforts of the Federal Housing Finance Agency or expertise among the private sector to develop a sound, efficient system for document custody and electronic registration of mortgages, notes, titles, and liens.
Subtitle D—FMIC Structure

SEC. 231. OFFICE OF UNDERWRITING.

(a) ESTABLISHMENT.—There is established within the Federal Mortgage Insurance Corporation an Office of Underwriting which shall be headed by the Deputy Director of Underwriting, who shall be appointed by the Board of Directors.

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

1. the submission of complete and accurate loan data on eligible mortgages;
2. the identification of ineligible mortgage loans;
3. assisting lenders with originating high-quality, lower-risk eligible mortgages; and
4. any other activity that the Director determines appropriate.

SEC. 232. OFFICE OF SECURITIZATION.

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

(b) Responsibilities.—

(1) In general.—The Office of Securitization shall—

(A) oversee and supervise the common securitization platform developed by the business entity announced by the Federal Housing Finance Agency and established by the enterprises, including by requiring that the platform have system capabilities to permit the issuance of multi-lender covered securities;

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

(C) coordinate and consult with the Federal Home Loan Bank System to establish a securitization platform that addresses the needs of its members.
(2) Rules for use of common securitization platform.—

(A) In general.—The Corporation, acting through the Office of Securitization, may promulgate rules—

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

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

(B) Content of rules.—Any rule that may be promulgated under subparagraph (A) may include a requirement that any security to be issued through the common securitization platform be subject to a uniform securitization agreement developed under section 223.

(c) Establishment of database to provide notice to different classes of lien holders.—The Office of Securitization shall establish, operate, and maintain a database that—

(1) can be accessed by any holder of a lien on an eligible mortgage;
(2) identifies and tracks if a junior lien or any other subordinate lien has been issued on the property securing an eligible mortgage;

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

(4) informs—

(A) the senior or first lien holder of the monthly performance of the junior or subordinate lien; and

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

SEC. 233. OFFICE OF FEDERAL HOME LOAN BANK SUPERVISION.

(a) Establishment.—There is established within the Federal Mortgage Insurance Corporation an Office of Federal Home Loan Bank Supervision which shall be headed by the Deputy Director of Federal Home Loan Bank Supervision, who shall be appointed by the Board of Directors.

(b) Responsibilities.—The Office of Federal Home Loan Bank Supervision shall—

(1) oversee, coordinate, and supervise the Federal Home Loan Banks and the Federal Home Loan
Bank System, including the transition of all activities transferred to the Corporation pursuant to section 301; and

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

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

SEC. 301. POWERS AND DUTIES TRANSFERRED.

(a) FEDERAL HOME LOAN BANK FUNCTIONS TRANSFERRED.—

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

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

(B) all rulemaking authority of the Federal Housing Finance Agency and the Director of the Federal Housing Finance Agency relating
to the Federal Home Loan Banks and the Federal Home Loan Bank System.

(2) Powers, authorities, rights, and duties.—The Corporation shall succeed to all powers, authorities, rights, and duties that were vested in the Federal Housing Finance Agency and the Director of the Federal Housing Finance Agency, including all conservatorship or receivership authorities, on the day before the transfer date in connection with the functions and authorities transferred under paragraph (1).

(3) Effective date.—The transfer of functions under this paragraph shall take effect on the transfer date.

(b) Continuation and Coordination of Certain Actions.—

(1) In general.—All regulations, orders, determinations, and resolutions described under paragraph (2) shall remain in effect according to the terms of such regulations, orders, determinations, and resolutions, and shall be enforceable by or against the Corporation until modified, terminated, set aside, or superseded in accordance with applicable law by the Corporation, any court of competent jurisdiction, or operation of law.
(2) APPlicability.—A regulation, order, determination, or resolution is described under this subsection if it—

(A) was issued, made, prescribed, or allowed to become effective by—

(i) the Federal Housing Finance Agency; or

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

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

(C) is in effect on the transfer date.

(e) Disposition of Affairs.—During the period preceding the transfer date, the Director of the Federal Housing Finance Agency, for the purpose of winding up the affairs of the Federal Housing Finance Agency in connection with the performance of functions that are transferred by this section—

(1) shall manage the employees of such Agency and provide for the payment of the compensation and benefits of any such employees which accrue before the transfer date; and

(2) may take any other action necessary for the purpose of winding up the affairs of the Office.
(d) USE OF PROPERTY AND SERVICES.—

(1) PROPERTY.—The Corporation may use the property and services of the Federal Housing Finance Agency to perform functions which have been transferred to the Corporation until such time as the Agency is abolished under section 303 to facilitate the orderly transfer of functions transferred under this section, any other provision of this Act, or any amendment made by this Act to any other provision of law.

