

111TH CONGRESS
2D SESSION

H. R. 4811

To protect the American taxpayers by improving the safety and soundness of the FHA mortgage insurance programs of the Department of Housing and Urban Development.

IN THE HOUSE OF REPRESENTATIVES

MARCH 10, 2010

Mrs. CAPITO (for herself, Mr. BACHUS, Mrs. BIGGERT, Mr. GARRETT of New Jersey, Mr. NEUGEBAUER, Mr. LANCE, Mr. HENSARLING, and Mr. GARY G. MILLER of California) introduced the following bill; which was referred to the Committee on Financial Services

A BILL

To protect the American taxpayers by improving the safety and soundness of the FHA mortgage insurance programs of the Department of Housing and Urban Development.

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 “FHA Safety and
5 Soundness and Taxpayer Protection Act of 2010”.

1 **SEC. 2. DEPUTY ASSISTANT SECRETARY OF FHA FOR RISK**
2 **MANAGEMENT.**

3 (a) ESTABLISHMENT OF POSITION.—Subsection (b)
4 of section 4 of the Department of Housing and Urban De-
5 velopment Act (42 U.S.C. 3533(b)) is amended—

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

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

9 “(2) There shall be in the Department, within the
10 Federal Housing Administration, a Deputy Assistant Sec-
11 retary for Risk Management, who shall be appointed by
12 the Secretary and shall be responsible to the Federal
13 Housing Commissioner for all matters relating to man-
14 aging and mitigating risk to the mortgage insurance funds
15 of the Department and ensuring the performance of mort-
16 gages insured by the Department.”.

17 (b) TERMINATION.—Upon the appointment and con-
18 firmation of the initial Deputy Assistant Secretary for
19 Risk Management pursuant to section 4(b)(2) of the De-
20 partment of Housing and Urban Development Act, as
21 amended by subsection (a) of this section, the position of
22 chief risk officer within the Department of Housing and
23 Urban Development, filled by appointment by the Federal
24 Housing Commissioner, is abolished.

1 **SEC. 3. USE OF OUTSIDE CREDIT RISK ANALYSIS SOURCES.**

2 Section 202 of the National Housing Act (12 U.S.C.
3 1708) is amended by adding at the end the following new
4 subsection:

5 “(i) USE OF OUTSIDE CREDIT RISK ANALYSIS
6 SOURCES.—To improve the credit risk analysis functions
7 of the Department of Housing and Urban Development
8 in connection with insurance provided by the Department
9 for single-family housing mortgages, the Secretary may
10 obtain the services of, and enter into contracts with, pri-
11 vate and other entities outside of the Department in—

12 “(1) analyzing credit risk models and practices
13 employed by the Department in connection with
14 such mortgages;

15 “(2) evaluating underwriting standards applica-
16 ble to such mortgages insured by the Department;
17 and

18 “(3) analyzing the performance of lenders in
19 complying with, and the Department in enforcing,
20 such underwriting standards.”.

21 **SEC. 4. AUTHORITY TO INCREASE ANNUAL INSURANCE**
22 **PREMIUMS.**

23 (a) AUTHORITY.—Paragraph (2) of section 203(c) of
24 the National Housing Act (12 U.S.C. 1709(c)(2)) is
25 amended—

1 (1) in subparagraph (B), in the matter pre-
2 ceding clause (i), by inserting “, except as provided
3 in subparagraph (C),” before “0.50 percent”; and

4 (2) by adding at the end the following new sub-
5 paragraph:

6 “(C) The Secretary may, if the Secretary
7 determines that action pursuant to this sub-
8 paragraph is necessary to protect the safety and
9 soundness of the Mutual Mortgage Insurance
10 Fund, establish and collect the annual premium
11 payments in an amount not exceeding 1.75 per-
12 cent of the remaining insured principal balance
13 (excluding the portion of the remaining balance
14 attributable to the premium collected under
15 subparagraph (A) and without taking into ac-
16 count delinquent payments or prepayments) for
17 the first 30 years of the mortgage term.”.

