

106TH CONGRESS
2D SESSION

H. R. 3703

To consolidate and improve the regulation of the housing-related Government-sponsored enterprises, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 29, 2000

Mr. BAKER (for himself and Mr. LEACH) introduced the following bill; which was referred to the Committee on Banking and Financial Services

A BILL

To consolidate and improve the regulation of the housing-related Government-sponsored enterprises, and for other purposes.

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

3 **SECTION 1. SHORT TITLE AND TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Housing Finance Regulatory Improvement Act”.

6 (b) TABLE OF CONTENTS.—The table of contents for
7 this Act is as follows:

Sec. 1. Short title and table of contents.

TITLE I—HOUSING FINANCE OVERSIGHT BOARD

Subtitle A—Improvement of Supervision

- Sec. 101. Establishment of Board.
- Sec. 102. Duties and authorities of Board.
- Sec. 103. Public disclosure of information.
- Sec. 104. Personnel.
- Sec. 105. Assessments.
- Sec. 106. Public disclosure of final orders and agreements.
- Sec. 107. Limitation on subsequent employment.
- Sec. 108. Regulations.
- Sec. 109. Termination of authority of HUD.
- Sec. 110. Approval of Board for new activities.
- Sec. 111. Limitation on nonmission-related assets.
- Sec. 112. Conforming loan limits.
- Sec. 113. Definitions.
- Sec. 114. Supervision of Federal home loan bank system.
- Sec. 115. Amendments to title 5, United States Code.

Subtitle B—Reduction of Systemic Risk

- Sec. 131. Annual review of enterprises by rating organizations.
- Sec. 132. Annual reports.
- Sec. 133. Risk-based capital test for enterprises.
- Sec. 134. Effective date for supervisory actions.
- Sec. 135. Appointment of receivers.
- Sec. 136. Repeal of Treasury lines of credit.
- Sec. 137. Board membership on Federal Financial Institutions Examination Council.
- Sec. 138. Elimination of super-lien for Federal home loan banks.
- Sec. 139. Federal Home Loan Bank Finance Corporation.
- Sec. 140. Capital treatment of private label mortgage-backed securities.
- Sec. 141. Study of effects of GSE failure on depository institutions.

Subtitle C—General Provisions

- Sec. 161. Conforming and technical amendments.
- Sec. 162. Effective date.

TITLE II—TRANSFER OF FUNCTIONS, PERSONNEL, AND PROPERTY

- Sec. 201. Abolishment of OFHEO and Federal Housing Finance Board.
- Sec. 202. Continuation and coordination of certain regulations.
- Sec. 203. Transfer and rights of employees of abolished agencies.
- Sec. 204. Transfer of property and facilities.

TITLE I—HOUSING FINANCE
OVERSIGHT BOARD
Subtitle A—Improvement of
Supervision

SEC. 101. ESTABLISHMENT OF BOARD.

(a) IN GENERAL.—Part 1 of Subtitle A of title XIII of the Housing and Community Development Act of 1992 is amended by striking sections 1311 and 1312 (12 U.S.C. 4511, 4512) and inserting the following new sections:

“SEC. 1311. ESTABLISHMENT OF HOUSING FINANCE OVER-
SIGHT BOARD.

“(a) ESTABLISHMENT.—There is established the Housing Finance Oversight Board, which shall succeed to the authority of the Director of the Office of Federal Housing Enterprise Oversight of the Department of Housing and Urban Development, the Federal Housing Finance Board, and the general regulatory and any other authority of the Secretary of Housing and Urban Development with respect to the enterprises (except as specifically provided otherwise in this Act).

“(b) STATUS.—The Board shall be an independent agency in the executive branch of the Government.

“SEC. 1312. MEMBERS.

“(a) IN GENERAL.—Subject to subsection (d)(2), the Board shall be composed of 5 members, as follows:

1 “(1) The Secretary of Housing and Urban De-
2 velopment, or a designee of the Secretary who is an
3 officer of the Department of Housing and Urban
4 Development appointed to such office by the Presi-
5 dent, by and with the advice and consent of the Sen-
6 ate, who shall serve as a member of the Board with-
7 out additional compensation.

8 “(2) The Secretary of the Treasury, or a des-
9 ignee of the Secretary who is an officer of the De-
10 partment of the Treasury appointed to such office
11 by the President, by and with the advice and consent
12 of the Senate, who shall serve as a member of the
13 Board without additional compensation.

14 “(3) 3 citizens of the United States, appointed
15 by the President, by and with the advice and consent
16 of the Senate, each for a term of 6 years.

17 “(b) REQUIREMENTS FOR MEMBERS.—

18 “(1) QUALIFICATIONS AND NOMINATIONS.—
19 The members of the Board appointed pursuant to
20 subsection (a)(3) shall be from among persons with
21 extensive experience or training in housing finance,
22 financial institution regulation, or capital markets.
23 An appointed member shall not hold any other ap-
24 pointed office during his or her term as member.
25 Not more than 3 members of the Board shall be

1 members of the same political party. Nominations
2 pursuant to this paragraph shall be referred in the
3 Senate to the Committee on Banking, Housing, and
4 Urban Affairs.

5 “(2) LIMITATIONS ON CONFLICTS OF INTER-
6 EST.—No individual who is a member of the Board
7 may—

8 “(A) hold any office, position, or employ-
9 ment in any Federal home loan bank, enter-
10 prise, or member of any Federal home loan
11 bank (including any holding company of a
12 member) during the period that such individual
13 holds office as a member of the Board; or

14 “(B) hold stock in any member of any
15 Federal home loan bank or in the holding com-
16 pany of any such member, or in any enterprise.

17 “(3) INITIAL TERMS.—Notwithstanding sub-
18 section (a)(3), of the members first appointed pursu-
19 ant to such subsection, one shall be appointed for a
20 term of 2 years and one shall be appointed for a
21 term of 4 years.

22 “(4) FULL-TIME STATUS.—The members ap-
23 pointed pursuant to subsection (a)(3) shall serve on
24 a full-time basis.

1 “(c) CHAIRPERSON AND CHIEF EXECUTIVE OFFI-
2 CER.—

3 “(1) DESIGNATION.—The President shall des-
4 ignate one of the members of the Board appointed
5 under subsection (a)(3) to be the Chairperson of the
6 Board.

7 “(2) DUTIES.—The Chairperson shall—

8 “(A) carry out policies directed by the
9 Board and, in doing so, shall act as spokes-
10 person for the Board and represent the Board
11 in its official relations with the Federal Govern-
12 ment; and

13 “(B) act as chief executive officer of the
14 Board responsible for the day-to-day operations
15 and management of the Board and supervision
16 of its personnel, which shall include—

17 “(i) responsibility for directing the im-
18 plementation of policies and regulations
19 adopted by the Board and the execution of
20 the administrative functions and duties of
21 the Board;

22 “(ii) exercising all authorities of the
23 Board under subsections (a) through (e) of
24 section 1315 (relating to personnel); and

1 “(iii) authority to exercise and per-
2 form, through such other officers and em-
3 ployees of the Board as the chief executive
4 officer shall designate, the responsibilities
5 for day-to-day operations and management
6 of the Board.

7 “(3) ACTING CHAIRPERSON.—The Chairperson
8 shall designate another member of the Board ap-
9 pointed under subsection (a)(3) to serve as Acting
10 Chairperson during any absence or disability of the
11 Chairperson.

12 “(d) VACANCIES.—

13 “(1) IN GENERAL.—Any vacancy on the Board
14 shall be filled in the manner in which the original
15 appointment was made. Any member of the Board
16 appointed to fill a vacancy occurring before the expi-
17 ration of the term for which such member’s prede-
18 cessor was appointed shall be appointed only for the
19 remainder of such term. Each member may continue
20 to serve until a successor has been appointed and
21 qualified.

22 “(2) SECRETARY.—In the event of a vacancy in
23 the office of Secretary of the Treasury or Secretary
24 of Housing and Urban Development or during the
25 absence or disability of either such Secretary, the

1 Acting Secretary for such Department shall act as
2 a member of the Board in place of the Secretary.”.

3 (b) APPOINTMENT OF BOARD.—Notwithstanding sec-
4 tion 162 or any other provision of law, the President may,
5 at any time after the date of the enactment of this Act,
6 appoint individuals to serve as members of the Housing
7 Finance Oversight Board in accordance with the provi-
8 sions of the amendment made by subsection (a) of this
9 section.

10 (c) TRANSITION.—During the period that begins on
11 the effective date under section 162 of this Act and ends
12 upon the completion of the appointment and confirmation
13 of at least 2 members of the Board appointed under sec-
14 tion 1312(a)(3) of the Housing and Community Develop-
15 ment Act of 1992 (12 U.S.C. 4512(a)(3)), as amended
16 by subsection (a) of this section, the Secretary of Housing
17 and Urban Development and the Secretary of the Treas-
18 ury shall act for all purposes as, and with the full powers
19 of, the Housing Finance Oversight Board.

20 **SEC. 102. DUTIES AND AUTHORITIES OF BOARD.**

21 Section 1313 of the Housing and Community Devel-
22 opment Act of 1992 (12 U.S.C. 4513) is amended—

23 (1) by striking the section designation and sec-
24 tion heading and all that follows through the end of
25 subsection (c) and inserting the following:

1 **“SEC. 1313. DUTIES AND AUTHORITIES OF BOARD.**

2 “(a) DUTIES.—

3 “(1) PRINCIPAL DUTIES.—The principal duties
4 of the Board shall be to ensure that the enterprises
5 and the Federal home loan banks—

6 “(A) operate in a financially safe and
7 sound manner;

8 “(B) carry out their missions through ac-
9 tivities that are authorized under, and con-
10 sistent with the purposes of, the provisions of
11 Federal law that charter such entities; and

12 “(C) remain adequately capitalized.

