

111TH CONGRESS
2D SESSION

H. R. 4889

To establish a term certain for the conservatorships of Fannie Mae and Freddie Mac, to provide conditions for continued operation of such enterprises, and to provide for the wind down of such operations and the dissolution of such enterprises.

IN THE HOUSE OF REPRESENTATIVES

MARCH 19, 2010

Mr. HENSARLING (for himself, Mr. PENCE, Mr. PRICE of Georgia, Mr. FLAKE, Mr. MARCHANT, Mr. AKIN, Mr. BARTLETT, Mr. LATTA, Mr. PITTS, Mrs. SCHMIDT, Mr. GARRETT of New Jersey, Mr. OLSON, Mr. DUNCAN, Mr. PLATTS, and Mr. SMITH of Texas) introduced the following bill; which was referred to the Committee on Financial Services

A BILL

To establish a term certain for the conservatorships of Fannie Mae and Freddie Mac, to provide conditions for continued operation of such enterprises, and to provide for the wind down of such operations and the dissolution of such enterprises.

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 “GSE Bailout Elimination and Taxpayer Protection Act”.
5

1 **SEC. 2. DEFINITIONS.**

2 For purposes of this Act, the following definitions
3 shall apply:

4 (1) CHARTER.—The term “charter” means—

5 (A) with respect to the Federal National
6 Mortgage Association, the Federal National
7 Mortgage Association Charter Act (12 U.S.C.
8 1716 et seq.); and

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

13 (2) DIRECTOR.—The term “Director” means
14 the Director of the Federal Housing Finance Agen-
15 cy.

16 (3) ENTERPRISE.—The term “enterprise”
17 means—

18 (A) the Federal National Mortgage Asso-
19 ciation; and

20 (B) the Federal Home Loan Mortgage
21 Corporation.

22 (4) GUARANTEE.—The term “guarantee”
23 means, with respect to an enterprise, the credit sup-
24 port of the enterprise that is provided by the Fed-
25 eral Government through its charter as a govern-
26 ment-sponsored enterprise.

1 **SEC. 3. TERMINATION OF CURRENT CONSERVATORSHIP.**

2 (a) IN GENERAL.—Upon the expiration of the period
3 referred to in subsection (b), the Director of the Federal
4 Housing Finance Agency shall determine, with respect to
5 each enterprise, if the enterprise is financially viable at
6 that time and—

7 (1) if the Director determines that the enter-
8 prise is financially viable, immediately take all ac-
9 tions necessary to terminate the conservatorship for
10 the enterprise that is in effect pursuant to section
11 1367 of the Federal Housing Enterprises Financial
12 Safety and Soundness Act of 1992 (12 U.S.C.
13 4617); or

14 (2) if the Director determines that the enter-
15 prise is not financially viable, immediately appoint
16 the Federal Housing Finance Agency as receiver
17 under section 1367 of the Federal Housing Enter-
18 prises Financial Safety and Soundness Act of 1992
19 and carry out such receivership under the authority
20 of such section.

21 (b) TIMING.—The period referred to in this sub-
22 section is, with respect to an enterprise—

23 (1) except as provided in paragraph (2), the 24-
24 month beginning upon the date of the enactment of
25 this Act; or

1 (2) if the Director determines before the expira-
 2 tion of the period referred to in paragraph (1) that
 3 the financial markets would be adversely affected
 4 without the extension of such period under this
 5 paragraph with respect to that enterprise, and upon
 6 making such determination notifies the Congress in
 7 writing of such determination, the 30-month period
 8 beginning upon the date of the enactment of this
 9 Act.

10 (c) FINANCIAL VIABILITY.—The Director may not
 11 determine that an enterprise is financially viable for pur-
 12 poses of subsection (a) if the Director determines that any
 13 of the conditions for receivership set forth in paragraph
 14 (3) or (4) of section 1367(a) of the Federal Housing En-
 15 terprises Financial Safety and Soundness Act of 1992 (12
 16 U.S.C. 4617(a)) exists at the time with respect to the en-
 17 terprise.

18 **SEC. 4. LIMITATION OF ENTERPRISE AUTHORITY UPON**
 19 **EMERGENCE FROM CONSERVATORSHIP.**

20 (a) REVISED AUTHORITY.—Upon the expiration of
 21 the period referred to in section 3(b), if the Director
 22 makes the determination under section 3(a)(1), the fol-
 23 lowing provisions shall take effect:

24 (1) REPEAL OF HOUSING GOALS.—

1 (A) REPEAL.—The Federal Housing En-
2 terprises Financial Safety and Soundness Act
3 of 1992 is amended by striking sections 1331
4 through 1336 (12 U.S.C. 4561–6).