18 (b) EFFECT ON UP-FRONT PREMIUMS.—Subpara-
19 graph (A) of section 203(c)(2) of the National Housing
20 Act (12 U.S.C. 1709(c)(2)(A)) is amended by adding at
21 the end the following: “In establishing the amount of the
22 single premium payment pursuant to this subparagraph,
23 the Secretary shall consider any increase of the annual
24 premium payment pursuant to subparagraph (C) and shall
25 ensure that such single and annual premium payments are

1 sufficient to ensure the safety and soundness of the Mu-
 2 tual Mortgage Insurance Fund.”.

3 **SEC. 5. RISK-BASED PREMIUM PILOT PROGRAM.**

4 Title II of the National Housing Act is amended—

5 (1) in section 203(c)(2) (12 U.S.C. 1709(c)(2)),
 6 in the matter preceding subparagraph (A), by strik-
 7 ing “Notwithstanding” and inserting “Except as
 8 provided in section 259 and notwithstanding”; and

9 (2) by adding after section 258 (12 U.S.C.
 10 1715z-24) the following new section:

11 **“SEC. 259. FLEXIBLE RISK-BASED PREMIUM PILOT PRO-**
 12 **GRAM.**

13 “(a) ESTABLISHMENT.—The Secretary shall carry
 14 out a pilot program to provide a flexible risk-based pre-
 15 mium structure for mortgage insurance premiums only for
 16 mortgages that are—

17 “(1) insured under this title;

18 “(2) secured by 1- to 4-family residences; and

19 “(3) executed by first-time homebuyers.

20 “(b) FLEXIBLE RISK-BASED PREMIUMS.—

21 “(1) PREMIUM STRUCTURE.—Under the pilot
 22 program under this section, the Secretary shall es-
 23 tablish a mortgage insurance premium structure in-
 24 volving a single premium payment collected prior to
 25 the insurance of the mortgage or periodic payments,

1 or both, without regard to any maximum or min-
2 imum premium amounts set forth in section 203(c).
3 The rate of premium for such a mortgage may vary
4 during the mortgage term as long as the basis for
5 determining the variable rate is established before
6 the execution of the mortgage. The Secretary may
7 change a premium structure established under this
8 paragraph but only to the extent that such change
9 is not applied to any mortgage already executed.

10 “(2) NOTICE TO ESTABLISH AND ALTER PRE-
11 MIUM STRUCTURE.—A premium structure shall be
12 established or changed under paragraph (1) only by
13 providing notice to mortgagees and to the Congress,
14 at least 30 days before the premium structure is es-
15 tablished or changed.

16 “(3) CONSIDERATIONS.—When establishing a
17 premium structure under paragraph (1) or when
18 changing such a premium structure, the Secretary
19 shall consider the following:

20 “(A) The effect of the proposed premium
21 structure on the Secretary’s ability to meet the
22 operational goals of the Mutual Mortgage In-
23 surance Fund as provided in section 202(a).

24 “(B) Underwriting variables.

1 “(C) The extent to which new pricing
2 under the proposed premium structure has po-
3 tential for acceptance in the private market.

4 “(D) The administrative capability of the
5 Secretary to administer the proposed premium
6 structure.

7 “(E) The effect of the proposed premium
8 structure on the Secretary’s ability to maintain
9 the availability of mortgage credit and provide
10 stability to mortgage markets.

11 “(c) SCOPE.—The Secretary may carry out the pilot
12 program under this section on a limited basis or scope,
13 except that the program shall be carried out nationwide
14 and the Secretary shall ensure wide geographic represen-
15 tation of residences subject to mortgages insured pursuant
16 to the pilot program.