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

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

(B) consult with any such agency to coordinate and facilitate a prompt and reasonable transition.

(e) CONTINUATION OF SERVICES.—The Corporation may use the services of employees and other personnel of
the Federal Housing Finance Agency, on a reimbursable basis, to perform functions which have been transferred to the Corporation for such time as is reasonable to facilitate the orderly transfer of functions pursuant to this section, any other provision of this Act, or any amendment made by this Act to any other provision of law.

(f) **Savings Provisions.**—

(1) **Existing rights, duties, and obligations not affected.**—Subsection (a) and section 303 shall not affect the validity of any right, duty, or obligation of the United States, the Director of the Federal Housing Finance Agency, the Federal Housing Finance Agency, or any other person, that existed on the day before transfer date.

(2) **Continuation of suits.**—No action or other proceeding commenced by or against the Director of the Federal Housing Finance Agency in connection with the functions that are transferred to the Corporation under this section shall abate by reason of the enactment of this Act, except that the Corporation shall be substituted for the Director of the Federal Housing Finance Agency as a party to any such action or proceeding.

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

(A) by striking “the Director” and inserting “the Corporation” each place that term appears;

(B) by striking “The Director” and inserting “The Corporation” each place that term appears;

(C) by striking “Chairman of the Director of Governors” and inserting “Chairman of the Board of Governors” each place that term appears;

(D) by striking “the Agency” and inserting “the Corporation” each place that term appears;

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

“(11) **CORPORATION.**—The term ‘Corporation’ means the Federal Mortgage Insurance Corporation established under title I of the Housing Finance Reform and Taxpayer Protection Act of 2013.”; and

(F) in section 11(l)(5), in the header to such paragraph, by striking “OF THE DIRECTOR”.

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(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”; and

(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
(v) by striking “such entity” and inserting “such enterprise”; and

(D) in subsection (e)—

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

(ii) by striking “such regulated entity” and inserting “such enterprise”.

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

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

(B) by striking “Federal Housing Finance Agency” and inserting “Federal Mortgage Insurance Corporation”; and

(C) by striking “Federal Housing Finance Agency’s” and inserting “Federal Mortgage Insurance Corporation’s”.

(4) EFFECTIVE DATE.—The amendments made by this subsection shall take effect on the transfer date.
SEC. 302. TRANSFER AND RIGHTS OF EMPLOYEES OF THE FHFA.

(a) Transfer.—Each employee of the Federal Housing Finance Agency that is employed in connection with functions that are transferred to the Corporation under section 301 shall be transferred to the Corporation for employment, not later than the transfer date, and such transfer shall be deemed a transfer of function for purposes of section 3503 of title 5, United States Code.

(b) Status of Employees.—The transfer of functions under this title, and the abolishment of the Federal Housing Finance Agency under section 303, may not be construed to affect the status of any transferred employee as an employee of an agency of the United States for purposes of any other provision of law.

(c) Guaranteed Positions.—Each employee transferred under subsection (a) shall be guaranteed a position with the same status, tenure, grade, and pay as that held on the day immediately preceding the transfer.

(d) Appointment Authority for Excepted Employees.—

(1) In general.—In the case of an employee occupying a position in the excepted service, any appointment authority established under law or by regulations of the Office of Personnel Management for
filling such position shall be transferred, subject to paragraph (2).

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

(e) REORGANIZATION.—If the Corporation determines, after the end of the 1-year period beginning on the transfer date, that a reorganization of the combined workforce is required, that reorganization shall be deemed a major reorganization for purposes of affording affected employee retirement under section 8336(d)(2) or 8414(b)(1)(B) of title 5, United States Code.

(f) EMPLOYEE BENEFIT PROGRAMS.—

(1) IN GENERAL.—Any employee of the Federal Housing Finance Agency accepting employment with the Corporation as a result of a transfer under subsection (a) may retain, for 12 months after the date on which such transfer occurs, membership in any employee benefit program of the Agency or the Corporation, as applicable, including insurance, to which such employee belongs on the transfer date if—
(A) the employee does not elect to give up
the benefit or membership in the program; and

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

(2) COST DIFFERENTIAL.—

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

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

SEC. 303. ABOLISHMENT OF FHFA.

Effective upon the FMIC certification date, the Fed-
eral Housing Finance Agency and the position of the Di-
rector of the Federal Housing Finance Agency are abol-
ished.
SEC. 304. TRANSFER OF PROPERTY AND FACILITIES.

Effective upon the FMIC certification date all property of the Federal Housing Finance Agency shall transfer to the Corporation.