13 “(2) OTHER DUTIES.—To the extent consistent
14 with paragraph (1), the duty of the Board shall be
15 to exercise general supervisory and regulatory au-
16 thority over—

17 “(A) the enterprises, in accordance with
18 this title, the Federal National Mortgage Asso-
19 ciation Charter Act, the Federal Home Loan
20 Mortgage Corporation Act, and any other provi-
21 sions of law; and

22 “(B) the Federal home loan banks, in ac-
23 cordance with the Federal Home Loan Bank
24 Act and any other provisions of law.”; and

25 (2) by redesignating subsections (d) and (e) as
26 subsections (b) and (c), respectively.

1 **SEC. 103. PUBLIC DISCLOSURE OF INFORMATION.**

2 Section 1314 of the Housing and Community Devel-
3 opment Act of 1992 (12 U.S.C. 4514) is amended—

4 (1) in the section heading by striking “**BY EN-**
5 **TERPRISES**” and inserting “**AND INFORMATION**”;
6 and

7 (2) by adding at the end the following new sub-
8 section:

9 “(c) **PUBLIC DISCLOSURE OF INFORMATION.**—The
10 Board shall, by regulation, require each enterprise and
11 Federal home loan bank to disclose to the public, on not
12 less than an annual basis, such financial, business, and
13 other information that the Board determines would be in
14 the public interest because the availability of such infor-
15 mation would increase the efficiency of the secondary
16 mortgage market or the housing finance system.”.

17 **SEC. 104. PERSONNEL.**

18 Section 1315 of the Housing and Community Devel-
19 opment Act of 1992 (12 U.S.C. 4515) is amended—

20 (1) in subsection (a)—

21 (A) by striking “The” and inserting “Sub-
22 ject to title II of the Housing Finance Regu-
23 latory Improvement Act, the”; and

24 (B) by adding at the end the following new
25 sentence: “Notwithstanding any other provision
26 of this section, in no event shall the Board dele-

1 gate any function to any employee, administra-
2 tive unit of any Federal home loan bank, or
3 joint office of the Federal Home Loan Bank
4 System.”;

5 (2) by striking subsections (d) and (f); and

6 (3) by redesignating subsection (e) as sub-
7 section (d).

8 **SEC. 105. ASSESSMENTS.**

9 Section 1316 of the Housing and Community Devel-
10 opment Act of 1992 (12 U.S.C. 4516) is amended—

11 (1) in the first sentence of subsection (a), by
12 striking “, to the extent provided in appropriation
13 Acts,”;

14 (2) in subsection (f)—

15 (A) by inserting after the second sentence
16 the following new sentence: “Receipts of the
17 Board derived from assessments levied upon the
18 Federal home loan banks pursuant to section
19 18(b) of the Federal Home Loan Bank Act and
20 from other sources (other than receipts from
21 the sale of consolidated Federal home loan bank
22 bonds and debentures issued under section 11
23 of such Act) shall be deposited in the Fund.”;
24 and

1 (B) by striking the last sentence and in-
2 serting the following new sentence: “Notwith-
3 standing any other provision of law, any assess-
4 ments collected pursuant to this section or pur-
5 suant to section 18(b) of the Federal Home
6 Loan Bank Act and any amounts in the Fund
7 shall not be construed to be Government or
8 public funds or appropriated money, shall not
9 be subject to apportionment for purposes of
10 chapter 15 of title 31, United States Code, or
11 under any other authority, and shall be avail-
12 able without fiscal year limitation for carrying
13 out the responsibilities of the Board, including
14 any necessary administrative and nonadminis-
15 trative expenses of the Board in carrying out
16 the purposes of this title, the Federal National
17 Mortgage Association Charter Act, the Federal
18 Home Loan Mortgage Corporation Act, and the
19 Federal Home Loan Bank Act.”; and

20 (3) in subsection (g)(3)—

21 (A) by striking “(A)”; and

22 (B) by striking “, and (B)” and all that
23 follows through “Secretary”.

1 **SEC. 106. PUBLIC DISCLOSURE OF FINAL ORDERS AND**
2 **AGREEMENTS.**

3 Section 1319C of the Housing and Community Devel-
4 opment Act of 1992 (12 U.S.C. 4522) is amended—

5 (1) in subsection (a)—

6 (A) in paragraph (1), by inserting “or the
7 Federal home loan banks, as the case may be”
8 before the semicolon; and

9 (B) in paragraph (2), by inserting “or
10 under the authority of Board under the Federal
11 Home Loan Bank Act” after “subtitle C”;

12 (2) in subsection (c), by inserting “or the Fed-
13 eral home loan banks” after “the enterprise”; and

14 (3) in subsection (e), by inserting “or under the
15 authority of Board under the Federal Home Loan
16 Bank Act” before the period at the end.

17 **SEC. 107. LIMITATION ON SUBSEQUENT EMPLOYMENT.**

18 Section 1319D of the Housing and Community De-
19 velopment Act of 1992 (12 U.S.C. 4523) is amended by
20 inserting “or any Federal home loan bank” after “an en-
21 terprise”.

22 **SEC. 108. REGULATIONS.**

23 Section 1319G of the Housing and Community De-
24 velopment Act of 1992 (12 U.S.C. 4526) is amended—

25 (1) by striking subsection (a) and inserting the
26 following new subsection:

1 “(a) AUTHORITY.—The Board shall issue any regula-
 2 tions and orders necessary to carry out the duties of the
 3 Board and to carry out this title and the responsibilities
 4 of the Board under the Federal National Mortgage Asso-
 5 ciation Charter Act, the Federal Home Loan Mortgage
 6 Corporation Act, and the Federal Home Loan Bank Act
 7 and to ensure that the purposes of this title and such Acts
 8 are accomplished.”; and

9 (2) in subsection (c), by striking “Committee on
 10 Banking, Finance and Urban Affairs” and inserting
 11 “Committee on Banking and Financial Services”.

12 **SEC. 109. TERMINATION OF AUTHORITY OF HUD.**

13 (a) IN GENERAL.—Part 2 of subtitle A of title XIII
 14 of the Housing and Community Development Act of 1992
 15 is amended—

16 (1) by striking the heading for the part and the
 17 heading for subpart A and inserting the following:

18 **“PART 2—NEW ACTIVITIES, HOUSING**
 19 **INFORMATION, AND HOUSING GOALS**
 20 **“Subpart A—New Activities and Housing**
 21 **Information”;**

22 and

23 (2) by striking section 1321 (12 U.S.C. 4541).

24 (b) RETENTION OF FAIR HOUSING RESPONSIBIL-
 25 ITIES.—Section 1325 of the Housing and Community De-

1 velopment Act of 1992 (12 U.S.C. 4545) is amended, in
 2 the matter preceding paragraph (1), by inserting “of
 3 Housing and Urban Development” after “Secretary”.

4 **SEC. 110. APPROVAL OF BOARD FOR NEW ACTIVITIES.**

5 (a) IN GENERAL.—Section 1322 of the Housing and
 6 Community Development Act of 1992 (12 U.S.C. 4542)
 7 is amended to read as follows:

8 **“SEC. 1322. PRIOR APPROVAL AUTHORITY FOR NEW ACTIVI-**
 9 **TIES.**

10 “(a) AUTHORITY.—The Board shall have the author-
 11 ity to approve all new activities, and to review all ongoing
 12 activities, of an enterprise or a Federal home loan bank
 13 to ensure compliance with the Federal National Mortgage
 14 Association Charter Act, the Federal Home Loan Mort-
 15 gage Corporation Act, or the Federal Home Loan Bank
 16 Act, as applicable.

17 “(b) REQUIREMENT FOR PRIOR APPROVAL.—An en-
 18 terprise or Federal home loan bank may not commence
 19 any new activity before obtaining the approval of the
 20 Board for the new activity, in accordance with this section.

21 “(c) STANDARD FOR APPROVAL.—The Board may
 22 approve a new activity of an enterprise or a Federal home
 23 loan bank only if—

24 “(1) the new activity is authorized—

1 “(A) with respect to the Federal National
2 Mortgage Association, under the Federal Na-
3 tional Mortgage Association Charter Act or
4 other Federal law;

5 “(B) with respect to the Federal Home
6 Loan Mortgage Corporation, under the Federal
7 Home Loan Mortgage Corporation Act or other
8 Federal law; and

9 “(C) with respect to a Federal home loan
10 bank, under the Federal Home Loan Bank Act
11 or other Federal law;

12 “(2) the Board determines that the enterprise
13 or Federal home loan bank can conduct the new ac-
14 tivity in a safe and sound manner; and

15 “(3) the Board determines that the new activity
16 is in the public interest.

17 “(d) PROCEDURE FOR APPROVAL.—

18 “(1) REQUEST AND PUBLICATION.—To obtain
19 the approval of the Board for purposes of subsection
20 (b), an enterprise or Federal home loan bank pro-
21 posing to implement a new activity shall submit to
22 the Board a written request for approval in such
23 form as the Board may require. Promptly following
24 receipt of such a request, the Board shall provide for
25 publication of a notice in the Federal Register de-

1 scribing the request and providing a period after
2 publication of not less than 30 days for interested
3 parties to submit to the Board written comments re-
4 garding the request.

5 “(2) BOARD DETERMINATION.—The Board
6 shall review the request, taking into consideration
7 any relevant matter during the comment period, and
8 shall approve or deny the request not later than the
9 expiration of the 90-day period beginning upon the
10 publication of the notice regarding the request in the
11 Federal Register. If the Board requests additional
12 information from an enterprise or Federal home loan
13 bank regarding the new activity, the Board may ex-
14 tend the review period under this paragraph for an
15 additional 30 days.

16 “(3) DENIAL OF REQUEST.—If the Board de-
17 nies a request for commencement of a new activity,
18 the affected enterprise or Federal home loan bank
19 may seek judicial review of the decision pursuant to
20 chapter 7 of title 5, United States Code.”.

21 (b) DEFINITION OF NEW ACTIVITY.—Section
22 1303(13) of the Housing and Community Development
23 Act of 1992 (12 U.S.C. 4502(13)) is amended to read as
24 follows:

25 “(13) NEW ACTIVITY.—

1 “(A) ENTERPRISES.—The term ‘new activ-
2 ity’ means, with respect to the enterprises, any
3 program, activity, or business process providing
4 financing or other services related to the origi-
5 nation of conventional mortgages (including
6 purchasing, servicing, selling, and lending on
7 the security of such mortgages) that—

8 “(i) is significantly different from pro-
9 grams, activities, or business processes
10 that (I) have been approved under this
11 Act, or (II) that were approved or engaged
12 in by an enterprise before the date of the
13 enactment of the Housing and Community
14 Development Act of 1992; or

15 “(ii) represents an expansion, in
16 terms of the dollar volume or number of
17 mortgages or securities involved, of pro-
18 grams above limits expressly contained in
19 any prior approval.