5 (B) CONFORMING AMENDMENTS.—Federal
6 Housing Enterprises Financial Safety and
7 Soundness Act of 1992 is amended—

8 (i) in section 1303(28) (12 U.S.C.
9 4502(28)), by striking “and, for the pur-
10 poses” and all that follows through “des-
11 ignated disaster areas”;

12 (ii) in section 1324(b)(1)(A) (12
13 U.S.C. 4544(b)(1)(A))—

14 (I) by striking clauses (i), (ii),
15 and (iv);

16 (II) in clause (iii), by inserting
17 “and” after the semicolon at the end;
18 and

19 (III) by redesignating clauses
20 (iii) and (v) as clauses (i) and (ii), re-
21 spectively;

22 (iii) in section 1338(c)(10) (12 U.S.C.
23 4568(c)(10)), by striking subparagraph
24 (E);

1 (iv) in section 1339(h) (12 U.S.C.
2 4569), by striking paragraph (7);

3 (v) in section 1341 (12 U.S.C.
4 4581)—

5 (I) in subsection (a)—

6 (aa) in paragraph (1), by in-
7 serting “or” after the semicolon
8 at the end;

9 (bb) in paragraph (2), by
10 striking the semicolon at the end
11 and inserting a period; and

12 (cc) by striking paragraphs
13 (3) and (4); and

14 (II) in subsection (b)(2)—

15 (aa) in subparagraph (A),
16 by inserting “or” after the semi-
17 colon at the end;

18 (bb) by striking subpara-
19 graphs (B) and (C); and

20 (cc) by redesignating sub-
21 paragraph (D) as subparagraph
22 (B);

23 (vi) in section 1345(a) (12 U.S.C.
24 4585(a))—

1 (I) in paragraph (1), by inserting
 2 “or” after the semicolon at the end;

3 (II) in paragraph (2), by striking
 4 the semicolon at the end and inserting
 5 a period; and

6 (III) by striking paragraphs (3)
 7 and (4); and

8 (vii) in section 1371(a)(2) (12 U.S.C.
 9 4631(a)(2))—

10 (I) by striking “with any housing
 11 goal established under subpart B of
 12 part 2 of subtitle A of this title,”; and

13 (II) by striking “section 1336
 14 or”.

15 (2) PORTFOLIO LIMITATIONS.—Subtitle B of
 16 title XIII of the Housing and Community Develop-
 17 ment Act of 1992 (12 U.S.C. 4611 et seq.) is
 18 amended by adding at the end the following new sec-
 19 tion:

20 **“SEC. 1369E. RESTRICTION ON MORTGAGE ASSETS OF EN-**
 21 **TERPRISES.**

22 “(a) RESTRICTION.—No enterprise shall own, as of
 23 any applicable date in this subsection or thereafter, mort-
 24 gage assets in excess of—

1 “(1) upon the expiration of the period referred
2 to in section 3(b) of the GSE Bailout Elimination
3 and Taxpayer Protection Act or thereafter,
4 \$850,000,000,000;

5 “(2) upon the expiration of the 1-year period
6 that begins on the date described in paragraph (1)
7 or thereafter, \$700,000,000,000;

8 “(3) upon the expiration of the 2-year period
9 that begins on the date described in paragraph (1)
10 or thereafter, \$500,000,000,000; and

11 “(4) upon the expiration of the 3-year period
12 that begins on the date described in paragraph (1),
13 \$250,000,000,000.

14 “(b) DEFINITION OF MORTGAGE ASSETS.—For pur-
15 poses of this section, the term ‘mortgage assets’ means,
16 with respect to an enterprise, assets of such enterprise
17 consisting of mortgages, mortgage loans, mortgage-related
18 securities, participation certificates, mortgage-backed
19 commercial paper, obligations of real estate mortgage in-
20 vestment conduits and similar assets, in each case to the
21 extent such assets would appear on the balance sheet of
22 such enterprise in accordance with generally accepted ac-
23 counting principles in effect in the United States as of
24 September 7, 2008 (as set forth in the opinions and pro-
25 nouncements of the Accounting Principles Board and the

1 American Institute of Certified Public Accountants and
 2 statements and pronouncements of the Financial Account-
 3 ing Standards Board from time to time; and without giv-
 4 ing any effect to any change that may be made after Sep-
 5 tember 7, 2008, in respect of Statement of Financial Ac-
 6 counting Standards No. 140 or any similar accounting
 7 standard).”.