SEC. 305. TECHNICAL AND CONFORMING AMENDMENTS.

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

(b) REFERENCES IN FEDERAL LAW.—On and after the date of enactment of this Act, any reference in Federal law to the Director of the Federal Housing Finance Agency or the Federal Housing Finance Agency, in connection with any function of the Director of the Federal Housing Finance Agency or the Federal Housing Finance Agency transferred under section 301, shall be deemed a reference to the Chairperson of the Federal Mortgage Insurance Corporation or the Federal Mortgage Insurance Corporation, as appropriate and consistent with the amendments made by this Act.

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

(1) in section 1905, by inserting “or the Federal Mortgage Insurance Corporation” after “Federal Housing Finance Agency”;

(2) in section 212(c)(2)—
(A) in subparagraph (F), by striking “; and” and inserting a semicolon;

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

(C) by adding at the end the following:

“(H) the Federal Mortgage Insurance Corporation.”;

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

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

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

(d) Flood Disaster Protection Act of 1973.—

Section 102(b)(5) of the Flood Disaster Protection Act of 1973 (42 U.S.C. 4012a(b)(5)) is amended in subsection (b)(5), by inserting “the Federal Mortgage Insurance Corporation,” after “Federal Housing Finance Agency,”.

(e) Title 5, United States Code.—Title 5, United States Code, is amended—
(1) in section 5313, by inserting the following new item after the item relating to the Director of the Federal Housing Finance Agency:

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

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


(g) FEDERAL DEPOSIT INSURANCE ACT.—The Federal Deposit Insurance Act (12 U.S.C. 1811 et seq.) is amended—

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

(2) in section 8(e)(7)(A)(vi), by inserting “, the Federal Mortgage Insurance Corporation,” after “Federal Housing Finance Agency”;
(3) in section 11(t)(2)(A), by adding at the end the following:

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

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

(h) RIEGLE COMMUNITY DEVELOPMENT AND REGULATORY IMPROVEMENT ACT OF 1994.—Section 117(e) of the Riegle Community Development and Regulatory Improvement Act of 1994 (12 U.S.C. 4716(e)) is amended by inserting “the Federal Mortgage Insurance Corporation,” after “Federal Housing Finance Agency,”.


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

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

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

(1) in section 1216—

(A) in subsection (a)—

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

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

(iii) by adding at the end the following:

“(4) the Federal Mortgage Insurance Corporation.”; and

(B) in subsection (e), by inserting “the Federal Mortgage Insurance Corporation,” before “and the Federal Housing Finance Agency,”;

(2) in section 402(e), by striking “Federal Housing Finance Agency” each place that term appears and inserting “Federal Mortgage Insurance Corporation”;

(3) in section 1124, by inserting “the Federal Mortgage Insurance Corporation,” after “Federal
Housing Finance Agency,” each place that term appears; and

(4) in section 1125(b), by inserting “the Federal Mortgage Insurance Corporation,” after “Federal Housing Finance Agency,”.

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

(1) in section 104(b)—

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

(B) in paragraph (5), by striking the period and inserting “; and”; and

(C) by adding at the end the following:

“(6) the Federal Mortgage Insurance Corporation.”; and

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

(n) Dodd-Frank Act.—The Dodd-Frank Wall Street Reform and Consumer Protection Act (Public Law 111–203) is amended—

(1) in section 342(g)(1)—

(A) in subparagraph (H), by striking “; and” and inserting a semicolon;
(B) in subparagraph (I), by striking the period and inserting “; and”;

(C) by adding at the end the following:

“(J) the Federal Mortgage Insurance Corporation.”;

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

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

(3) in section 1481(b), by inserting “the Federal Mortgage Insurance Corporation,” after “Federal Housing Finance Agency,”.

(o) HOUSING AND URBAN-RURAL RECOVERY ACT.—


(p) NEIGHBORHOOD REINVESTMENT CORPORATION ACT.—Section 606(c)(3) of the Neighborhood Reinvestment Corporation Act (42 U.S.C. 8105(c)(3)) is amended by inserting “, the Federal Mortgage Insurance Corporation,” after “Federal Housing Finance Agency”.

(q) FEDERAL INSURANCE OFFICE ACT.—Section 313(r)(4) of title 31, United States Code, is amended by
inserting “the Federal Mortgage Insurance Corporation,” after “Federal Housing Finance Agency,”.