20 “(B) FEDERAL HOME LOAN BANKS.—The
21 term ‘new activity’ means, with respect to a
22 Federal home loan bank, any program, activity,
23 or business process that—

24 “(i) has not previously been approved
25 (I) under this Act, or (II) if commenced

1 before the effective date under section 162
2 of the Housing Finance Regulatory Im-
3 provement Act, is not explicitly authorized
4 under the Federal Home Loan Bank Act
5 or was not explicitly approved by the Fed-
6 eral Housing Finance Board; or

7 “(ii) would result in a significant
8 change in the revenue of the bank or rep-
9 resents an expansion in the investment in,
10 volume, or scope of a program, activity, or
11 business process above limits expressly
12 contained in any prior approval.”.

13 (d) CONFORMING AMENDMENTS.—

14 (1) FANNIE MAE.—Section 302(b)(6) of the
15 Federal National Mortgage Association Charter Act
16 (12 U.S.C. 1717(b)(6)) is amended—

17 (A) by striking “program” and inserting
18 “activity”; and

19 (B) by striking “Secretary” and inserting
20 “Housing Finance Oversight Board”.

21 (2) FREDDIE MAC.—Section 305(c) of the Fed-
22 eral Home Loan Mortgage Corporation Act (12
23 U.S.C. 1454(c)) is amended—

24 (A) by striking “program” and inserting
25 “activity”; and

1 (B) by striking “Secretary” and inserting
 2 “Housing Finance Oversight Board”.

3 (3) 1992 ACT.—Section 1369C(a)(4) of the
 4 Housing and Community Development Act of 1992
 5 (12 U.S.C. 4622(a)(4)) is amended by striking “pro-
 6 grams” and inserting “activities”.

7 **SEC. 111. LIMITATION ON NONMISSION-RELATED ASSETS.**

8 (a) ENTERPRISES.—Subtitle B of title XIII of the
 9 Housing and Community Development Act of 1992 (12
 10 U.S.C. 4611 et seq.) is amended—

11 (1) by striking the subtitle designation and
 12 heading and inserting the following:

13 **“Subtitle B—Required Capital Lev-**
 14 **els for Enterprises, Special En-**
 15 **forcement Powers, and Limita-**
 16 **tion on Nonmission-Related As-**
 17 **sets”;**

18 and

19 (2) by adding at the end the following new sec-
 20 tion:

21 **“SEC. 1369E. LIMITATION ON NONMISSION-RELATED AS-**
 22 **SETS.**

23 “The Board shall, by regulation, limit the nonmis-
 24 sion-related assets that an enterprise may hold at any

1 time. The Board shall define the term ‘nonmission-related
2 asset’ for purposes of this section.”.

3 (b) FEDERAL HOME LOAN BANKS.—Section 11(h) of
4 the Federal Home Loan Bank Act (12 U.S.C. 1431(h))
5 is amended—

6 (1) by inserting “(1)” after “(h)”; and

7 (2) by adding at the end the following new
8 paragraph:

9 “(2) The Board shall, by regulation, limit the non-
10 mission-related assets that a Federal home loan bank may
11 hold at any time. The Board shall define the term ‘non-
12 mission-related asset’ for purposes of this section.”.

13 **SEC. 112. CONFORMING LOAN LIMITS.**

14 (a) FANNIE MAE.—Section 302(b)(2) of the Federal
15 National Mortgage Association Charter Act (12 U.S.C.
16 1717(b)(2)) is amended by striking the 7th and 8th sen-
17 tences and inserting the following new sentences: “Such
18 limitations shall not exceed \$252,700 for a mortgage se-
19 cured by a single-family residence, \$323,400 for a mort-
20 gage secured by a 2-family residence, \$390,900 for a
21 mortgage secured by a 3-family residence, and \$485,800
22 for a mortgage secured by a 4-family residence, except
23 that such maximum limitations shall be adjusted effective
24 January 1 of each year beginning with 2001, subject to
25 the limitations in this paragraph. Each adjustment shall

1 be made by adding to each such amount (as it may have
2 been previously adjusted) a percentage thereof equal to the
3 percentage increase during the 12-month period ending
4 with the previous October in the housing price index of
5 the Housing Finance Oversight Board established under
6 section 1321 of the Housing and Community Development
7 Act of 1992 (12 U.S.C. 4541). If, at the end of such 12-
8 month period, the housing price index is not at a level
9 higher than the level of such index at the beginning of
10 such period, no such adjustment may be made for the Jan-
11 uary 1 first occurring thereafter.”.

12 (b) FREDDIE MAC.—Section 305(a)(2) of the Fed-
13 eral National Mortgage Association Charter Act (12
14 U.S.C. 1454(a)(2)) is amended by striking the 6th and
15 7th sentences and inserting the following new sentences:
16 “Such limitations shall not exceed \$252,700 for a mort-
17 gage secured by a single-family residence, \$323,400 for
18 a mortgage secured by a 2-family residence, \$390,900 for
19 a mortgage secured by a 3-family residence, and \$485,800
20 for a mortgage secured by a 4-family residence, except
21 that such maximum limitations shall be adjusted effective
22 January 1 of each year beginning with 2001, subject to
23 the limitations in this paragraph. Each adjustment shall
24 be made by adding to each such amount (as it may have
25 been previously adjusted) a percentage thereof equal to the

1 percentage increase during the 12-month period ending
2 with the previous October in the housing price index of
3 the Housing Finance Oversight Board established under
4 section 1321 of the Housing and Community Development
5 Act of 1992 (12 U.S.C. 4541). If, at the end of such 12-
6 month period, the housing price index is not at a level
7 higher than the level of such index at the beginning of
8 such period, no such adjustment may be made for the Jan-
9 uary 1 first occurring thereafter.”.

10 (c) HOUSING PRICE INDEX.—Subpart A of Part 2
11 of subtitle A of title XIII of the Housing and Community
12 Development Act of 1992 is amended by inserting before
13 section 1322 (as amended by the preceding provisions of
14 this Act) the following new section:

15 **“SEC. 1321. ESTABLISHMENT OF HOUSING PRICE INDEX.**

16 “The Board shall establish a housing price index for
17 use for adjusting the conforming loan limitations of the
18 enterprises, which shall be a successor index to the na-
19 tional average one-family house price determined by the
20 monthly survey of all major lenders conducted by the Fed-
21 eral Housing Finance Board and the House Price Index
22 of the Office of Federal Housing Enterprise Oversight of
23 the Department of Housing and Urban Development.”.

1 **SEC. 113. DEFINITIONS.**

2 Section 1303 of the Housing and Community Devel-
3 opment Act of 1992 (12 U.S.C. 4502) is amended—

4 (1) by striking paragraphs (5), (14), and (15);

5 (2) by redesignating paragraphs (2), (3), (4) as
6 paragraphs (3), (4), and (5), respectively;

7 (3) by redesignating paragraphs (16) through
8 (19) as paragraphs (14) through (17), respectively;

9 and

10 (4) by inserting after paragraph (1) the fol-
11 lowing new paragraph:

12 “(2) BOARD.—The term ‘Board’ means the
13 Housing Finance Oversight Board established under
14 section 1311.”.

15 **SEC. 114. SUPERVISION OF FEDERAL HOME LOAN BANK**
16 **SYSTEM.**

17 (a) FEDERAL HOME LOAN BANK ACT.—The Federal
18 Home Loan Bank Act is amended—

19 (1) in section 2 (12 U.S.C. 1422), by striking
20 paragraph (1) and inserting the following new para-
21 graph:

22 “(1) BOARD.—The term ‘Board’ means the
23 Housing Finance Oversight Board established under
24 section 1311 of the Housing and Community Devel-
25 opment Act of 1992.”;

1 (2) by striking section 2A (12 U.S.C. 1422a)
2 and inserting the following new section:

3 **“SEC. 2A. SUPERVISION AND REGULATION OF BANKS.**

4 “The Federal home loan banks shall, to the extent
5 provided in title XIII of the Housing and Community De-
6 velopment Act of 1992 (12 U.S.C. 4501 et seq.) and this
7 Act, be subject to the supervision and regulation of the
8 Housing Finance Oversight Board.”;

9 (3) in section 2B (12 U.S.C. 1422b)—

10 (A) in the section heading, by striking
11 **“POWERS AND DUTIES”** and inserting **“EN-**
12 **FORCEMENT AUTHORITY OF BOARD”**;

13 (B) in subsection (a)—

14 (i) by striking the subsection designa-
15 tion and heading and all that follows
16 through the end of paragraph (1) and in-
17 serting the following:

18 “The Board shall have the following powers:”;

19 (ii) by striking paragraphs (3) and
20 (4); and

21 (ii) by redesignating paragraphs (2),
22 (5), (6), and (7) as paragraphs (1), (2),
23 (3), and (4), respectively; and

24 (C) by striking subsections (b), (c), and
25 (d);

1 (4) in section 21 (12 U.S.C. 1441)—

2 (A) in subsection (b), in the heading for
3 paragraph (8), by striking “FEDERAL HOUSING
4 FINANCE BOARD” and inserting “HOUSING FI-
5 NANCE OVERSIGHT BOARD”; and

6 (B) in subsection (i), in the heading for
7 paragraph (2), by striking “FEDERAL HOUSING
8 FINANCE BOARD” and inserting “HOUSING FI-
9 NANCE OVERSIGHT BOARD”;

10 (5) by striking “the Finance Board” each place
11 it appears and inserting “the Board”; and

12 (6) by striking “Federal Housing Finance
13 Board” each place it appears and inserting “Board”.

14 (b) FINANCING CORPORATION.—The amendments
15 made by this title shall not affect the appointment or term
16 of any member, or of the chairperson, of the Directorate
17 of the Financing Corporation who is serving on the date
18 such amendments take effect.