8 (3) INCREASE IN MINIMUM CAPITAL REQUIRE-
 9 MENT.—Section 1362 of the Federal Housing En-
 10 terprises Financial Safety and Soundness Act of
 11 1992 (12 U.S.C. 4612), as amended by section 1111
 12 of the Housing and Economic Recovery Act of 2008
 13 (Public Law 110–289), is amended—

14 (A) in subsection (a), by striking “For
 15 purposes of this subtitle, the minimum capital
 16 level for each enterprise shall be” and inserting
 17 “The minimum capital level established under
 18 subsection (g) for each enterprise may not be
 19 lower than”;

20 (B) in subsection (c)—

21 (i) by striking “subsections (a) and”
 22 and inserting “subsection”;

23 (ii) by striking “regulated entities”
 24 the first place such term appears and in-
 25 serting “Federal Home Loan Banks”;

1 (iii) by striking “for the enterprises,”;

2 (iv) by striking “, or for both the en-
3 terprises and the banks,”;

4 (v) by striking “the level specified in
5 subsection (a) for the enterprises or”; and

6 (vi) by striking “the regulated entities
7 operate” and inserting “such banks oper-
8 ate”;

9 (C) in subsection (d)(1)—

10 (i) by striking “subsections (a) and”
11 and inserting “subsection”; and

12 (ii) by striking “regulated entity”
13 each place such term appears and inserting
14 “Federal home loan bank”;

15 (D) in subsection (e), by striking “regu-
16 lated entity” each place such term appears and
17 inserting “Federal home loan bank”;

18 (E) in subsection (f)—

19 (i) by striking “the amount of core
20 capital maintained by the enterprises,”;
21 and

22 (ii) by striking “regulated entities”
23 and inserting “banks”; and

24 (F) by adding at the end the following new
25 subsection:

1 “(g) ESTABLISHMENT OF REVISED MINIMUM CAP-
2 ITAL LEVELS.—

3 “(1) IN GENERAL.—The Director shall cause
4 the enterprises to achieve and maintain adequate
5 capital by establishing minimum levels of capital for
6 such the enterprises and by using such other meth-
7 ods as the Director deems appropriate.

8 “(2) AUTHORITY.—The Director shall have the
9 authority to establish such minimum level of capital
10 for an enterprise in excess of the level specified
11 under subsection (a) as the Director, in the Direc-
12 tor’s discretion, deems to be necessary or appro-
13 priate in light of the particular circumstances of the
14 enterprise.

15 “(h) FAILURE TO MAINTAIN REVISED MINIMUM
16 CAPITAL LEVELS.—

17 “(1) UNSAFE AND UNSOUND PRACTICE OR CON-
18 DITION.—Failure of a enterprise to maintain capital
19 at or above its minimum level as established pursu-
20 ant to subsection (g) of this section may be deemed
21 by the Director, in his discretion, to constitute an
22 unsafe and unsound practice or condition within the
23 meaning of this title.

24 “(2) DIRECTIVE TO ACHIEVE CAPITAL
25 LEVEL.—

1 “(A) AUTHORITY.—In addition to, or in
2 lieu of, any other action authorized by law, in-
3 cluding paragraph (1), the Director may issue
4 a directive to an enterprise that fails to main-
5 tain capital at or above its required level as es-
6 tablished pursuant to subsection (g) of this sec-
7 tion.

8 “(B) PLAN.—Such directive may require
9 the enterprise to submit and adhere to a plan
10 acceptable to the Director describing the means
11 and timing by which the enterprise shall achieve
12 its required capital level.

13 “(C) ENFORCEMENT.—Any such directive
14 issued pursuant to this paragraph, including
15 plans submitted pursuant thereto, shall be en-
16 forceable under the provisions of subtitle C of
17 this title to the same extent as an effective and
18 outstanding order issued pursuant to subtitle C
19 of this title which has become final.

20 “(3) ADHERENCE TO PLAN.—

21 “(A) CONSIDERATION.—The Director may
22 consider such enterprise’s progress in adhering
23 to any plan required under this subsection
24 whenever such enterprise seeks the requisite ap-
25 proval of the Director for any proposal which

1 would divert earnings, diminish capital, or oth-
2 erwise impede such enterprise's progress in
3 achieving its minimum capital level.

4 “(B) DENIAL.—The Director may deny
5 such approval where it determines that such
6 proposal would adversely affect the ability of
7 the enterprise to comply with such plan.”.