17 “(d) LIMITATIONS.—

18 “(1) ANNUAL.—In any fiscal year, the aggre-
19 gate number of mortgages insured pursuant to the
20 pilot program under this section may not exceed 5
21 percent of the aggregate number of mortgages for 1-
22 to 4-family residences insured by the Secretary
23 under this title during the preceding fiscal year.

1 “(2) TERM OF PROGRAM.—The aggregate num-
 2 ber or mortgages insured pursuant to the pilot pro-
 3 gram under this section may not exceed 150,000.

4 “(e) SUNSET.—After the expiration of the 3-year pe-
 5 riod beginning on the date of the enactment of the FHA
 6 Safety and Soundness and Taxpayer Protection Act of
 7 2010, the Secretary may not enter into any new commit-
 8 ment to insure any mortgage, or newly insure any mort-
 9 gage, pursuant to the pilot program under this section.”.

10 **SEC. 6. ONGOING LENDER REVIEW OF DELINQUENCIES**

11 **AMONG RECENT ORIGINATIONS AND AU-**
 12 **THORITY TO SUSPEND LENDERS.**

13 Section 533 of the National Housing Act (12 U.S.C.
 14 1735f–11) is amended—

15 (1) by striking the section designation and
 16 heading and inserting the following:

17 **“SEC. 533. REVIEWS OF MORTGAGEE PERFORMANCE AND**
 18 **AUTHORITY TO TEMPORARILY SUSPEND AND**
 19 **TERMINATE.”;**

20 (2) in subsection (a), by striking “at least once
 21 a year” and all that follows through the end of the
 22 subsection and inserting the following: “the Sec-
 23 retary shall—

24 “(1) at least once a year, for each mortgagee
 25 that originates or underwrites mortgages on single

1 family housing that are insured by the Secretary, re-
2 view the rate of early defaults and claims for such
3 mortgages for such mortgagee; and

4 “(2) conduct an ongoing review of mortgages
5 on single family housing originated during the pre-
6 ceding 24 months and insured by the Secretary
7 under which the mortgagor has become 60 or more
8 days delinquent with respect to payment under the
9 mortgage during the first 24 months of the term of
10 the mortgage to determine—

11 “(A) which mortgages should not have
12 been originated or insured and the characteris-
13 tics of such mortgages;

14 “(B) which mortgagees have relatively high
15 incidences, as determined by the Secretary, of
16 such delinquent mortgages or insurance claims
17 on mortgages, with respect to all mortgages
18 originated by the mortgagee or mortgages on
19 housing located in any particular geographic
20 area or areas; and

21 “(C) which mortgagees have had a signifi-
22 cant or rapid increase, as determined by the
23 Secretary, in the number or percentage of such
24 delinquent mortgages or insurance claims on
25 such mortgages, with respect to all mortgages

1 originated by the mortgagee or mortgages on
2 housing located in any particular geographic
3 area or areas.”;

4 (3) in the first sentence of subsection (b), by in-
5 serting “or areas or on a nationwide basis” after
6 “area” each place such term appears;

7 (4) in subsection (c)(1), by inserting “for any
8 area or areas, or on a nationwide basis” after “sin-
9 gle family mortgages”; and

10 (5) by adding at the end the following new sub-
11 sections:

12 “(d) REQUIRED MORTGAGEE INVESTIGATION FOR
13 HIGH EARLY DEFAULT RATES.—If the Secretary deter-
14 mines pursuant to review under subsection (a)(2) or other-
15 wise that, with respect to any mortgagee of mortgages on
16 single family housing that are insured by the Secretary,
17 that—

18 “(1) there is a relatively high incidence of mort-
19 gages originated by such mortgagee under which the
20 mortgagor has become 60 or more days delinquent
21 with respect to payment under the mortgage during
22 the first 24 months of the term of the mortgage,
23 with respect to all mortgages originated by such
24 mortgagee or mortgages on housing located in any
25 particular geographic area or areas, or

1 “(2) there has been a significant or rapid in-
2 crease in the number or percentage of such delin-
3 quent mortgages originated by any mortgagee, with
4 respect to all mortgages originated by the mortgagee
5 or mortgages on housing located in any particular
6 geographic area or areas,
7 the Secretary shall undertake an investigation of the mort-
8 gagee to determine if action against such mortgagee under
9 subsection (e) of this section is warranted or the matter
10 should be referred to the Mortgagee Review Board under
11 section 202(c).

