

111TH CONGRESS
1ST SESSION

H. R. 230

To prevent foreclosure of home mortgages and increase the availability of
affordable new mortgages.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 7, 2009

Mr. CARDOZA introduced the following bill; which was referred to the
Committee on Financial Services

A BILL

To prevent foreclosure of home mortgages and increase the
availability of affordable new mortgages.

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

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Housing Opportunity
5 and Mortgage Equity Act of 2009”.

6 **SEC. 2. AFFORDABLE REFINANCING MORTGAGES AND NEW**
7 **MORTGAGES.**

8 (a) AUTHORITY.—The Federal National Mortgage
9 Association and the Federal Home Loan Mortgage Cor-
10 poration shall each carry out a program under this section

1 to purchase and securitize qualified refinancing mortgages
2 and qualified new mortgages on single-family housing, in
3 accordance with this section and policies and procedures
4 that the Director of the Federal Housing Finance Agency
5 shall establish.

6 (b) PURCHASE OF QUALIFIED MORTGAGES.—

7 (1) REQUIREMENT TO PURCHASE.—If a lender
8 proffers to an enterprise, in accordance with require-
9 ments established by the Director, a mortgage or
10 mortgages for purchase under this section, the en-
11 terprise shall make a determination of whether such
12 mortgage or mortgages are qualified mortgages.
13 Subject to subsection (g), if the enterprise deter-
14 mines that such mortgage or mortgages meet the re-
15 quirements for qualified mortgages, the enterprise
16 shall make a commitment to purchase, and shall
17 purchase, the mortgage or mortgages.

18 (2) ADVANCE COMMITMENTS.—The Director
19 shall require each enterprise to establish a procedure
20 for approval of lenders to receive commitments, in
21 advance of the origination of qualified mortgages,
22 for purchase of such mortgages under this section by
23 the enterprise.

24 (c) QUALIFIED MORTGAGES.—

1 (1) QUALIFIED MORTGAGE.—For purposes of
2 this section, the term “qualified mortgage” means a
3 mortgage that is a qualified refinancing mortgage or
4 a qualified new mortgage.

5 (2) QUALIFIED REFINANCING MORTGAGE.—For
6 purposes of this section, the term “qualified refi-
7 nancing mortgage” means a mortgage that meets
8 the following requirements:

9 (A) SINGLE-FAMILY HOUSING.—The prop-
10 erty subject to the mortgage shall be a one- to
11 four-family dwelling, including a condominium
12 or a share in a cooperative ownership housing
13 association.

14 (B) PRINCIPAL RESIDENCE.—The mort-
15 gagor under the mortgage shall occupy the
16 property subject to the mortgage as his or her
17 principal residence.

18 (C) REFINANCING.—The principal loan
19 amount repayment of which is secured by the
20 mortgage shall be used to satisfy all indebted-
21 ness under an existing first mortgage that—

22 (i) was made for purchase of, or refi-
23 nancing another first mortgage on, the
24 same property that is subject to the quali-
25 fied refinancing mortgage; and

1 (ii) was originated on or before Janu-
2 ary 1, 2008.

3 (D) INTEREST RATE; TERM TO MATU-
4 RITY.—The mortgage shall—

5 (i) bear interest at a single rate that
6 is fixed for the entire term of the mort-
7 gage, which shall not exceed 4.0 percent
8 annually; and

9 (ii) have a term to maturity of not
10 less than 30 years and not more than 40
11 years from the date of the beginning of the
12 amortization of the mortgage.

13 (E) UNDERWRITING STANDARDS.—The
14 mortgage shall meet such underwriting stand-
15 ards as the Director shall require.

16 (F) WAIVER OF PREPAYMENT PEN-
17 ALTIES.—All penalties for prepayment or refi-
18 nancing of the underlying mortgage refinanced
19 by the mortgage, and all fees and penalties re-
20 lated to the default or delinquency on such
21 mortgage, shall have been waived or forgiven.

22 (3) QUALIFIED NEW MORTGAGE.—For purposes
23 of this section, the term “qualified new mortgage”
24 means a mortgage that meets the following require-
25 ments:

1 (A) TERMS.—The mortgage meets the re-
2 quirements under subparagraphs (A), (B), (D),
3 and (E) of paragraph (2).

4 (B) HOME PURCHASE.—The principal loan
5 amount repayment of which is secured by the
6 mortgage shall be used to purchase the prop-
7 erty that is subject to the qualified new mort-
8 gage.

9 (C) NEW MORTGAGES.—The mortgage was
10 originated on or after the date of the enactment
11 of this Act.

12 (d) EXCEPTIONS TO UNDERWRITING STANDARDS.—
13 Each enterprise shall establish such exceptions to the un-
14 derwriting standards of the enterprise, including downpay-
15 ment and credit rating standards, that conform to the un-
16 derwriting standards established pursuant to subsection
17 (c)(5), as may be necessary to allow the enterprise to pur-
18 chase and securitize qualified refinancing mortgages and
19 qualified new mortgages under this section, in accordance
20 with such requirements as the Director shall establish.

21 (e) SECURITIZATION.—

22 (1) REQUIREMENT.—Each enterprise shall,
23 upon such terms and conditions as it may prescribe,
24 set aside any qualified mortgages purchased by it
25 under this section and, upon approval of the Sec-

1 retary of the Treasury, issue and sell securities
2 based upon such mortgages set aside.

3 (2) FORM.—Securities issued under this sub-
4 section may be in the form of debt obligations or
5 trust certificates of beneficial interest, or both.

6 (3) TERMS.—Securities issued under this sub-
7 section shall have such maturities and bear such
8 rate or rates of interest as may be determined by the
9 enterprise with the approval of the Secretary.

10 (4) EXEMPTION.—Securities issued by an en-
11 terprise under this subsection shall, to the same ex-
12 tent as securities which are direct obligations of or
13 obligations guaranteed as to principal and interest
14 by the United States, be deemed to be exempt secu-
15 rities within the meaning of laws administered by
16 the Securities and Exchange Commission.

17 (5) PRINCIPAL AND INTEREST PAYMENTS.—
18 Mortgages set aside pursuant to this subsection shall
19 at all times be adequate to enable the issuing enter-
20 prise to make timely principal and interest payments
21 on the securities issued and sold pursuant to this
22 subsection.

23 (6) REQUIRED DISCLOSURE.—Each enterprise
24 shall insert appropriate language in all of the securi-
25 ties issued under this subsection clearly indicating

1 that such securities, together with the interest there-
2 on, are not guaranteed by the United States and do
3 not constitute a debt or obligation of the United
4 States or any agency or instrumentality thereof
5 other than the enterprise.

6 (f) **FEDERAL RESERVE FINANCING FACILITY.**—The
7 Board of Governors of the Federal Reserve System shall
8 establish a credit facility of the Federal Reserve System
9 to make credit available to the enterprises at interest rates
10 comparable to rates on securities issued by the Secretary
11 of the Treasury under chapter 31 of title 31, United
12 States Code, and having comparable terms, as determined
13 by the Board.

14 (g) **TERMINATION.**—The requirement under sub-
15 section (b)(1) for the enterprises to purchase mortgages
16 shall not apply to any mortgage proffered to an enterprise
17 after December 31, 2010.

18 **SEC. 3. DEFINITIONS.**

19 For purposes of this Act, the following definitions
20 shall apply:

21 (1) **DIRECTOR.**—The term “Director” means
22 the Director of the Federal Housing Finance Agen-
23 cy.

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

4 (3) SECRETARY.—The term “Secretary” means
5 the Secretary of the Treasury.

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