8 (4) REPEAL OF INCREASES TO CONFORMING
9 LOAN LIMITS.—

10 (A) REPEAL OF TEMPORARY INCREASES.—

11 (i) CONTINUING APPROPRIATIONS
12 RESOLUTION, 2010.—Section 167 of the
13 Continuing Appropriations Resolution,
14 2010 (as added by section 104 of division
15 B of Public Law 111–88; 123 Stat. 2973)
16 is hereby repealed.

17 (ii) AMERICAN RECOVERY AND REIN-
18 VESTMENT ACT OF 2009.—Section 1203 of
19 division A of the American Recovery and
20 Reinvestment Act of 2009 (Public Law
21 111–5; 123 Stat. 225) is hereby repealed.

22 (iii) ECONOMIC STIMULUS ACT OF
23 2008.—Section 201 of the Economic Stim-
24 ulus Act of 2008 (Public Law 110–185;
25 122 Stat. 619) is hereby repealed.

1 (B) REPEAL OF GENERAL LIMIT AND PER-
2 MANENT HIGH-COST AREA INCREASE.—Para-
3 graph (2) of section 302(b) of the Federal Na-
4 tional Mortgage Association Charter Act (12
5 U.S.C. 1717(b)(2)) and paragraph (2) of sec-
6 tion 305(a) of the Federal Home Loan Mort-
7 gage Corporation Act (12 U.S.C. 1454(a)(2))
8 are each amended to read as such sections were
9 in effect immediately before the enactment of
10 the Housing and Economic Recovery Act of
11 2008 (Public Law 110–289).

12 (C) REPEAL OF NEW HOUSING PRICE
13 INDEX.—Section 1322 of the Federal Housing
14 Enterprises Financial Safety and Soundness
15 Act of 1992, as added by section 1124(d) of the
16 Housing and Economic Recovery Act of 2008
17 (Public Law 110–289), is hereby repealed.

18 (D) REPEAL.—Section 1124 of the Hous-
19 ing and Economic Recovery Act of 2008 (Public
20 Law 110–289) is hereby repealed.

21 (E) ESTABLISHMENT OF CONFORMING
22 LOAN LIMIT.—For the year in which the expira-
23 tion of the period referred to in section 3(b) of
24 this section occurs, the limitations governing
25 the maximum original principal obligation of

1 conventional mortgages that may be purchased
2 by the Federal National Mortgage Association
3 and the Federal Home Loan Mortgage Cor-
4 poration, referred to in section 302(b)(2) of the
5 Federal National Mortgage Association Charter
6 Act (12 U.S.C. 1717(b)(2)) and section
7 305(a)(2) of the Federal Home Loan Mortgage
8 Corporation Act (12 U.S.C. 1454(a)(2)), re-
9 spectively, shall be considered to be—

10 (i) \$417,000 for a mortgage secured
11 by a single-family residence,

12 (ii) \$533,850 for a mortgage secured
13 by a 2-family residence,

14 (iii) \$645,300 for a mortgage secured
15 by a 3-family residence, and

16 (iv) \$801,950 for a mortgage secured
17 by a 4-family residence,

18 and such limits shall be adjusted effective each
19 January 1 thereafter in accordance with such
20 sections 302(b)(2) and 305(a)(2).

21 (F) PROHIBITION OF PURCHASE OF MORT-
22 GAGES EXCEEDING MEDIAN AREA HOME
23 PRICE.—

24 (i) FANNIE MAE.—Section 302(b)(2)
25 of the Federal National Mortgage Associa-

1 tion Charter Act (12 U.S.C. 1717(b)(2)) is
2 amended by adding at the end the fol-
3 lowing new sentence: “Notwithstanding
4 any other provision of this title, the cor-
5 poration may not purchase any mortgage
6 for a property having a principal obligation
7 that exceeds the median home price, for
8 properties of the same size, for the area in
9 which such property subject to the mort-
10 gage is located.”.

11 (ii) FREDDIE MAC.—Section
12 305(a)(2) of the Federal Home Loan
13 Mortgage Corporation Act (12 U.S.C.
14 1454(a)(2)) is amended by adding at the
15 end the following new sentence: “Notwith-
16 standing any other provision of this title,
17 the Corporation may not purchase any
18 mortgage for a property having a principal
19 obligation that exceeds the median home
20 price, for properties of the same size, for
21 the area in which such property subject to
22 the mortgage is located.”.