(r) Commodity Exchange Act.—Section 1a(39)(E) of the Commodity Exchange Act (7 U.S.C. 1a(39)(E)) is amended—

(1) by striking “a regulated entity” and inserting “an enterprise”; and

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

(s) Truth in Lending Act.—The Truth in Lending Act (15 U.S.C. 1601 et seq.) is amended—

(1) section 129H(b)(4), by inserting “the Federal Mortgage Insurance Corporation,” after “Federal Housing Finance Agency,”; and

(2) in section 129E—

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

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

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

SEC. 401. AFFORDABLE HOUSING ALLOCATIONS.

(a) Fee and Allocation of Amounts.—Subject to subsection (b), and in addition to any fees for the provision of insurance established in accordance with title II, in each fiscal year the Corporation shall—

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

(2) allocate or otherwise transfer—

(A) 80 percent of such fee amounts to the Secretary of Housing and Urban Development to fund the Housing Trust Fund established under section 1338 of the Federal Housing En-
terprises Financial Safety and Soundness Act of 1992 (12 U.S.C. 4568); and

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

(b) SUSPENSION OF CONTRIBUTIONS.—The Corporation may temporarily suspend allocations under subsection (a) upon a finding by the Corporation that such allocations are contributing, or would contribute, to the financial instability of the Mortgage Insurance Fund established under section 203.

SEC. 402. HOUSING TRUST FUND.


(1) in subsection (a), by striking “by the enterprises under section 1337” and inserting “pursuant to section 401 of the Housing Finance Reform and Taxpayer Protection Act of 2013”;

(2) by repealing subsection (b); and

(3) in subsection (c)—
(A) in paragraph (1), by striking “Except as provided in subsection (b), the” and inserting “The”;

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

(C) in paragraph (7)—

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

(ii) in subparagraph (B)(iv)—

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

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

(iii) by adding at the end the following:

“(C) grants and loans, including through the use of pilot programs of sufficient scale, to support the research and development of sustainable homeownership and affordable rental programs, provided that such grant or loan amounts are used only for the benefit of families whose income does not exceed 120 percent of the area median income as determined by the 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 sustainable homeownership and affordable rental by individuals or families whose income does not exceed 120 percent of the area median income as determined by the Secretary, 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 market.”; 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 Activities.**—In each fiscal year, of the aggregate amount allocated to a State or State designated entity under this subsection—
“(I) 35 percent shall be used for activities under subparagraph (A) of paragraph (7);

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

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

“(ii) ENSURING BENEFITS FOR RURAL COMMUNITIES.—

“(I) IN GENERAL.—In each fiscal year, of the aggregate amount allocated to a State or State designated entity under this subsection, the State or State designated entity shall ensure that, at a minimum, such amounts are distributed for the benefit of non-entitlement areas in that State in the same proportion that the total amount of nonentitlement areas in that State bears to the total amount of all areas in that State.

“(II) TARGETED OUTREACH TO SMALLER COMMUNITIES.—In carrying
out the requirement under subclause (I), each State or State designated entity shall in distributing amounts allocated to that State or State designated entity give priority to non-entitlement areas with a population of less than 20,000.

“(III) DEFINITION OF NON-ENTITLEMENT AREA.—For purposes of this clause, the term ‘nongentitlement area’ has the same meaning given that term under section 102(a)(7) of the Housing and Community Development Act of 1974 (42 U.S.C. 5302(a)(7)).”; and

(ii) by striking subparagraph (E).

SEC. 403. CAPITAL MAGNET FUND.


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

(2) in subsection (h), by striking paragraph (7).
SEC. 404. ADDITIONAL TAXPAYER PROTECTIONS.

(a) Ensuring Benefits Support Citizens and Lawful Permanent Residents.—The Secretary of Housing and Urban Development and the Secretary of the Treasury, respectively, shall ensure that grant amounts allocated to covered grantees, allocated by covered grantees to eligible recipients, or allocated to individuals by such eligible recipients are used for the benefit of only lawful permanent residents and citizens of the United States in carrying out the activities of—

(1) the Housing Trust Fund; and

(2) the Capital Magnet Fund.

(b) Not To Be Used for Political Activities.—Consistent with the existing requirements under sections 1338(c)(10)(D) and section 1339(h)(5) of the Federal Housing Enterprises Financial Safety and Soundness Act of 1992, the Secretary of Housing and Urban Development and the Secretary of the Treasury, respectively, shall ensure that grant amounts allocated by covered grantees to eligible recipients or allocated to individuals by such eligible recipients are not used for—

(1) political activities;

(2) advocacy;

(3) lobbying, whether directly or through other parties;
(4) influencing the selection, nomination, election, or appointment of one or more candidates to any Federal, State or local office;

(5) personal counseling services;

(6) travel expenses; and

(7) preparing or providing advice on tax returns.