12 “(e) AUTHORITY TO TEMPORARILY SUSPEND MORT-
13 GAGEES IN EXIGENT CIRCUMSTANCES.—

14 “(1) AUTHORITY.—Notwithstanding section
15 202(c), the Secretary may temporarily suspend the
16 approval of a mortgagee to originate or underwrite
17 mortgages on single family housing that are insured
18 by the Secretary if the Secretary determines, in ac-
19 cordance with regulations issued by the Secretary,
20 that any of the grounds under paragraph (2) of this
21 subsection exist. If the grounds under paragraph (2)
22 for a suspension of a mortgagee are limited to a par-
23 ticular geographic area or areas, the suspension may
24 apply to such particular geographic area or areas or
25 to all business of the mortgagee with the Federal

1 Housing Administration regardless of location of the
2 mortgaged properties.

3 “(2) GROUNDS.—The grounds under this para-
4 graph exist for a suspension of a mortgagee pursu-
5 ant to paragraph (1) only if—

6 “(A) there exists adequate evidence of—

7 “(i) a relatively high incidence of
8 mortgages originated by such mortgagee
9 under which the mortgagor has become 60
10 or more days delinquent with respect to
11 payment under the mortgage during the
12 first 24 months of the term of the mort-
13 gage, with respect to all mortgages origi-
14 nated by such mortgagee or mortgages on
15 housing located in any particular geo-
16 graphic area or areas; or

17 “(ii) a significant or rapid increase in
18 the number or percentage such delinquent
19 mortgages originated by such mortgagee,
20 with respect to all mortgages originated by
21 such mortgagee or mortgages on housing
22 located in any particular geographic area
23 or areas; and

24 “(B) continuation of the mortgagee’s ap-
25 proval, pending or at the completion of any

1 audit, investigation, or other review, or such ad-
2 ministrative or other legal proceedings as may
3 ensue, would not be in—

4 “(i) the public interest; or

5 “(ii) the best interests of the Depart-
6 ment, including the best interests of the
7 safety and soundness of the insurance
8 funds under this title.

9 “(3) IMMEDIATE EFFECTIVENESS.—A suspen-
10 sion of a mortgagee pursuant to this subsection shall
11 take effect upon the Secretary providing written no-
12 tice of the suspension to the mortgagee and to the
13 Mortgagee Review Board. Pursuant to such notice,
14 the Mortgagee Review Board shall, as promptly as
15 possible, review the suspension and the grounds for
16 the suspension and make a determination whether to
17 terminate the suspension, take other action pursuant
18 to section 202(c), or both. Such a suspension shall
19 continue in effect until withdrawn by the Secretary
20 or terminated by the Mortgagee Review Board pur-
21 suant to action under section 202(c).

22 “(4) CONFERENCE.—If requested in writing by
23 the suspended mortgagee within 30 days of the date
24 of that notice is provided to the mortgagee, the
25 mortgagee shall be entitled to an informal con-

1 ference with the official authorized to issue termi-
2 nation notices on behalf of the Secretary (or a des-
3 ignee of such official). At the informal conference,
4 the mortgagee may present for consideration specific
5 factors that it believes were beyond its control and
6 that caused the grounds for the suspension.

7 “(f) SUFFICIENT RESOURCES.—There is authorized
8 to be appropriated to the Secretary for each of fiscal years
9 2010 through 2014 the amount necessary to provide 90
10 additional full-time equivalent positions for the Depart-
11 ment, or for entering into such contracts as are necessary,
12 to conduct reviews in accordance with the requirements
13 of this section.