23 (5) REQUIREMENT OF MINIMUM DOWNPAYMENT

24 FOR MORTGAGES PURCHASED.—

1 (A) FANNIE MAE.—Subsection (b) of sec-
2 tion 302 of the Federal National Mortgage As-
3 sociation Charter Act (12 U.S.C. 1717(b)) is
4 amended by adding at the end the following
5 new paragraph:

6 “(7) Notwithstanding any other provision of this Act,
7 the corporation may not newly purchase any mortgage un-
8 less the mortgagor has paid, in cash or its equivalent on
9 account of the property securing repayment such mort-
10 gage, in accordance with regulations issued by the Direc-
11 tor of the Federal Housing Finance Agency, not less
12 than—

13 “(A) for any mortgage purchased during the
14 12-month period beginning upon the expiration of
15 the period referred to in section 3(b) of the GSE
16 Bailout Elimination and Taxpayer Protection Act, 5
17 percent of the appraised value of the property;

18 “(B) for any mortgage purchased during the
19 12-month period beginning upon the expiration of
20 the 12-month period referred to in subparagraph (A)
21 of this paragraph, 7.5 percent of the appraised value
22 of the property; and

23 “(C) for any mortgage purchased during the
24 12-month period beginning upon the expiration of
25 the 12-month period referred to in subparagraph

1 (B) of this paragraph, 10 percent of the appraised
2 value of the property.”.

3 (B) FREDDIE MAC.—Subsection (a) of sec-
4 tion 305 of the Federal Home Loan Mortgage
5 Corporation Act (12 U.S.C. 1454(a)) is amend-
6 ed by adding at the end the following new para-
7 graph:

8 “(6) Notwithstanding any other provision of this Act,
9 the Corporation may not newly purchase any mortgage
10 unless the mortgagor has paid, in cash or its equivalent
11 on account of the property securing repayment such mort-
12 gage, in accordance with regulations issued by the Direc-
13 tor of the Federal Housing Finance Agency, not less
14 than—

15 “(A) for any mortgage purchased during the
16 12-month period beginning upon the expiration of
17 the period referred to in section 3(b) of the GSE
18 Bailout Elimination and Taxpayer Protection Act, 5
19 percent of the appraised value of the property;

20 “(B) for any mortgage purchased during the
21 12-month period beginning upon the expiration of
22 the 12-month period referred to in subparagraph (A)
23 of this paragraph, 7.5 percent of the appraised value
24 of the property; and

1 “(C) for any mortgage purchased during the
 2 12-month period beginning upon the expiration of
 3 the 12-month period referred to in subparagraph
 4 (B) of this paragraph, 10 percent of the appraised
 5 value of the property.”.

6 (6) REQUIREMENT TO PAY STATE AND LOCAL
 7 TAXES.—

8 (A) FANNIE MAE.—Paragraph (2) of sec-
 9 tion 309(c) of the Federal National Mortgage
 10 Association Charter Act (12 U.S.C.
 11 1723a(c)(2)) is amended—

12 (i) by striking “shall be exempt from”
 13 and inserting “shall be subject to”; and

14 (ii) by striking “except that any” and
 15 inserting “and any”.

16 (B) FREDDIE MAC.—Section 303(e) of the
 17 Federal Home Loan Mortgage Corporation Act
 18 (12 U.S.C. 1452(e)) is amended—

19 (i) by striking “shall be exempt from”
 20 and inserting “shall be subject to”; and

21 (ii) by striking “except that any” and
 22 inserting “and any”.

23 (7) REPEALS RELATING TO REGISTRATION OF
 24 SECURITIES.—

25 (A) FANNIE MAE.—

1 (i) MORTGAGE-BACKED SECURI-
2 TIES.—Section 304(d) of the Federal Na-
3 tional Mortgage Association Charter Act
4 (12 U.S.C. 1719(d)) is amended by strik-
5 ing the fourth sentence.

6 (ii) SUBORDINATE OBLIGATIONS.—
7 Section 304(e) of the Federal National
8 Mortgage Association Charter Act (12
9 U.S.C. 1719(e)) is amended by striking the
10 fourth sentence.

11 (B) FREDDIE MAC.—Section 306 of the
12 Federal Home Loan Mortgage Corporation Act
13 (12 U.S.C. 1455) is amended by striking sub-
14 section (g).