19 (c) REFERENCES TO FHFB.—Any reference in any
20 Federal law enacted before the date of the enactment of
21 this Act to the Federal Housing Finance Board shall be
22 treated as referring to the Housing Finance Oversight
23 Board.

24 (d) TECHNICAL AMENDMENT.—Section 111 of Pub-
25 lic Law 93–495 (12 U.S.C. 250) is amended by striking

1 “Federal Housing Finance Board” and inserting “Hous-
2 ing Finance Oversight Board”.

3 **SEC. 115. AMENDMENTS TO TITLE 5, UNITED STATES CODE.**

4 (a) EXECUTIVE SCHEDULE PAY RATES.—Sub-
5 chapter II of chapter 53 of title 5, United States Code
6 is amended—

7 (1) in section 5313, by striking the item relat-
8 ing to the Director of the Office of Federal Housing
9 Enterprise Oversight, Department of Housing and
10 Urban Development;

11 (2) in section 5314, by striking the item relat-
12 ing to the Chairperson of the Federal Housing Fi-
13 nance Board and inserting the following new item:

14 “Chairperson of the Housing Finance Oversight
15 Board.”; and

16 (3) in section 5315, by striking the item relat-
17 ing to the Directors, Federal Housing Finance
18 Board and inserting the following new item:

19 “Members, Housing Finance Oversight
20 Board.”.

21 (b) DEFINITION OF AGENCY.—Section
22 3132(a)(1)(D) of title 5, United States Code, is
23 amended—

24 (1) by striking “the Federal Housing Finance
25 Board,”; and

1 (2) by striking “the Office of Federal Housing
2 Enterprise Oversight of the Department of Housing
3 and Urban Development” and inserting “the Hous-
4 ing Finance Oversight Board”.

5 **Subtitle B—Reduction of Systemic**
6 **Risk**

7 **SEC. 131. ANNUAL REVIEW OF ENTERPRISES BY RATING**
8 **ORGANIZATIONS.**

9 (a) IN GENERAL.—Section 1319 of the Housing and
10 Community Development Act of 1992 (12 U.S.C. 4519)
11 is amended—

12 (1) in the section heading—

13 (A) by striking “**AUTHORITY TO PRO-**
14 **VIDE FOR**”; and

15 (B) by striking “**ORGANIZATION**” and in-
16 serting “**ORGANIZATIONS**;

17 (2) by inserting “(a) **AUTHORITY TO PROVIDE**
18 **FOR REVIEWS.—**” before “The”; and

19 (3) by adding at the end the following new sub-
20 section:

21 “(b) **ANNUAL DETERMINATION OF CREDIT RAT-**
22 **ING.—**

23 “(1) IN GENERAL.—For each year, the Board
24 shall provide for 2 entities effectively recognized by
25 the Division of Market Regulation of the Securities

1 and Exchange Commission as nationally recognized
2 statistical rating organizations for the purposes of
3 the capital rules for broker dealers, each to conduct
4 an assessment of the financial condition of each en-
5 terprise, each Federal home loan bank, and the Fed-
6 eral home loan bank system, for the purpose of de-
7 termining the level of risk that the enterprise or
8 bank will be unable to meet its obligations, taking
9 into consideration the legal status evidenced by the
10 statements required under—

11 “(A) the penultimate sentence of section
12 304(b) of the Federal National Mortgage Asso-
13 ciation Charter Act (12 U.S.C. 1719(b));

14 “(B) the last sentence of section 304(d) of
15 the Federal National Mortgage Association
16 Charter Act (12 U.S.C. 1719(d));

17 “(C) the penultimate sentence of section
18 304(e) of the Federal National Mortgage Asso-
19 ciation Charter Act (12 U.S.C. 1719(e));

20 “(D) section 306(h)(2) of the Federal
21 Home Loan Mortgage Corporation Act (12
22 U.S.C. 1455(h)(2)); and

23 “(E) the last sentence of section 15 of the
24 Federal Home Loan Bank Act (12 U.S.C.
25 1435).

1 “(2) CREDIT RATING.—The assessment shall
 2 include assigning a credit rating for each enterprise,
 3 each bank, and the Federal home loan bank system
 4 using a scale similar to that used by such organiza-
 5 tion with respect to obligations of other financial in-
 6 stitutions, and shall include the report regarding
 7 such assessment and the rating in the report of the
 8 Board under section 1319B(a).”.

9 (b) COSTS OF CREDIT RATINGS.—The first sentence
 10 of section 1316(a) of the Housing and Community Devel-
 11 opment Act of 1992 (12 U.S.C. 4516(a)) is amended by
 12 inserting “and the expenses of obtaining any reviews and
 13 credit assessments under subsections (a) and (b) section
 14 1319” before the period at the end.

15 **SEC. 132. ANNUAL REPORTS.**

16 Section 1319B of the Housing and Community De-
 17 velopment Act of 1992 (12 U.S.C. 4521) is amended—

18 (1) in the section heading, by striking “**BY DI-**
 19 **RECTOR**”;

20 (2) in subsection (a)—

21 (A) in paragraph (1), by inserting “and
 22 the actions of the Board under the Federal
 23 Home Loan Bank Act with respect to the Fed-
 24 eral home loan banks” before the semicolon;

25 (B) in paragraph (2)—

1 (i) by inserting “, each Federal home
2 loan bank, and the Federal home loan
3 bank system” after “each enterprise”; and

4 (ii) by inserting “and examinations of
5 the Federal home loan banks under section
6 20 of the Federal Home Loan Bank Act”
7 before the semicolon at the end;

8 (C) in paragraph (3), by striking “; and”
9 and inserting “and the Federal home loan
10 banks;”;

11 (D) in paragraph (4), by striking the pe-
12 riod at the end and inserting a “; and”; and

13 (E) by adding at the end the following new
14 paragraph:

15 “(5) the report from each statistical rating or-
16 ganization providing a credit assessment and rating
17 pursuant to section 1319(b).”; and

18 (3) in subsection (b), by adding after and below
19 paragraph (5) the following new sentence:

20 “The report shall also include information describing, for
21 the previous calendar year, any enforcement actions taken
22 by the Board with respect to the Federal home loan
23 banks.”.

1 **SEC. 133. RISK-BASED CAPITAL TEST FOR ENTERPRISES.**

2 Section 1361 of the Housing and Community Devel-
3 opment Act of 1992 (12 U.S.C. 4611) is amended—

4 (1) in subsection (a)(2)(A), by inserting “or
5 change in such other manner as the Board considers
6 appropriate,” after “subparagraph (C),”;

7 (2) in subsection (b)(1), by adding at the end
8 the following: “Notwithstanding subsection (a), the
9 Board may, in the sole discretion of the Board,
10 make any assumptions that the Board considers ap-
11 propriate regarding interest rates, home prices, and
12 new business.”; and

13 (3) in subsection (c)(2), by inserting “or such
14 other greater percentage as the Board considers ap-
15 propriate” before the period at the end.

16 **SEC. 134. EFFECTIVE DATE FOR SUPERVISORY ACTIONS.**

17 Section 1365(c) of the Housing and Community De-
18 velopment Act of 1992 (12 U.S.C. 4615(c)) is amended
19 by striking “1-year” and inserting “6-month”.

20 **SEC. 135. APPOINTMENT OF RECEIVERS.**

21 (a) ENTERPRISES.—Subtitle B of title XIII of the
22 Housing and Community Development Act of 1992 (12
23 U.S.C. 4611 et seq.) is amended by adding at the end
24 the following new section:

25 **“SEC. 1369E. APPOINTMENT OF RECEIVERS.**

26 **“(a) APPOINTMENT.—**

1 “(1) AUTHORITY.—Upon a determination, and
2 notice under section 1368(d), that an enterprise is
3 critically undercapitalized and a determination that
4 the enterprise meets such other conditions for taking
5 action pursuant to this subsection as the Board shall
6 by regulation establish, the Board may, notwith-
7 standing section 1367(a)(1), appoint a receiver for
8 the enterprise in accordance with this section and in
9 lieu of appointment of a conservator pursuant to
10 section 1367. If the Board takes action pursuant to
11 this subsection, the Board shall appoint the receiver
12 not later than 30 days after providing notice under
13 paragraph (2) of this subsection.

14 “(2) NOTICE.—Upon making a determination
15 under paragraph (1) to appoint a receiver for an en-
16 terprise, the Board shall provide written notice to
17 the enterprise, the Committee on Banking and Fi-
18 nancial Services of the House of Representatives,
19 and the Committee on Banking, Housing, and
20 Urban Affairs of the Senate—

21 “(A) that a receiver will be appointed for
22 the enterprise;

23 “(B) stating the reasons for the appoint-
24 ment of the receiver; and

1 “(C) identifying the person or govern-
2 mental agency that the Board intends to ap-
3 point as receiver.

4 “(3) QUALIFICATIONS.—The receiver shall be—

5 “(A) the Board or any other governmental
6 agency; or

7 “(B) any person that—

8 “(i) has no claim against, or financial
9 interest in, the enterprise or other basis for
10 a conflict of interest; and

11 “(ii) has the financial and manage-
12 ment expertise necessary to carry out the
13 duties under subsection (c).

14 “(b) JUDICIAL REVIEW.—The provisions of section
15 1369(b) shall apply to the appointment of a receiver pur-
16 suant to this section to the same extent that such provi-
17 sions apply to the appointment of a conservator pursuant
18 to this subtitle.

19 “(c) DUTIES.—A receiver appointed pursuant to this
20 section shall be appointed for the purpose, and shall have
21 the duty, of liquidating or winding up the affairs of the
22 enterprise, in accordance with such regulations as the
23 Board may issue.