14 “(g) LENDER MONITORING.—In conducting moni-
15 toring and analysis of the performance of lenders for mort-
16 gages on single family housing insured under this Act, the
17 Secretary shall utilize a 24-month period for such moni-
18 toring and analysis, to promote earlier identification of
19 problem mortgagees and allow earlier intervention and
20 sanctions.

21 “(h) REPORTING TO CONGRESS.—Not later than 90
22 days after the date of enactment of the FHA Safety and
23 Soundness and Taxpayer Protection Act of 2010 and not
24 less often than annually thereafter, the Secretary shall
25 make available to the Committee on Financial Services of

1 the House of Representatives and the Committee on
2 Banking, Housing, and Urban Affairs of the Senate any
3 information and conclusions pursuant to the reviews re-
4 quired under subsection (a).”.

5 **SEC. 7. INDEMNIFICATION BY MORTGAGEES.**

6 (a) INDEMNIFICATION BY DIRECT ENDORSEMENT
7 MORTGAGEES.—Section 202 of the National Housing Act
8 (12 U.S.C. 1708) is amended by adding at the end the
9 following new subsection:

10 “(i) INDEMNIFICATION BY MORTGAGEES.—

11 “(1) IN GENERAL.—If the Secretary determines
12 that a mortgage executed by a mortgagee approved
13 by the Secretary under the direct endorsement pro-
14 gram or insured by a mortgagee pursuant to the del-
15 egation of authority under section 256 was not origi-
16 nated or underwritten in accordance with the re-
17 quirements established by the Secretary, and the
18 Secretary pays an insurance claim with respect to
19 the mortgage within a reasonable period specified by
20 the Secretary, the Secretary may require the mort-
21 gagee approved by the Secretary under the direct en-
22 dorsement program or the mortgagee delegated au-
23 thority under section 256 to indemnify the Secretary
24 for the loss.

1 “(2) FRAUD OR MISREPRESENTATION.—If
 2 fraud or misrepresentation was involved in connec-
 3 tion with the origination or underwriting, the Sec-
 4 retary may require the mortgagee approved by the
 5 Secretary under the direct endorsement program or
 6 the mortgagee delegated authority under section 256
 7 to indemnify the Secretary for the loss regardless of
 8 when an insurance claim is paid.

9 “(3) REQUIREMENTS AND PROCEDURES.—The
 10 Secretary shall issue regulations establishing appro-
 11 priate requirements and procedures governing the
 12 indemnification of the Secretary by the mortgagee.”.

13 (b) DELEGATION OF INSURING AUTHORITY.—Sec-
 14 tion 256 of the National Housing Act (12 U.S.C. 1715z–
 15 21) is amended—

16 (1) by striking subsection (c);

17 (2) in subsection (e), by striking “, including
 18 requirements and procedures governing the indem-
 19 nification of the Secretary by the mortgagee”; and

20 (3) by redesignating subsections (d) and (e) as
 21 subsections (c) and (d), respectively.

22 **SEC. 8. USE OF SAFE MORTGAGE LICENSING ACT IDENTIFI-**
 23 **FIERS.**

24 (a) REQUIREMENT.—Section 202 of the National
 25 Housing Act (12 U.S.C. 1708), as amended by the pre-

1 ceding provisions of this Act, is further amended by add-
2 ing at the end the following new subsection:

3 “(j) USE OF SAFE MORTGAGE LICENSING ACT
4 IDENTIFIERS.—The Secretary shall require each mort-
5 gagee, as a condition for approval by the Secretary to
6 originate or underwrite mortgages on single family or mul-
7 tifamily housing that are insured by the Secretary, that
8 the mortgagee obtain, maintain, and use in all dealings
9 and communications with the Department, or otherwise
10 relating to any mortgages insured by the Secretary, a
11 unique identifier (as such term is defined in section 1503
12 of the S.A.F.E. Mortgage Licensing Act of 2008 (12
13 U.S.C. 5102)).”.