15 (8) RECOUPMENT OF COSTS FOR FEDERAL
16 GUARANTEE.—

17 (A) ASSESSMENTS.—The Director of the
18 Federal Housing Finance Agency shall establish
19 and collect from each enterprise assessments in
20 the amount determined under subparagraph
21 (B). In determining the method and timing for
22 making such assessments, the Director shall
23 take into consideration the determinations and
24 conclusions of the study under subsection (b) of
25 this section.

1 (B) DETERMINATION OF COSTS OF GUAR-
2 ANTEE.—Assessments under subparagraph (A)
3 with respect to an enterprise shall be in such
4 amount as the Director determines necessary to
5 recoup to the Federal Government the full value
6 of the benefit the enterprise receives from the
7 guarantee provided by the Federal Government
8 for the obligations and financial viability of the
9 enterprise, based upon the dollar value of such
10 benefit in the market to such enterprise when
11 not operating under conservatorship or receiver-
12 ship. To determine such amount, the Director
13 shall establish a risk-based pricing mechanism
14 as the Director considers appropriate, taking
15 into consideration the determinations and con-
16 clusions of the study under subsection (b) of
17 this section.

18 (C) TREATMENT OF RECOUPED
19 AMOUNTS.—The Director shall cover into the
20 general fund of the Treasury any amounts re-
21 ceived from assessments made under this para-
22 graph.

23 (b) GAO STUDY REGARDING RECOUPMENT OF
24 COSTS FOR FEDERAL GOVERNMENT GUARANTEE.—The
25 Comptroller General of the United States shall conduct

1 a study to determine a risk-based pricing mechanism to
2 accurately determine the value of the benefit the enter-
3 prises receive from the guarantee provided by the Federal
4 Government for the obligations and financial viability of
5 the enterprises. Such study shall establish a dollar value
6 of such benefit in the market to each enterprise when not
7 operating under conservatorship or receivership, shall ana-
8 lyze various methods of the Federal Government assessing
9 a charge for such value received (including methods involv-
10 ing an annual fee or a fee for each mortgage purchased
11 or securitized), and shall make a recommendation of the
12 best such method for assessing such charge. Not later
13 than 12 months after the date of the enactment of this
14 Act, the Comptroller General shall submit to the Congress
15 a report setting forth the determinations and conclusions
16 of such study.

17 **SEC. 5. REQUIRED WIND DOWN OF OPERATIONS AND DIS-**
18 **SOLUTION OF ENTERPRISE.**

19 (a) **APPLICABILITY.**—This section shall apply to an
20 enterprise upon the expiration of the 3-year period re-
21 ferred to in section 3(b).

22 (b) **REPEAL OF CHARTER.**—Upon the applicability of
23 this section to an enterprise, the charter for the enterprise
24 is repealed and the enterprise shall have no authority to
25 conduct new business under such charter, except that the

1 provisions of such charter in effect immediately before
2 such repeal shall continue to apply with respect to the
3 rights and obligations of any holders of outstanding debt
4 obligations and mortgage-backed securities of the enter-
5 prise.

6 (c) WIND DOWN.—Upon the applicability of this sec-
7 tion to an enterprise, the Director and the Secretary of
8 the Treasury shall jointly take such action, and may pre-
9 scribe such regulations and procedures, as may be nec-
10 essary to wind down the operations of an enterprise as
11 an entity chartered by the United States Government over
12 the duration of the 10-year period beginning upon the ap-
13 plicability of this section to the enterprise (pursuant to
14 subsection (a)) in an orderly manner consistent with this
15 Act and the ongoing obligations of the enterprise.

16 (d) DIVISION OF ASSETS AND LIABILITIES; AUTHOR-
17 ITY TO ESTABLISH HOLDING CORPORATION AND DIS-
18 SOLUTION TRUST FUND.—The action and procedures re-
19 quired under subsection (c)—

20 (1) shall include the establishment and execu-
21 tion of plans to provide for an equitable division and
22 distribution of assets and liabilities of the enterprise,
23 including any liability of the enterprise to the United
24 States Government or a Federal reserve bank that

1 may continue after the end of the period described
2 in subsection (ca); and

3 (2) may provide for establishment of—

4 (A) a holding corporation organized under
5 the laws of any State of the United States or
6 the District of Columbia for the purposes of the
7 reorganization and restructuring of the enter-
8 prise; and

9 (B) one or more trusts to which to trans-
10 fer—

11 (i) remaining debt obligations of the
12 enterprise, for the benefit of holders of
13 such remaining obligations; or

14 (ii) remaining mortgages held for the
15 purpose of backing mortgage-backed secu-
16 rities, for the benefit of holders of such re-
17 maining securities.

○