

118TH CONGRESS
1ST SESSION

H. R. 3564

IN THE SENATE OF THE UNITED STATES

JULY 10, 2023

Received; read twice and referred to the Committee on Banking, Housing, and
Urban Affairs

AN ACT

To cancel recent changes made by the Federal Housing Finance Agency to the up-front loan level pricing adjustments charged by Fannie Mae and Freddie Mac for guarantee of single-family mortgages, and for other purposes.

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

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Middle Class Borrower
3 Protection Act of 2023”.

4 **SEC. 2. REPEAL OF RECALIBRATED SINGLE-FAMILY PRIC-**
5 **ING FRAMEWORK.**

6 Not later than the expiration of the 60-day period
7 beginning on the date of the enactment of this Act, the
8 Director of the Federal Housing Finance Agency shall re-
9 vise the recalibrated single-family pricing framework
10 charged by the enterprises for guarantee of mortgages on
11 single-family housing so that such fees are identical to the
12 fees of the standard single-family pricing framework in ef-
13 fect immediately before May 1, 2023.

14 **SEC. 3. RESTRICTIONS ON FHFA ADJUSTMENTS TO SINGLE-**
15 **FAMILY PRICING FRAMEWORK.**

16 (a) TEMPORARY PROHIBITION ON FURTHER AD-
17 JUSTMENTS TO SINGLE-FAMILY PRICING FRAMEWORK.—
18 During the period beginning upon the date of the revision
19 of the recalibrated single-family pricing framework pursu-
20 ant to section 2 and ending 90 days after the submission
21 to the Congress of the report required under section 5,
22 the Director may not further revise the single-family pric-
23 ing framework from such framework in effect pursuant
24 to the revision required by section 2.

25 (b) ADMINISTRATIVE PROCEDURES FOR ADOPTION
26 OF ADJUSTMENTS TO THE SINGLE-FAMILY PRICING

1 FRAMEWORK.—After expiration of the period referred to
 2 in subsection (a), when proposing adjustments to the sin-
 3 gle-family pricing framework, the Director shall follow
 4 procedures that are as close as practicable to those re-
 5 quirements for a Federal agency issuing a rule under
 6 chapter 5 of title 5, United States Code (commonly re-
 7 ferred to as the “Administrative Procedure Act”).

8 (c) FHFA REQUIREMENT FOR THE USE OF RISK-
 9 BASED PRICING.—Section 1367(b)(2) of the Federal
 10 Housing Enterprises Financial Safety and Soundness Act
 11 of 1992 (12 U.S.C. 4617(b)(2)) is amended by adding at
 12 the end the following new subparagraph:

13 “(L) ADDITIONAL POWERS AS CONSER-
 14 VATOR.—The Agency shall, as conservator for
 15 an enterprise, to the greatest extent feasible re-
 16 quire that any modifications, including in-
 17 creases, decreases, or eliminations, approved to
 18 a loan-level pricing adjustment fee, as such
 19 term is defined in section 6 of the Middle Class
 20 Borrower Protection Act of 2023, charged by
 21 an enterprise shall be based on the risk posed
 22 by the mortgage loan to the enterprise.”.

1 **SEC. 4. PROHIBITION OF LOAN-LEVEL PRICE ADJUST-**
2 **MENTS BASED ON DEBT-TO-INCOME RATIO.**

3 The Director and the enterprises shall not impose any
4 loan-level pricing adjustment fee that is based on the ratio
5 of the debt of the mortgagor to the income of the mort-
6 gagor.