(c) Penalties.—

(1) Civil money penalty.—If an eligible recipient or any other individual in receipt of grant amounts described by this section violates any provision of subsection (a) or (b), the Secretary of Housing and Urban Development or the Secretary of the Treasury, as the case may be, may impose a civil penalty on such recipient or individual, as the case may be, of not more than $1,000,000 for each violation.

(2) Criminal penalties.—Whoever, being subject to the provisions of subsection (a) or (b), knowingly participates, directly or indirectly, in any manner in conduct that results in a violation of such provisions shall, notwithstanding section 3571 of title 18, United States Code, be fined not more than $1,000,000 for each violation, imprisoned for not more than 5 years, or both.
(3) Rule of Construction.—The penalties imposed under paragraphs (1) or (2) shall be in addition to any other available civil remedy or any other available criminal penalty and may be imposed whether or not the Secretary of Housing and Urban Development or the Secretary of the Treasury, as the case may be, imposes other administrative sanctions.

(d) Definition.—As used in this section—

(1) the term “covered grantee” means—

(A) for purposes of the Housing Trust Fund, a State or State designated entity; and

(B) for purposes of the Capital Magnet Fund, an eligible grantee as described under section 1339(e) of the Federal Housing Enterprises Financial Safety and Soundness Act of 1992;

(2) the term “eligible recipient” means—

(A) for purposes of the Housing Trust Fund, a recipient as described under section 1338(c)(9) of the Federal Housing Enterprises Financial Safety and Soundness Act of 1992; and
(B) for purposes of the Capital Magnet Fund, a recipient of assistance from the Capital Magnet Fund;

(3) the term “Capital Magnet Fund” means the Capital Magnet Fund established under section 1339 of the Federal Housing Enterprises Financial Safety and Soundness Act of 1992 (12 U.S.C. 4569); and


TITLE V—WIND DOWN OF FANNIE MAE AND FREDDIE MAC

SEC. 501. REPEAL OF GSE CHARTERS.

(a) FANNIE MAE.—Effective on the FMIC certification date, the charter of the Federal National Mortgage Association 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 before such repeal shall continue to apply with respect to the rights and obligations of any holders of—

(1) outstanding debt obligations of the Federal National Mortgage Association, including any—
(A) bonds, debentures, notes, or other similar instruments;

(B) capital lease obligations; or

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

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

(b) FREDIE MAC.—Effective on the FMIC certification date, the charter of the Federal Home Loan Mortgage Corporation 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—

(1) outstanding debt obligations of the Federal Home Loan Mortgage Corporation, including any—

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

(B) capital lease obligations; or

(C) obligations in respect of letters of credit, bankers’ acceptances, or other similar instruments; or
(2) mortgage-backed securities guaranteed by the Federal Home Loan Mortgage Corporation.

(c) EXISTING GUARANTEE OBLIGATIONS.—

(1) 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 subsections (a) and (b).

(2) CONTINUED DIVIDEND PAYMENTS.—Notwithstanding section 502 or any other provision of law, and subject to section 601, provision 2(a) (relating to Dividend Payment Dates and Dividend Periods) and provision 2(c) (relating to Dividend Rates and Dividend Amount) of the Senior Preferred Stock Purchase Agreement, or any provision of any certificate in connection with such Agreement creating or designating the terms, powers, preferences, privileges, limitations, or any other conditions of the Variable Liquidation Preference Senior Preferred Stock of an enterprise issued pursuant to such Agreement—

(A) shall not be amended, restated, or otherwise changed to reduce the rate or amount of dividends in effect pursuant to such Agreement as of the Third Amendment to such Agreement
dated August 17, 2012, except that any amend-
ment to such Agreement to facilitate the sale of
assets of the enterprises to facilitate compliance
with the provisions of section 502(b) shall be
permitted; and

(B) shall remain in effect until the guar-
antee obligations described under subsections
(a)(2) and (b)(2) are fully extinguished.

(3) APPLICABILITY.—Notwithstanding section
502, all guarantee fee amounts derived from the sin-
gle-family mortgage guarantee business of the enter-
prises in existence as of the FMIC certification date
shall be subject to the terms of the Senior Preferred
Stock Purchase Agreement.