24 “(d) REPLACEMENT, POWERS, LIABILITY PROTEC-
25 TION.—The provisions of sections 1369(c) and (d),

1 1369A, and 1369B shall apply to a receiver appointed
 2 pursuant to this section to the same extent that such pro-
 3 visions apply to a conservator appointed pursuant to this
 4 subtitle. In addition to any powers under section 1369A,
 5 a receiver appointed pursuant to this section shall have
 6 such powers with respect to an enterprise, as the Board
 7 may by regulation provide, that the Federal Deposit In-
 8 surance Corporation has under section 11 of the Federal
 9 Deposit Insurance Act (12 U.S.C. 1821) with respect to
 10 a insured depository institution when acting as a receiver
 11 under such section.”.

12 (b) FEDERAL HOME LOAN BANKS.—Section 6 of the
 13 Federal Home Loan Bank Act (12 U.S.C. 1426) is
 14 amended by adding at the end the following new sub-
 15 section:

16 “(i) APPOINTMENT OF RECEIVERS.—

17 “(1) APPOINTMENT.—

18 “(A) AUTHORITY.—Upon a determination
 19 by the Board that a Federal home loan bank (i)
 20 is not in compliance with the leverage require-
 21 ment established specified in subsection (a)(2),
 22 (ii) is not in compliance with the risk-based
 23 capital requirement established pursuant to
 24 subsection (a)(3), and (iii) meets such other
 25 conditions for taking action pursuant to this

1 paragraph as the Board shall by regulation es-
2 tablish, the Board may appoint a receiver for
3 the bank in accordance with this subsection. If
4 the Board takes action pursuant to this para-
5 graph, the Board shall appoint the receiver not
6 later than 30 days after providing notice under
7 subparagraph (B).

8 “(B) NOTICE.—Upon making a determina-
9 tion under subparagraph (A) to appoint a re-
10 ceiver for a Federal home loan bank, the Board
11 shall provide written notice to the bank, the
12 Committee on Banking and Financial Services
13 of the House of Representatives, and the Com-
14 mittee on Banking, Housing, and Urban Affairs
15 of the Senate—

16 “(i) that a receiver will be appointed
17 for the bank;

18 “(ii) stating the reasons for the ap-
19 pointment of the receiver; and

20 “(iii) identifying the person or govern-
21 mental agency that the Board intends to
22 appoint as receiver.

23 “(C) QUALIFICATIONS.—The receiver shall
24 be—

1 “(i) the Board or any other govern-
2 mental agency; or

3 “(ii) any person that—

4 “(I) has no claim against, or fi-
5 nancial interest in, the bank or other
6 basis for a conflict of interest; and

7 “(II) has the financial and man-
8 agement expertise necessary to carry
9 out the duties under paragraph (3).

10 “(2) JUDICIAL REVIEW.—The provisions of sec-
11 tion 1369(b) of the Housing and Community Devel-
12 opment Act of 1992 (12 U.S.C. 4619(b)) shall apply
13 to the appointment of a receiver pursuant to this
14 subsection for a Federal home loan bank to the
15 same extent that such provisions apply to the ap-
16 pointment of a conservator pursuant to subtitle B of
17 title XIII of such Act (12 U.S.C. 4611 et seq.) for
18 an enterprise.

19 “(3) DUTIES.—A receiver appointed pursuant
20 to this subsection shall be appointed for the purpose,
21 and shall have the duty, of liquidating or winding up
22 the affairs of the Federal home loan bank, in accord-
23 ance with such regulations as the Board may issue.

24 “(4) REPLACEMENT, POWERS, LIABILITY PRO-
25 TECTION.—The provisions of sections 1369(c) and

1 (d), 1369A, and 1369B of the Housing and Commu-
2 nity Development Act of 1992 (12 U.S.C. 4619,
3 4620, 4621) shall apply to a receiver appointed pur-
4 suant to this subsection for a Federal home loan
5 bank to the same extent that such provisions apply
6 to a conservator appointed pursuant to subtitle B of
7 title XIII of such Act for an enterprise. In addition
8 to any powers pursuant to section 1369A, a receiver
9 appointed pursuant to this subsection shall have
10 such powers with respect to a Federal home loan
11 bank, as the Board may by regulation provide, that
12 the Federal Deposit Insurance Corporation has
13 under section 11 of the Federal Deposit Insurance
14 Act (12 U.S.C. 1821) with respect to a insured de-
15 pository institution when acting as a receiver under
16 such section.”.

17 **SEC. 136. REPEAL OF TREASURY LINES OF CREDIT.**

18 (a) FANNIE MAE.—Section 304 of the Federal Na-
19 tional Mortgage Association Charter Act (12 U.S.C. 1719)
20 is amended by striking subsection (c).

21 (b) FREDDIE MAC.—Section 306 of the Federal
22 Home Loan Mortgage Corporation Act (12 U.S.C. 1455)
23 is amended by striking subsection (c).

1 (c) FEDERAL HOME LOAN BANKS.—Section 11 of
 2 the Federal Home Loan Bank Act (12 U.S.C. 1431) is
 3 amended by striking subsection (i).

4 **SEC. 137. BOARD MEMBERSHIP ON FEDERAL FINANCIAL IN-**
 5 **STITUTIONS EXAMINATION COUNCIL.**

6 The Federal Financial Institutions Examination
 7 Council Act of 1978 is amended—

8 (1) in section 1002 (12 U.S.C. 3301) by strik-
 9 ing “the Federal Home Loan Bank Board, and the
 10 National Credit Union Administration” and insert-
 11 ing “the Office of Thrift Supervision, the National
 12 Credit Union Administration, and the Housing Fi-
 13 nance Oversight Board”;

14 (2) in section 1003 (12 U.S.C. 3302)—

15 (A) in paragraph (1), by striking “and the
 16 National Credit Union Administration” and in-
 17 serting “the National Credit Union Administra-
 18 tion, and the Housing Finance Oversight
 19 Board”; and

20 (B) in paragraph (3), by striking “or a
 21 credit union” and inserting “a credit union, or
 22 a Government-sponsored enterprise that is sub-
 23 ject to the regulation of the Housing Finance
 24 Oversight Board”; and

25 (3) in section 1004(a) (12 U.S.C. 3303(a))—

1 (A) in paragraph (4), by inserting a
2 comma after “Supervision”;

3 (B) in paragraph (5), by striking the pe-
4 riod at the end and inserting “, and”; and

5 (C) by adding at the end the following new
6 paragraph:

7 “(6) the Chairman of the Housing Finance
8 Oversight Board.”.

9 **SEC. 138. ELIMINATION OF SUPER-LIEN FOR FEDERAL**
10 **HOME LOAN BANKS.**

11 Section 10 of the Federal Home Loan Bank Act (12
12 U.S.C. 1430) is amended by striking subsection (e), as
13 added by section 306(d) of the Competitive Equality
14 Banking Act of 1987 (Public Law 100–86; 101 Stat. 601;
15 relating to priority of certain secured interests).

16 **SEC. 139. FEDERAL HOME LOAN BANK FINANCE CORPORA-**
17 **TION.**

18 (a) ESTABLISHMENT OF FINANCE CORPORATION.—
19 The Federal Home Loan Bank Act (12 U.S.C. 1421 et
20 seq.) is amended by inserting after section 4 the following
21 new section:

22 **“SEC. 5. FEDERAL HOME LOAN BANK FINANCE CORPORA-**
23 **TION.**

24 “(a) ESTABLISHMENT.—

1 “(1) IN GENERAL.—There is established the
2 Federal Home Loan Bank Finance Corporation
3 (hereafter in this section referred to as the ‘Corpora-
4 tion’), which shall be a federally chartered instru-
5 mentality of the United States.

6 “(2) PURPOSES.—The purposes of the Corpora-
7 tion shall be—

8 “(A) to act as the only entity authorized to
9 issue and service the notes, bonds, debentures,
10 and other debt obligations which shall be the
11 joint and several liability of the Federal home
12 loan banks in accordance with this Act; and

13 “(B) to perform or cause to be performed
14 all other necessary and proper functions in rela-
15 tion to the issuance and servicing of obligations
16 referred to in subparagraph (A), as fiscal agent
17 on behalf of the Federal home loan banks, and
18 any functions performed by the Office of Fi-
19 nance on behalf of the Financing Corporation
20 (established pursuant to section 21) and the
21 Resolution Funding Corporation (established
22 pursuant to section 21B) before the date of en-
23 actment of the Housing Finance Regulatory
24 Improvement Act.

1 “(b) POWERS.—Subject to the other provisions of
2 this Act and to such regulations as the Board may pre-
3 scribe, the Corporation shall have only the following pow-
4 ers:

5 “(1) To issue voting capital stock to the Fed-
6 eral home loan banks.

7 “(2) To issue and service Federal Home loan
8 bank notes, bonds, debentures, and other obligations
9 pursuant to section 11 on behalf of the Federal
10 home loan banks.

11 “(3) To determine the amount, maturities, rate
12 of interest, terms, and other conditions of Federal
13 home loan bank notes, bonds, debentures, and other
14 obligations.

15 “(4) To adopt, alter, and use a corporate seal.

16 “(5) To make contracts.

17 “(6) To sue and be sued, by and through its
18 own attorneys, in the corporate capacity of the Cor-
19 poration, and to complain and defend in any action
20 brought by or against the Corporation in any court
21 of competent jurisdiction.

22 “(7) To determine the terms and conditions
23 under which the Corporation shall indemnify its di-
24 rectors, officers, employees, and agents.

1 “(8) To exercise such incidental powers not in-
2 consistent with the provisions of this Act as are nec-
3 essary or advisable to carry out this Act.

4 “(c) BOARD OF DIRECTORS.—

5 “(1) ESTABLISHMENT.—The management of
6 the Corporation shall be vested in a board of direc-
7 tors composed of directors elected by the Federal
8 home loan banks in accordance with paragraph (2).

9 “(2) COMPOSITION OF BOARD.—Each Bank
10 shall annually elect 1 individual who, as of the time
11 of the election, is an officer or director of the Bank
12 to serve as a member of the board of directors of the
13 Corporation.

14 “(3) DUTIES.—The board of directors shall ad-
15 minister the affairs of the Corporation in accordance
16 with this Act.

17 “(4) TERMS.—

18 “(A) IN GENERAL.—Each member of the
19 board of directors of the Corporation shall be
20 elected for a term of 1 year, and shall serve at
21 the pleasure of the board of directors of the
22 Federal home loan bank that elected that mem-
23 ber.