7 **SEC. 5. GAO STUDY.**

8 (a) STUDY.—The Comptroller General of the United
9 States shall conduct a study of the revisions made by the
10 Federal Housing Finance Agency to the standard single-
11 family pricing framework under the recalibrated single-
12 family pricing framework to—

13 (1) analyze—

14 (A) the methodology, policy considerations,
15 and any other objectives used by the Federal
16 Housing Finance Agency as the basis for such
17 revisions, including the authority cited by the
18 Director under the Federal Housing Enter-
19 prises Financial Safety and Soundness Act of
20 1992 (12 U.S.C. 4501 et seq.) to require such
21 revisions;

22 (B) the data, econometric modeling, and
23 other inputs supplied by the enterprises during
24 the revisions process;

25 (C) the extent to which such revisions com-
26 ply with the objectives of the Enterprise Regu-

latory Capital Framework, including the interaction with and treatment of any private mortgage insurance required in connection with a residential mortgage transaction; and

(D) the economic impact of such revisions on various classes of lenders and borrowers affected by such revisions;

(2) determine the extent to which such revisions—

(A) were conducted on the basis of, and how they might deviate from, the principle of risk-based pricing;

(B) deviate from the data, econometric modeling, and other inputs supplied by the enterprises during the revisions process;

(C) achieve the objectives of the Enterprise Regulatory Capital Framework, including if such revisions have resulted in either a negative profitability gap or negative rate of return on the targeted rate of return on capital for any business segment under the recalibrated single-family pricing framework;

(D) represent any increased risks to the safety and soundness of the enterprises; and

1 (3) assess the benefits that would accrue to
2 first-time, low-income homebuyers based on the re-
3 calibrated single-family pricing framework taking ef-
4 fect.

5 (4) assess the impacts that the recalibrated sin-
6 gle-family pricing framework taking effect would
7 have on affordable housing preservation, rural hous-
8 ing, and manufactured housing.

9 (b) REPORT.—The Comptroller General shall submit
10 a report to the Congress setting forth the findings and
11 conclusions of the study, and make the report publicly
12 available online on a website of the Department, not later
13 than the expiration of the 14-month period beginning on
14 the date of the enactment of this Act.

15 **SEC. 6. DEFINITIONS.**

16 In this Act:

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

20 (2) ENTERPRISE.—The term “enterprise” has
21 the meaning given such term in section 1303 of the
22 Federal Housing Enterprises Financial Safety and
23 Soundness Act of 1992 (12 U.S.C. 4502).

24 (3) LOAN-LEVEL PRICING ADJUSTMENT FEE.—
25 The term “loan-level pricing adjustment fee” means

1 an up-front fee paid by lenders when a mortgage
2 loan is acquired by an enterprise.

3 (4) RECALIBRATED SINGLE-FAMILY PRICING
4 FRAMEWORK.—The term “recalibrated single-family
5 pricing framework” means the loan-level pricing ad-
6 justment fee structure as referred to in the an-
7 nouncement of the Federal Housing Finance Agency
8 on January 19, 2023, relating to “Updates to the
9 Enterprises’ Single-Family Pricing Framework”,
10 and set forth in Federal National Mortgage Associa-
11 tion Lender Letter LL-2023-01 and Federal Home
12 Loan Mortgage Corporation Bulletin 2023-1.

13 (5) RISK-BASED PRICING.—The term “risk-
14 based pricing” means the calibration of fees based
15 on the expected credit losses to an enterprise of each
16 single-family mortgage category as defined by an en-
17 terprise based on the credit score and loan-to-value
18 ratio characteristics of a mortgage.

19 (6) STANDARD SINGLE-FAMILY PRICING FRAME-
20 WORK.—The term “standard single-family pricing
21 framework” means the loan-level pricing adjustment
22 fee structure in effect on April 30, 2023.

23 **SEC. 7. ENTERPRISE GUARANTEE FEES.**

24 Subsection (f) of section 1327 of the Federal Housing
25 Enterprises Financial Safety and Soundness Act of 1992

1 (12 U.S.C. 4547(f)) is amended by striking “October 1,
2 2032” and inserting “October 1, 2033”.

Passed the House of Representatives June 23, 2023.

Attest: CHERYL L. JOHNSON,
Clerk.