14 (b) RULEMAKING AND IMPLEMENTATION.—The Sec-
15 retary of Housing and Urban Development shall conduct
16 a rulemaking to carry out subsection (i) of section 202
17 of the National Housing Act, as added by the amendment
18 made by subsection (a) of this section. The Secretary shall
19 implement such subsection (i) not later than the expiration
20 of the 120-day period beginning upon the date of the en-
21 actment of this Act by notice, mortgagee letter, or interim
22 final regulations, which shall take effect upon issuance.

1 **SEC. 9. REPORTING OF AGGREGATOR ACTIONS TAKEN**
2 **AGAINST MORTGAGEES.**

3 Section 202 of the National Housing Act (12 U.S.C.
4 1708(e)), as amended by the preceding provisions of this
5 Act, is further amended by adding at the end the following
6 new subsection:

7 “(k) NOTIFICATION OF MORTGAGEE ACTIONS.—The
8 Secretary shall require each mortgagee, as a condition for
9 approval by the Secretary to originate or underwrite mort-
10 gages on single family or multifamily housing that are in-
11 sured by the Secretary, if such mortgagee engages in the
12 purchase of mortgages insured by the Secretary and origi-
13 nated by other mortgagees or in the purchase of the serv-
14 icing rights to such mortgages, and such mortgagee at any
15 time takes action to terminate or discontinue such pur-
16 chases from another mortgagee based on any determina-
17 tion, evidence, report, or concern of fraud or misrepresen-
18 tation in connection with the origination of such mort-
19 gages, or based on the level of defaults on such mortgages,
20 the mortgagee shall, not later than 15 days after taking
21 such action, shall notify the Secretary of the action taken
22 and the reasons for such action.”.

1 **SEC. 10. ANNUAL ACTUARIAL STUDY AND QUARTERLY RE-**
2 **PORTS ON MUTUAL MORTGAGE INSURANCE**
3 **FUND.**

4 Subsection (a) of section 202 of the National Hous-
5 ing Act (12 U.S.C. 1708(a)) is amended—

6 (1) in the second sentence of paragraph (4), by
7 inserting before the period at the end the following:
8 “, any changes to the current or projected safety
9 and soundness of the Fund since the most recent re-
10 port under this paragraph or paragraph (5), and
11 any risks to the Fund”; and

12 (2) in paragraph (5), in the matter that follows
13 subparagraph (E), by inserting at the beginning of
14 such matter and before “The first” the following:
15 “Each such quarterly report shall include an assess-
16 ment of the financial status of the Fund, any
17 changes to the current or projected safety and
18 soundness of the Fund since the most recent report
19 under paragraph (4) and this paragraph, and any
20 risks to the Fund, and shall set forth any rec-
21 ommendations (in addition to recommendations
22 under subparagraph (E)) for actions to ensure that
23 the Fund remains financially sound.”.

1 **SEC. 11. DEFAULT AND ORIGATION INFORMATION BY**
2 **LOAN SERVICER AND ORIGINATING DIRECT**
3 **ENDORSEMENT LENDER.**

4 Paragraph (2) of section 540(b) of the National
5 Housing Act (12 U.S.C. 1712 U.S.C. 1735f–18(b)(2)) is
6 amended by adding at the end the following new subpara-
7 graph:

8 “(C) For each entity that services insured
9 mortgages, data on the performance of mort-
10 gages originated during each calendar quarter
11 occurring during the applicable collection pe-
12 riod, disaggregated by the direct endorsement
13 mortgagee from whom such entity acquired
14 such servicing.”.