(d) FEDERAL SAFETY AND SOUNDNESS ACT.—

(1) IN GENERAL.—The Federal Housing Enter-
prises Financial Safety and Soundness Act of 1992
(12 U.S.C. 4501 et seq.) is amended—

(A) in section 1303—

(i) in paragraph (2), by striking

“Federal Housing Finance Agency” and
inserting “Federal Mortgage Insurance
Corporation”;

(ii) in paragraph (3), by striking

“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.
(2) LIMITATION.—Notwithstanding any authority granted to the Director of the Federal Housing Finance Agency under paragraph (1), the sale, transfer, exchange, or other disposition of any asset subject to the wind down required under this section shall be prohibited, if the Corporation—

(A) in its discretion determines that such sale, transfer, exchange, or disposition would materially interfere with the ability of the Corporation to carry out the requirements of this Act; and

(B) notifies, in writing, the Director of the Federal Housing Finance Agency within 14 days of such determination.

(3) RULE OF CONSTRUCTION.—Notwithstanding any authority granted to the Director of the Federal Housing Finance Agency under paragraph (1), the Director of the Federal Housing Finance Agency—

(A) shall have no authority to sell, transfer, exchange, or otherwise dispose of any guarantee obligations described under subsections (a)(2) and (b)(2) of section 501; and

(B) shall have no rights, claims, or title to, nor any authority to sell, transfer, exchange, or
otherwise dispose of, guarantee fee amounts de-

erived from the single-family mortgage guar-

antee business of the enterprises in existence as

of the FMIC certification date.

(b) DIVISION OF ASSETS AND LIABILITIES; AUTHOR-

ITY TO ESTABLISH HOLDING CORPORATION AND DIS-

SOLUTION TRUST FUND.—The action and procedures re-

quired under subsection (a)—

(1) shall include the establishment and execu-

tion of plans to provide for an equitable division, dis-

tribution, and liquidation of the assets and liabilities

of an enterprise, including any infrastructure, prop-

erty, including intellectual property, platforms, or

any other thing or object of value, provided such

plan complies with the requirements of this Act and

any amendments made by this Act; and

(2) may provide for establishment of—

(A) 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

(B) one or more trusts to which to trans-

fer—

(i) outstanding debt obligations of an

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

(c) Recoupment by Senior Preferred Shareholders.—

(1) In General.—Subject to the requirements of this Act, any proceeds from the wind down of an enterprise shall be paid first to the senior preferred shareholders of each such enterprise, then to the preferred shareholders of each such enterprise, and then to the common shareholders of each such enterprise.

(2) Joint Determination.—The amount of any proceeds to be paid pursuant to paragraph (1) shall be jointly determined by the Director of the Federal Housing Finance Agency, the Corporation, and the Secretary of the Treasury.

(3) Maximum Return to Shareholders.—The wind down of each enterprise required under this section shall be managed by the Director of the Federal Housing Finance Agency, in consultation with the Corporation and the Secretary of the Treasury, to obtain resolutions that maximize the return
for the senior preferred shareholders under paragraph (1), to the extent that such resolutions—

(A) are consistent with the goal of supporting a sound, stable, and liquid housing market;

(B) are consistent with applicable Federal and State law;

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

(D) protect the taxpayer.

(4) SALE OF CERTAIN ASSETS AS A GOING CONCERN.—Except as provided in section 601 or elsewhere as required in this Act, if the Director of the Federal Housing Finance Agency, in consultation with the Corporation and the Secretary of the Treasury, determines that the sale of any line of business, or any function, activity, or service of an enterprise as a going concern will maximize the return for the senior preferred shareholders as required under paragraph (3), the Director may conduct such sale, provided that—

(A) under no circumstance, shall such sale transfer, convey, or authorize, or be deemed to transfer, convey, or authorize, any guarantee or
Federal support, assistance, or backing, implicit
or explicit, related to any such line of business,
function, activity, or service; and

(B) such sale does not impede or otherwise
interfere with the ability of the Federal Mort-
gage Insurance Corporation to carry out the
functions and requirements of this Act.

(5) RULE OF CONSTRUCTION.—For purposes of
this subsection, the term “proceeds” does not in-
clude any guarantee fee amounts derived from the
single-family mortgage guarantee business of the en-
terprises in existence as of the FMIC certification
date.

SEC. 503. ALIGNING PURPOSE OF CONSERVATORSHIP WITH
FMIC.

(a) Power as Conservator.—Section
1367(b)(2)(D) of the Federal Housing Enterprises Finan-
4617(b)(2)(D)) is amended to read as follows:

“(D) Power as Conservator.—After the
date of enactment of the Housing Finance Re-
form and Taxpayer Protection Act of 2013 the
Agency shall, as conservator, take such actions
as are necessary—
“(i) to ensure the efficient, effective, and expeditious wind down of the enterprises;

“(ii) to manage the affairs, assets, and obligations of the enterprises and to operate the enterprises in compliance with the requirements of the Housing Finance Reform and Taxpayer Protection Act of 2013;

“(iii) to assist the Federal Mortgage Insurance Corporation, in a consultative capacity, in carrying out the requirements under the Housing Finance Reform and Taxpayer Protection Act of 2013; and

“(iv) to maintain liquidity and stability in the secondary mortgage market until such as time as the charters of the enterprises are revoked pursuant to title V of such Act.”.