24 “(B) INTERIM APPOINTMENTS.—Any di-
25 rector elected to fill a vacancy on the board of

1 directors of the Corporation occurring before
2 the expiration of the term for which the prede-
3 cessor of that director was elected shall be
4 elected only for the remainder of the unexpired
5 term.

6 “(C) CONTINUATION OF SERVICE.—Each
7 director may continue to serve after the expira-
8 tion of the term to which that director was
9 elected until a successor has been elected and
10 qualified.

11 “(5) POWERS.—The board of directors shall ex-
12 ercise such powers as may be necessary and appro-
13 priate to carry out this section, including the
14 power—

15 “(A) to review, adopt, and monitor the an-
16 nual budget of the Corporation;

17 “(B) to set policies for the Corporation;

18 “(C) to impose assessments on the Federal
19 home loan banks to fund the expenditures of
20 the Corporation; and

21 “(D) to appoint, establish the duties of,
22 and compensate the employees of the Corpora-
23 tion, and to dismiss at will the employees of the
24 Corporation.

1 “(6) PAY.—The members of the board of direc-
2 tors shall serve without additional compensation, but
3 shall be reimbursed for reasonable expenses of trav-
4 el, lodging, and subsistence incurred in performing
5 the business of the Corporation.

6 “(7) QUORUM REQUIREMENT.—No business
7 may be conducted by the board of directors unless
8 a quorum of the members of the board of directors
9 is present in person or by telephone, or through ac-
10 tion taken by unanimous written consent executed
11 by the members of the board of directors.

12 “(8) APPOINTMENT OF OFFICERS AND ADOPT-
13 IONS OF RULES OF PROCEDURE.—The board of di-
14 rectors shall—

15 “(A) select, from among the members of
16 the board, a Chairperson and a Vice Chair-
17 person; and

18 “(B) adopt bylaws and other rules of pro-
19 cedure for actions before the board of directors,
20 including the establishment of 1 or more com-
21 mittees to take action on behalf of the board of
22 directors and the delegation of powers of the
23 board of directors to any such committee or of-
24 ficer of the Corporation.

25 “(d) STOCK.—

1 “(1) ISSUANCE OF EQUAL AMOUNT TO EACH
2 BANK.—The Corporation shall issue to each Bank
3 100 shares of voting capital stock, with a par value
4 of \$100 per share.

5 “(2) RESTRICTED TRANSFERABILITY.—Stock
6 issued under paragraph (1) may be owned and held
7 only by the Federal home loan banks.

8 “(3) MERGER.—Stock issued under paragraph
9 (1) shall be redeemable or transferable at par in the
10 event of a merger or consolidation pursuant to sec-
11 tion 26.

12 “(4) PAYMENT UPON ISSUANCE.—Upon
13 issuance of any share of stock under this subsection
14 to any Federal home loan bank, the Bank shall pay
15 to the Corporation the total amount due for such
16 stock.

17 “(5) DISTRIBUTION REQUIREMENT.—The total
18 amount of outstanding stock of the Corporation
19 shall, at all times, be distributed equally among all
20 of the Federal home loan banks, and the board of
21 directors of the Corporation shall adopt procedures
22 from time to time to implement this paragraph.

23 “(e) STATUS.—Except to the extent that it would
24 conflict with any provision of this section, or that the con-
25 text of this Act otherwise requires, the Corporation shall

1 be treated as a Federal home loan bank for purposes of
2 any law.

3 “(f) JURISDICTION; REMOVAL POWER.—

4 “(1) IN GENERAL.—Notwithstanding any other
5 provision of law, any civil action or proceeding to
6 which the Corporation is a party shall be deemed to
7 arise under the laws of the United States.

8 “(2) VENUE.—The United States District
9 Court for the District of Columbia shall have exclu-
10 sive jurisdiction over any action to which the Cor-
11 poration is a party.

12 “(3) REMOVAL.—The Corporation may, without
13 bond or security, remove any action or proceeding to
14 which the Corporation is or becomes a party from a
15 State court to the United States District Court for
16 the District of Columbia.”.

17 (b) BONDS AND DEBENTURES.—Section 11(a) of the
18 Federal Home Loan Bank Act (12 U.S.C. 1431(a)) is
19 amended—

20 (1) by inserting “through the Federal Home
21 Loan Bank Finance Corporation” after “to issue”;
22 and

23 (2) by striking “Board may approve” and in-
24 serting “board of directors of the Bank may ap-
25 prove”.

1 (c) ISSUANCE OF CONSOLIDATED OBLIGATIONS.—
2 Section 11(b) of the Federal Home Loan Bank Act (12
3 U.S.C. 1431(b)) is amended to read as follows:

4 “(b) ISSUANCE OF FEDERAL HOME LOAN BANK
5 CONSOLIDATED OBLIGATIONS.—

6 “(1) IN GENERAL.—The Federal Home Loan
7 Bank Finance Corporation may issue consolidated
8 Federal home loan bank bonds and other consoli-
9 dated obligations on behalf of the Banks.

10 “(2) JOINT AND SEVERAL OBLIGATION; TERMS
11 AND CONDITIONS.—Consolidated obligations issued
12 by the Federal Home Loan Bank Finance Corpora-
13 tion under paragraph (1) shall—

14 “(A) be the joint and several obligations of
15 all of the Federal home loan banks; and

16 “(B) shall be issued upon such terms and
17 conditions as shall be established by the Federal
18 Home Loan Bank Finance Corporation, subject
19 to such rules and regulations as the Finance
20 Board may prescribe.”.

21 (d) REDISCOUNTING OF NOTES.—Section 11(f) of
22 the Federal Home Loan Bank Act (12 U.S.C. 1431(f))
23 is amended by striking “permit,, to require,” and inserting
24 “permit or to require”.

1 (e) TREASURY PURCHASE OF BANK OBLIGATIONS.—
 2 Section 11(i) of the Federal Home Loan Bank Act (12
 3 U.S.C. 1431(i)) is amended by striking the second undes-
 4 ignated paragraph.

5 (f) TECHNICAL AMENDMENTS.—The Federal Home
 6 Loan Bank Act (12 U.S.C. 1421 et seq.) is amended—

7 (1) in section 11 (12 U.S.C. 1431)—

8 (A) by striking subsection (c); and

9 (B) by redesignating subsections (d)
 10 through (k) as subsections (c) through (j), re-
 11 spectively.

12 (2) in section 21(b)(1), by striking subpara-
 13 graph (A) and inserting the following:

14 “(A) The Chairperson of the Federal
 15 Home Loan Bank Finance Corporation estab-
 16 lished under section 5.”; and

17 (3) in section 21B(c)(1), by striking subpara-
 18 graph (A) and inserting the following:

19 “(A) The Chairperson of the Federal
 20 Home Loan Bank Finance Corporation estab-
 21 lished under section 5.”.

22 (g) TRANSFER OF FUNCTIONS AND SAVINGS PROVI-
 23 SION.—

24 (1) TRANSFER OF FUNCTIONS.—The functions
 25 of the Office of Finance of the Federal Home Loan

1 Banks (in this subsection referred to as the “Office
2 of Finance”) relating to the issuance and servicing
3 of consolidated obligations of the Banks and any
4 functions performed by the Office of Finance on be-
5 half of the Financing Corporation and the Resolu-
6 tion Funding Corporation shall be transferred to the
7 Federal Home Loan Bank Finance Corporation (in
8 this section referred to as the “Corporation”) estab-
9 lished under section 5 of the Federal Home Loan
10 Bank Act, as added by this section, before the end
11 of the 6-month period beginning on the date of the
12 enactment of this Act.

13 (2) SAVINGS PROVISION.—The transfer of func-
14 tions from the Office of Finance to the Corporation
15 in accordance with this section shall not affect the
16 validity of any right, duty, contract, or obligation of
17 the Office of Finance (with respect to any person or
18 entity) that existed on the day before the effective
19 date of the transfer of functions.

20 **SEC. 140. CAPITAL TREATMENT OF PRIVATE LABEL MORT-**
21 **GAGE-BACKED SECURITIES.**

22 It is the sense of the Congress that, with respect to
23 the provisions of proposed rules issued jointly by the
24 Board of Governors of the Federal Reserve System, the
25 Federal Deposit Insurance Corporation, the Comptroller

1 of the Currency, and the Office of Thrift Supervision
 2 (Federal Reserve, Docket No. R-1055; FDIC, RIN 3064–
 3 AB31; OCC, Docket No 00–06; OTS Docket No. 2000–
 4 15) that address treatment of privately issued mortgage
 5 backed securities under risk-based capital requirements—

6 (1) such proposed rules are appropriate
 7 because—

8 (A) such securities having a rating of AAA
 9 should be treated, for risk-based capital pur-
 10 poses, in the same manner as similar securities
 11 issued by Government-sponsored enterprises;
 12 and

13 (B) such parity in treatment eliminates a
 14 substantial impediment to greater portfolio di-
 15 versity by banking institutions; and

16 (2) the final rules regarding such treat-
 17 ment should not be significantly altered from
 18 such proposed rules.

19 **SEC. 141. STUDY OF EFFECTS OF GSE FAILURE ON DEPOSI-**
 20 **TORY INSTITUTIONS.**

21 (a) IN GENERAL.—The Federal Deposit Insurance
 22 Corporation, in consultation with the Board of Governors
 23 of the Federal Reserve System, shall conduct a study of
 24 the existing exposure of depository institutions to default
 25 or failure of each of the Government-sponsored enterprises

1 and the effects on depository institutions that would result
2 from such failures. The study shall determine—

3 (1) the extent of equity and debt of, and, if ap-
4 plicable, mortgage-backed securities issued by, each
5 of the Government-sponsored enterprises that is held
6 by depository institutions;

7 (2) the likely implications to depository institu-
8 tions arising from such holdings if any Government-
9 sponsored enterprise fails to meet risk-based capital
10 requirements established by law, is more severely
11 undercapitalized, or defaults on its financial obliga-
12 tions; and

13 (3) the effects on the financial exposure of de-
14 pository institutions to Government-sponsored enter-
15 prises from applying restrictions on loans to a single
16 borrower to depository institutions.