15 **SEC. 12. GAO REPORTS ON FHA AND GINNIE MAE.**

16 Not later than the expiration of the 12-month period
17 beginning on the date of the enactment of this Act, the
18 Comptroller General of the United States shall submit to
19 the Congress the following reports:

20 (1) **FHA REPORT.**—A report on the single fam-
21 ily mortgage insurance programs of the Secretary of
22 Housing and Urban Development and the Mutual
23 Mortgage Insurance Fund established under section
24 202(a) of the National Housing Act (12 U.S.C.
25 1708(a)) that—

1 (A) analyzes such Fund, the economic net
2 worth, capital ratio, and unamortized insur-
3 ance-in-force (as such terms are defined in sec-
4 tion 205(f)(4) of such Act (12 U.S.C.
5 1711(f)(4))) of such Fund, the risks to the
6 Fund, how the capital ratio of the Fund affects
7 the mortgage insurance programs under the
8 Fund and the broader housing market, the ex-
9 tent to which the housing markets are more de-
10 pendent on mortgage insurance provided
11 through the Fund since the financial crisis
12 began in 2008, and the exposure of the tax-
13 payers for obligations of the Fund;

14 (B) recommends a capital ratio for the
15 Fund (notwithstanding section 205(f)(2) of
16 such Act) that is appropriate and sufficient to
17 ensure that the operational goals of the Fund
18 under section 202(a)(8) (as so redesignated by
19 the preceding provisions of this Act) are met;

20 (C) analyzes the effects of the increases in
21 the limits on the maximum principal obligation
22 of mortgages made by the FHA Modernization
23 Act of 2008 (title I of division B of Public Law
24 110–289), section 202 of the Economic Stim-
25 ulus Act of 2008 (Public Law 110–185; 122

1 Stat. 620), section 1202 of division A of the
2 American Recovery and Reinvestment Act of
3 2009 (Public Law 111–5; 123 Stat. 225), and
4 section 166 of the Continuing Appropriations
5 Resolution, 2010 (as added by section 104 of
6 division B of Public Law 111–88; 123 Stat.
7 29723) on—

8 (i) the risks to and safety and sound-
9 ness of the Fund;

10 (ii) the private market for residential
11 mortgage loans that are not insured by the
12 Secretary of Housing and Urban Develop-
13 ment; and

14 (iii) the Federal National Mortgage
15 Association and the Federal Home Loan
16 Mortgage Corporation; and

17 (D) analyzes the impacts to the Fund
18 caused by seller concessions or contributions to
19 a borrower purchasing a residence using a
20 mortgage that is insured by the Secretary and
21 recommends an appropriate limitation on such
22 concessions or contributions.

23 (2) GINNIE MAE.—A report on the Government
24 National Mortgage Association that identifies—

1 (A) the volume and share of the residential
2 mortgage market that consists of mortgages
3 that back, or on which are based, securities the
4 payment of principal and interest on which is
5 guaranteed by such Association and how the
6 Association has been affected by the economic
7 recession, credit crisis, and downturn in the
8 housing markets occurring during 2008, 2009,
9 and 2010;

10 (B) the capacity of the Association to man-
11 age the volume of business it conducts and se-
12 curities it guarantees, particularly with regard
13 to the recent dramatic increase in such volume,
14 including the ability of the Association to con-
15 duct appropriate oversight of contractors and
16 issuers of securities payment of principal and
17 interest on which is guaranteed by the Associa-
18 tion and conduct proper due diligence and over-
19 sight in screening the mortgages that back such
20 securities or on which such securities are based;

21 (C) the impacts, if any, resulting from
22 such increased volume of business conducted by
23 the Association and securities it guarantees and
24 the challenges such increased volume poses to
25 the internal controls of the Association; and

1 (D) the existing capital net worth of the
2 various aggregators of mortgages that issue se-
3 curities that are based on or backed by such
4 mortgages and payment of principal and inter-
5 est on which is guaranteed by such Association
6 and recommends an appropriate required level
7 of net worth for such aggregators and issuers
8 to protect the financial interests Federal Gov-
9 ernment and the taxpayers.

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