(b) Rule of Construction.—Nothing in this Act, or any amendments made by this Act, except as may be explicitly provided for in this Act, or any amendment made by this Act, shall be deemed to alter the powers, authorities, rights, and duties that are vested in the Federal Housing Finance Agency and the Director of the Federal
Housing Finance Agency with respect to its supervision and regulation of the enterprises.

SEC. 504. CONFORMING LOAN LIMITS.

(a) In General.—Beginning on the date of enactment of this Act, the limitations governing the maximum original principal obligation of conventional mortgages that may be purchased by the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation, referred to in section 302(b)(2) of the Federal National Mortgage Association Charter Act (12 U.S.C. 1717(b)(2)) and section 305(a)(2) of the Federal Home Loan Mortgage Corporation Act (12 U.S.C. 1454(a)(2)), respectively, 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 date of enactment of this Act, subject to the limitations in this paragraph. Each adjustment shall be made by adding to each such amount (as it may have been previously adjusted) a percentage thereof equal to the percentage increase, during the most recent 12-month or 4-quarter period ending before the time of determining such annual adjustment,
in the housing price index maintained pursuant to section 1322 of the Federal Housing Enterprises Financial Safety and Soundness Act of 1992 (12 U.S.C. 4542). If the change in such house price index during the most recent 12-month or 4-quarter period ending before the time of determining such annual adjustment is a decrease, then no adjustment shall be made for the next year, and the next adjustment shall take into account prior declines in the house price index, so that any adjustment shall reflect the net change in the house price index since the last adjustment. Declines in the house price index shall be accumulated and then reduce increases until subsequent increases exceed prior declines.

(b) **Special Exception for Alaska, Hawaii, Guam, and USVI.**—The limitations set forth under subsection (a) shall be increased by not to exceed 50 percent with respect to properties located in Alaska, Guam, Hawaii, and the Virgin Islands.

c) **High-Cost Area Limit.**—The limitations set forth under subsection (a) shall also be increased, with respect to properties of a particular size located in any area for which 115 percent of the median house price for such size residence exceeds the limitation under subsection (a) for such size residence—
(1) for the first year following the date of enactment of this Act, to the lesser of 150 percent of such limitation for such size residence or the amount that is equal to 115 percent of the median house price in such area for such size residence;

(2) for the second year following the date of enactment of this Act, to the lesser of 145 percent of such limitation for such size residence or the amount that is equal to 115 percent of the median house price in such area for such size residence;

(3) for the third year following the date of enactment of this Act, to the lesser of 135 percent of such limitation for such size residence or the amount that is equal to 115 percent of the median house price in such area for such size residence;

(4) for the fourth year following the date of enactment of this Act, to the lesser of 130 percent of such limitation for such size residence or the amount that is equal to 115 percent of the median house price in such area for such size residence; and

(5) for the fifth year following the date of enactment of this Act, and each year thereafter, to the lesser of 125 percent of such limitation for such size residence or the amount that is equal to 115 percent
of the median house price in such area for such size residence.

SEC. 505. PORTFOLIO REDUCTION.

(a) GRADUATED REDUCTION.—

(1) IN GENERAL.—Each enterprise shall not own, as of any applicable date, mortgage assets in excess of—

(A) as of December 31, 2013, $552,500,000,000; and

(B) on December 31 of each year thereafter until the FMIC certification date, 85 percent of the aggregate amount of the mortgage assets that the enterprise was permitted to own as of December 31 of the immediately preceding calendar year.

(2) RETAINED PORTFOLIO TO FACILITATE ORDERLY WIND DOWN.—On December 31 of the year in which the FMIC certification date occurs, the Corporation shall establish an allowable amount of enterprise owned mortgage assets in an amount equal to the amount necessary to facilitate—

(A) the orderly wind down of the enterprises; and

(B) appropriate loss mitigation on any legacy guarantees of the enterprises.
(b) Mortgage Assets Defined.—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 investment 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).

SEC. 506. REPEAL OF MANDATORY HOUSING GOALS.


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

(2) in section 1324(b)(1)(A), by striking clauses (i), (ii), and (iv);

(3) in section 1341—

(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 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);

(4) in section 1345(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

(5) in section 1371(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,”.