17 (c) DEFINITIONS.—For purposes of this section:

18 (1) DEPOSITORY INSTITUTION.—The term “de-
19 pository institution” has the meaning given such
20 term in section 19(b)(1)(A) of the Federal Reserve
21 Act (12 U.S.C. 461(b)(1)(A)).

22 (2) GOVERNMENT-SPONSORED ENTERPRISE.—
23 The term “Government-sponsored enterprise” means
24 the Federal National Mortgage Association, the Fed-
25 eral Home Loan Mortgage Corporation, any of the

1 Federal home loan banks, and the Federal home
 2 loan bank system.

3 **Subtitle C—General Provisions**

4 **SEC. 161. CONFORMING AND TECHNICAL AMENDMENTS.**

5 (a) AMENDMENTS TO 1992 ACT.—Title XIII of the
 6 Housing and Community Development Act of 1992 (12
 7 U.S.C. 4501 et seq.), as amended by the preceding provi-
 8 sions of this Act, is further amended—

9 (1) in section 1313 (12 U.S.C. 4513(e)), in
 10 subsection (c) (as so redesignated by the preceding
 11 provisions of this Act), by striking “the Secretary
 12 or”;

13 (2) in the subsection heading for section
 14 1315(a) (12 U.S.C. 4515(a)), by striking “OFFICE
 15 PERSONNEL” and inserting “IN GENERAL”;

16 (3) in section 1316(g) (12 U.S.C. 4516(g)), by
 17 striking “the Secretary and” each place it appears;

18 (4) in section 1319F (12 U.S.C. 4525), by
 19 striking “Code” and all that follows through “agen-
 20 cies” and inserting “Code, the Board shall be con-
 21 sidered an agency”;

22 (5) in the section heading for section 1328, by
 23 striking “**BY SECRETARY**” and inserting “**BY**
 24 **BOARD**”;

25 (6) by striking sections 1354, 1355, and 1356;

1 (7) in the subsection heading for section
2 1369A(c) (12 U.S.C. 4620(c)), by striking “DIREC-
3 TOR” and inserting “BOARD”;

4 (8) in the section heading for section 1369D
5 (12 U.S.C. 4623), by striking “**DIRECTOR**” and in-
6 serting “**BOARD**”;

7 (9) in the subsection heading for section
8 1376(e) (12 U.S.C. 4636(e)), by striking “DIREC-
9 TOR” and inserting “BOARD”;

10 (10) by striking section 1383;

11 (11) by striking “Director” each place such
12 term appears (except the second place such term ap-
13 pears in each of paragraphs (1) and (2) of section
14 1316(g), the third place such term appears in sec-
15 tion 1317(c), in section 1361(a)(3)(C), and the sec-
16 ond and third places such term appears in sub-
17 section (f) of section 1361) and inserting “Board”;

18 (12) by striking “Director’s” each place such
19 term appears and inserting “Board’s”;

20 (13) by striking “Office” each place such term
21 appears (except each place such term appears in sec-
22 tion 1315(b), in section 1316(g)(1), the second place
23 such term appears in section 1316(g)(2), in section
24 1317(c), in section 1334(d)(3), in section

1 1361(a)(3)(C), and each place such term appears in
2 section 1361(f)) and inserting “Board”; and

3 (14) by striking “Secretary” each place such
4 term appears (except in section 1325, section
5 1361(d)(1), and section 1367(a)(2)) and inserting
6 “Board”.

7 (b) AMENDMENTS TO FEDERAL NATIONAL MORT-
8 GAGE ASSOCIATION CHARTER ACT.—The Federal Na-
9 tional Mortgage Association Charter Act (12 U.S.C. 1716
10 et seq.) is amended—

11 (1) by striking “Director of the Office of Fed-
12 eral Housing Enterprise Oversight of the Depart-
13 ment of Housing and Urban Development” each
14 place such term appears, and inserting “Housing Fi-
15 nance Oversight Board”, in—

16 (A) section 303(c)(2) (12 U.S.C.
17 1718(c)(2));

18 (B) section 309(d)(3)(B) (12 U.S.C.
19 1723a(d)(3)(B)); and

20 (C) section 309(k)(1); and

21 (2) in section 301 (12 U.S.C. 1716)—

22 (A) in the section heading, by inserting
23 “AND DEFINITION” after “PURPOSES”;

24 (B) by inserting “(a) PURPOSES.—” after
25 the section designation; and

1 (C) by adding at the end the following new
2 subsection:

3 “(b) DEFINITION.—For purposes of this title, the
4 term ‘Housing Finance Oversight Board’ means the Hous-
5 ing Finance Oversight Board established under title XIII
6 of the Housing and Community Development Act of 1992
7 (12 U.S.C. 4501 et seq.).”;

8 (3) in section 302(b)(1), by striking “Sec-
9 retary” each place such term appears and inserting
10 “Housing Finance Oversight Board”;

11 (4) in section 309 (12 U.S.C.
12 1723a(d)(3)(B))—

13 (A) in the second sentence of subsection
14 (d)(3)(B), by striking “Director” each place
15 such term appears and inserting “Housing Fi-
16 nance Oversight Board”;

17 (B) in subsection (k)—

18 (i) in paragraph (1), by striking “Di-
19 rector shall” and inserting “Housing Fi-
20 nance Oversight Board shall”; and

21 (ii) in paragraphs (2) and (3), by
22 striking “Director” each place such term
23 appears and inserting “Housing Finance
24 Oversight Board”; and

1 (C) in subsection (l)(2), by striking “Di-
 2 rector” and inserting “Housing Finance Over-
 3 sight Board”; and

4 (5) in section 309, by striking “Secretary” each
 5 place such term appears in subsections (m) and (n)
 6 and inserting “Housing Finance Oversight Board”.

7 (c) AMENDMENTS TO FEDERAL HOME LOAN MORT-
 8 GAGE CORPORATION ACT.—The Federal Home Loan
 9 Mortgage Corporation Act is amended—

10 (1) by striking “Director of the Office of Fed-
 11 eral Housing Enterprise Oversight of the Depart-
 12 ment of Housing and Urban Development” each
 13 place such term appears, and inserting “Housing Fi-
 14 nance Oversight Board”, in—

15 (A) section 303(b)(2) (12 U.S.C.
 16 1452(b)(2));

17 (B) section 303(h)(2) (12 U.S.C.
 18 1452(h)(2)); and

19 (C) section 307(c)(1) (12 U.S.C.
 20 1456(c)(1));

21 (2) in section 302 (12 U.S.C. 1415), by adding
 22 at the end the following new subsection:

23 “(m) The term ‘Housing Finance Oversight Board’
 24 means the Housing Finance Oversight Board established

1 under title XIII of the Housing and Community Develop-
2 ment Act of 1992 (12 U.S.C. 4501 et seq.).”;

3 (3) in the second sentence of section 303(h)(2)
4 (12 U.S.C. 1452(h)(2), by striking “Director” each
5 place such term appears and inserting “Housing Fi-
6 nance Oversight Board”;

7 (4) in section 307, by striking “Secretary” each
8 place such term appears in subsections (e) and (f)
9 and inserting “Housing Finance Oversight Board”;

10 (5) in section 306(i) (12 U.S.C. 1455(i))—

11 (A) by striking “section 1316(c)” and in-
12 serting “section 306(c)”; and

13 (B) by striking “section 106” and insert-
14 ing “section 1316”; and

15 (6) in section 307 (12 U.S.C. 1456)—

16 (A) in subsection (c)(1), by striking “Di-
17 rector shall” and inserting “Housing Finance
18 Oversight Board shall”;

19 (B) in subsection (c), in paragraphs (2)
20 and (3), by striking “Director” each place such
21 term appears and inserting “Housing Finance
22 Oversight Board”; and

23 (C) in subsection (d)(2), by striking “Di-
24 rector” and inserting “Housing Finance Over-
25 sight Board”.

1 (d) AMENDMENT TO DEPARTMENT OF HOUSING AND
2 URBAN DEVELOPMENT ACT.—Section 5 of the Depart-
3 ment of Housing and Urban Development Act (42 U.S.C.
4 3534) is amended by striking subsection (d).

5 (e) AMENDMENT TO TITLE 18, UNITED STATES
6 CODE.—Section 1905 of title 18, United States Code, is
7 amended by striking “Office of Federal Housing Enter-
8 prise Oversight” and inserting “Housing Finance Over-
9 sight Board”.

10 (f) AMENDMENTS TO FLOOD DISASTER PROTECTION
11 ACT OF 1973.—Section 102(f)(3)(A) of the Flood Dis-
12 aster Protection Act of 1973 (42 U.S.C. 4012a is
13 amended—

14 (1) by striking “Director of the Office of Fed-
15 eral Housing Enterprise Oversight of the Depart-
16 ment of Housing and Urban Development” and in-
17 serting “Housing Finance Oversight Board”; and

18 (2) by striking “Director of such Office” and
19 inserting “Board”.

20 **SEC. 162. EFFECTIVE DATE.**

21 Except as specifically provided otherwise in this title,
22 the amendments made by this title shall take effect on,
23 and shall apply beginning on, the expiration of the 270-
24 day period beginning on the date of the enactment of this
25 Act.

1 **TITLE II—TRANSFER OF FUNC-**
2 **TIONS, PERSONNEL, AND**
3 **PROPERTY**

4 **SEC. 201. ABOLISHMENT OF OFHEO AND FEDERAL HOUS-**
5 **ING FINANCE BOARD.**

6 (a) IN GENERAL.—Effective at the end of the 270-
7 day period beginning on the date of the enactment of this
8 Act, the following entities and positions are abolished:

9 (1) The Office of Federal Housing Enterprise
10 Oversight of the Department of Housing and Urban
11 Development and the positions of the Director and
12 Deputy Director of such Office.

13 (2) The Federal Housing Finance Board and
14 the Board of Directors of such Board.