TITLE VI—IMPROVEMENTS TO FUNCTIONING OF HOUSING MARKET

SEC. 601. CONTINUATION OF MULTIFAMILY BUSINESS OF THE ENTERPRISES.

(a) In General.—Notwithstanding any provision of title V, or any other provision of law, effective on the FMIC certification date, all functions, activities, infrastructure, property, including intellectual property, platforms, or any other object or service of an enterprise relating to the maintenance and operation of the multifamily guarantee business of an enterprise shall be transferred, without cost, to the Corporation.

(b) Authority of Director.—The Corporation is authorized, upon such terms and conditions as it may
deem appropriate, to guarantee the timely payment of principal of and interest, on any mortgage on multifamily housing purchased by the Corporation pursuant to the transfer of an enterprise's multifamily guarantee business under subsection (a).

(c) **Limitation on Ongoing Operation of Multifamily Business.**—In carrying out the multifamily guarantee business of an enterprise transferred pursuant to subsection (a), the Corporation shall ensure that any such business continues to operate, as applicable, consistent with—

(1) the Delegated Underwriting and Servicing Lender Program established by the Federal National Mortgage Association; and

(2) the Program Plus Lender Program established by the Federal Home Loan Mortgage Corporation, especially the Series K Structured Pass-Through Certificates offered by the enterprise.

(d) ** 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 guaranty—

(1) issued by the Corporation pursuant to this subsection; and
(2) obligation assumed by the Corporation pursuant to the transfer of an enterprise’s multifamily guarantee business under subsection (a).

(c) GUARANTEE FEE.—

(1) IN GENERAL.—The Corporation shall collect a reasonable fee for any guaranty under this subsection and shall make such charges as it may determine to be reasonable for the analysis of any trust or other security arrangement proposed by an issuer of a security backed by multifamily mortgages guaranteed under this section.

(2) DEPOSIT INTO MORTGAGE INSURANCE FUND.—Any guarantee fee amounts collected under this subsection shall be deposited in the Mortgage Insurance Fund.

SEC. 602. MULTIPLE LENDER ISSUES.

With respect to the dwelling of a borrower that serves as security for an eligible mortgage, if the borrower enters into any credit transaction that would result in the creation of a new mortgage or other lien on such dwelling where the loan-to-value ratio of such credit transaction amount is 80 percent or more, the creditor of such new mortgage or other lien shall seek and obtain the approval of the creditor of the senior eligible mortgage loan before any such credit transaction becomes valid and enforceable.
SEC. 603. GAO REPORT ON FULL PRIVATIZATION OF SECONDARY MORTGAGE MARKET.

(a) GAO Report.—Not later than 8 years after the date of enactment of this Act, the Comptroller General of the United States shall submit a report to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representatives on the feasibility of maintaining a fully privatized secondary mortgage market, including recommendations on how to best carry out any displacement of the insurance model established under this Act.

(b) Corporation Plan To Transition To A Fully Private Secondary Mortgage Market.—

(1) Required Submission To Congress.—Not later than 6 months after the date on which the report required under subsection (a) is submitted, the Corporation shall submit to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representatives a plan to transition to a fully privatized secondary mortgage market.

(2) Required Content Of Plan.—The plan required to be submitted under paragraph (1) shall describe, chronicle, and specify all the legislative, administrative, and regulatory actions necessary to carry out a transition to a fully private secondary
mortgage market, including all actions necessary to
dissolve the Corporation and successfully displace
the insurance model established under this Act.

TITLE VII—GENERAL
PROVISIONS

SEC. 701. AUTHORITY TO ISSUE REGULATIONS.

The Corporation may prescribe such regulations and
issue such guidelines, orders, requirements, or standards
as are necessary to carry out this Act, or any amendment
made by this Act.

SEC. 702. FAIR VALUE ACCOUNTING.

In any evaluation, oversight, audit, or analysis by the
Corporation of the cost of the Mortgage Insurance Fund,
the insurance or guarantee activities of the Corporation
required under this Act, including any fee or charge in
connection with the provision of such insurance or guar-
antee, or the financial transactions of the Corporation, the
Corporation shall conduct any such evaluation, oversight,
audit, or analysis based on the fair-value accrual account-
ing method.

SEC. 703. RULE OF CONSTRUCTION.

Nothing in this Act shall be construed to prohibit or
otherwise restrict the ability of a holder of any loss posi-
tion in any covered security insured under this Act from
restructuring, retranching, or resecuritizing such position.
SEC. 704. SEVERABILITY.

If any provision of this Act or the application of any provision of this Act to any person or circumstance, is held invalid, the application of such provision to other persons or circumstances, and the remainder of this Act, shall not be affected thereby.