15 (b) DISPOSITION OF AFFAIRS.—

16 (1) IN GENERAL.—During the 270-day period
17 beginning on the date of the enactment of this Act,
18 the Director of the Office of Federal Housing Enter-
19 prise Oversight and the Chairperson of the Federal
20 Housing Finance Board shall, solely for the purpose
21 of winding up the affairs of the Office of Federal
22 Housing Enterprise Oversight and the Federal
23 Housing Finance Board, respectively—

24 (A) manage the employees of such Office
25 and Board and provide for the payment of the

1 compensation and benefits of any such em-
2 ployee which accrue before the effective date of
3 the transfer of such employee pursuant to sec-
4 tion 203; and

5 (B) may take any other action necessary
6 for the purpose of winding up the affairs of the
7 Office and the Board.

8 (c) STATUS OF EMPLOYEES BEFORE TRANSFER.—

9 The amendments made by title I and the abolishment of
10 the Office of Federal Housing Enterprise Oversight and
11 the Federal Housing Finance Board under subsection (a)
12 of this section may not be construed to affect the status
13 of any employee of such Office or Board as employees of
14 an agency of the United States for purposes of any other
15 provision of law before the effective date of the transfer
16 of any such employee pursuant to section 203.

17 (d) USE OF PROPERTY AND SERVICES.—

18 (1) PROPERTY.—The Chairperson of the Hous-
19 ing Finance Oversight Board may use the property
20 of the Office of Federal Housing Enterprise Over-
21 sight and the Federal Housing Finance Board, to
22 perform functions which have been transferred to
23 the Housing Finance Oversight Board for such time
24 as is reasonable to facilitate the orderly transfer of
25 functions transferred pursuant to any other provi-

1 sion of this Act or any amendment made by this Act
2 to any other provision of law.

3 (2) AGENCY SERVICES.—Any agency, depart-
4 ment, or other instrumentality of the United States
5 (including any Federal home loan bank), and any
6 successor to any such agency, department, or instru-
7 mentality, which was providing supporting services
8 to the Office of Federal Housing Enterprise Over-
9 sight or the Federal Housing Finance Board before
10 the expiration of the period under subsection (a) in
11 connection with functions that are transferred to the
12 Housing Finance Oversight Board shall—

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

16 (B) consult with any such agency to co-
17 ordinate and facilitate a prompt and reasonable
18 transition.

19 (e) SAVINGS PROVISIONS RELATING TO FHFB.—

20 (1) EXISTING RIGHTS, DUTIES, AND OBLIGA-
21 TIONS NOT AFFECTED.—Subsection (a) shall not af-
22 fect the validity of any right, duty, or obligation of
23 the United States, the Federal Housing Finance
24 Board, or any other person, which—

1 (A) arises under or pursuant to the Fed-
2 eral Home Loan Bank Act or any other provi-
3 sion of law applicable with respect to such
4 Board; and

5 (B) existed on the day before the abolish-
6 ment under subsection (a) of this section.

7 (2) CONTINUATION OF SUITS.—No action or
8 other proceeding commenced by or against the Fed-
9 eral Housing Finance Board, or any Federal home
10 loan bank with respect to any function of the Board
11 which was delegated to employees of such bank,
12 shall abate by reason of the enactment of this Act,
13 except that the Housing Finance Oversight Board
14 shall be substituted for the Federal Housing Fi-
15 nance Board or the Federal home loan bank as a
16 party to any such action or proceeding.

17 (f) SAVINGS PROVISIONS RELATING TO OFHEO.—

18 (1) EXISTING RIGHTS, DUTIES, AND OBLIGA-
19 TIONS NOT AFFECTED.—Subsection (a) shall not af-
20 fect the validity of any right, duty, or obligation of
21 the United States, the Director of the Office of Fed-
22 eral Housing Enterprise Oversight, or any other per-
23 son, which—

24 (A) arises under or pursuant to the title
25 XIII of the Housing and Community Develop-

1 ment Act of 1992, the Federal National Mort-
2 gage Association Charter Act, the Federal
3 Home Loan Mortgage Corporation Act, or any
4 other provision of law applicable with respect to
5 such Office; and

6 (B) existed on the day before the abolish-
7 ment under subsection (a) of this section.

8 (2) CONTINUATION OF SUITS.—No action or
9 other proceeding commenced by or against the Di-
10 rector of the Office of Federal Housing Enterprise
11 Oversight shall abate by reason of the enactment of
12 this Act, except that the Housing Finance Oversight
13 Board shall be substituted for the Director as a
14 party to any such action or proceeding.

15 **SEC. 202. CONTINUATION AND COORDINATION OF CERTAIN**
16 **REGULATIONS.**

17 All regulations, orders, determinations, and resolu-
18 tions that—

19 (1) were issued, made, prescribed, or allowed to
20 become effective by—

21 (A) the Office of Federal Housing Enter-
22 prise Oversight;

23 (B) the Federal Housing Finance Board;

24 (C) the Secretary of Housing and Urban
25 Development and that relate to the Secretary's

1 authority under title XIII of the Housing and
2 Community Development Act of 1992, the Fed-
3 eral National Mortgage Association Charter
4 Act, or the Federal Home Loan Mortgage Cor-
5 poration Act; or

6 (D) a court of competent jurisdiction and
7 that relate to functions transferred by this Act;
8 and

9 (2) are in effect on the date of the abolishment
10 under section 201(a) of this Act,

11 shall remain in effect according to the terms of such regu-
12 lations, orders, determinations, and resolutions and shall
13 be enforceable by or against the Housing Finance Over-
14 sight Board until modified, terminated, set aside, or su-
15 perseded in accordance with applicable law by such Board,
16 any court of competent jurisdiction, or operation of law.

17 **SEC. 203. TRANSFER AND RIGHTS OF EMPLOYEES OF ABOL-**
18 **ISHED AGENCIES.**

19 (a) TRANSFER.—Each employee of the Office of Fed-
20 eral Housing Enterprise Oversight and each employee of
21 the Federal Housing Finance Board shall be transferred
22 to the Housing Finance Oversight Board for employment
23 no later than the date of the abolishment under section
24 201(a) of this Act and such transfer shall be deemed a

1 transfer of function for the purpose of section 3503 of title
2 5, United States Code.

3 (b) GUARANTEED POSITIONS.—Each employee trans-
4 ferred under subsection (a) shall be guaranteed a position
5 with the same status, tenure, grade, and pay as that held
6 on the day immediately preceding the transfer. Each such
7 employee holding a permanent position shall not be invol-
8 untarily separated or reduced in grade or compensation
9 for 18 months after the date of transfer, except for cause
10 or, if the employee is a temporary employee, separated in
11 accordance with the terms of the appointment.

12 (c) APPOINTMENT AUTHORITY FOR EXCEPTED AND
13 SENIOR EXECUTIVE SERVICE EMPLOYEES.—

14 (1) IN GENERAL.—In the case of employees oc-
15 cupying positions in the excepted service or the Sen-
16 ior Executive Service, any appointment authority es-
17 tablished pursuant to law or regulations of the Of-
18 fice of Personnel Management for filling such posi-
19 tions shall be transferred, subject to paragraph (2).

20 (2) DECLINE OF TRANSFER.—The Housing Fi-
21 nance Oversight Board may decline a transfer of au-
22 thority under paragraph (1) (and the employees ap-
23 pointed pursuant thereto) to the extent that such
24 authority relates to positions excepted from the com-
25 petitive service because of their confidential, policy-

1 making, policy-determining, or policy-advocating
2 character, and noncareer positions in the Senior Ex-
3 ecutive Service (within the meaning of section
4 3132(a)(7) of title 5, United States Code).

5 (d) REORGANIZATION.—If the Housing Finance
6 Oversight Board determines, after the end of the 1-year
7 period beginning on the date the transfer of functions to
8 the Board is completed, that a reorganization of the com-
9 bined work force is required, that reorganization shall be
10 deemed a major reorganization for purposes of affording
11 affected employees retirement under section 8336(d)(2) or
12 8414(b)(1)(B) of title 5, United States Code.

13 (e) EMPLOYEE BENEFIT PROGRAMS.—Any employee
14 accepting employment with the Housing Finance Over-
15 sight Board as a result of such transfer may retain for
16 18 months after the date such transfer occurs membership
17 in any employee benefit program of the Federal Housing
18 Finance Board or the Office of Federal Housing Enter-
19 prise Oversight, as applicable, including insurance, to
20 which such employee belongs on the date of the abolish-
21 ment under section 201(a) if—

22 (1) the employee does not elect to give up the
23 benefit or membership in the program; and

24 (2) the benefit or program is continued by the
25 Housing Finance Oversight Board.

1 The difference in the costs between the benefits which
2 would have been provided by such agency or entity and
3 those provided by this section shall be paid by the Housing
4 Finance Oversight Board. If any employee elects to give
5 up membership in a health insurance program or the
6 health insurance program is not continued by such Board,
7 the employee shall be permitted to select an alternate Fed-
8 eral health insurance program within 30 days of such elec-
9 tion or notice, without regard to any other regularly sched-
10 uled open season.

11 (f) SENIOR EXECUTIVE SERVICE EMPLOYEES.—A
12 transferring employee in the Senior Executive Service
13 shall be placed in a comparable position at the agency or
14 entity to which such employee is transferred.

15 (g) NOTICE OF POSITIONS.—Transferring employees
16 shall receive notice of their position assignments not later
17 than 120 days after the effective date of their transfer.

18 (h) FEDERAL HOME LOAN BANK PERSONNEL.—
19 Employees of the Federal home loan banks or the joint
20 offices of such banks who, on the day before the abolish-
21 ment under section 201(a), are performing functions or
22 activities on behalf of the Federal Housing Finance Board
23 shall be treated as employees of the Federal Housing Fi-
24 nance Board for purposes of determining, pursuant to
25 subsection (b)(1), the number of employees performing or

1 supporting functions or activities of such Board to the ex-
2 tent such functions or activities are transferred to the
3 Housing Finance Oversight Board.

4 **SEC. 204. TRANSFER OF PROPERTY AND FACILITIES.**

5 Upon the abolishment under section 201(a), all prop-
6 erty of the Office of Federal Housing Enterprise Oversight
7 and the Federal Housing Finance Board shall transfer to
8 the Housing Finance Oversight Board.

○