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112TH CONGRESS
2D SESSION

H. R. 6366

To prevent foreclosure of home mortgages and provide for the affordable refinancing of mortgages held by Fannie Mae and Freddie Mac through mortgages having 50-year terms to maturity.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 10, 2012

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

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A BILL

To prevent foreclosure of home mortgages and provide for the affordable refinancing of mortgages held by Fannie Mae and Freddie Mac through mortgages having 50-year terms to maturity.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Flexible Refinancing for American Families Act of 2012".

SEC. 2. AFFORDABLE 50-YEAR REFINANCING OF MORTGAGES OWNED OR GUARANTEED BY FANNIE MAE AND FREDDIE MAC.

(a) AUTHORITY.—The Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation shall each carry out a program under this section to provide for the refinancing of qualified mortgages on single-family housing owned by such enterprise through a refinancing mortgage having a 50-year term, and for the purchase of and securitization of such refinancing mortgages, in accordance with this section and policies and procedures that the Director of the Federal Housing Finance Agency shall establish. Such program shall require such refinancing of a qualified mortgage upon the request of the mortgagor made to the applicable enterprise and a determination by the enterprise that the mortgage is a qualified mortgage.

(b) QUALIFIED MORTGAGE.—For purposes of this section, the term ''qualified mortgage'' means a mortgage, without regard to whether the mortgagor is current on or in default on payments due under the mortgage, that—

(1) is an existing first mortgage that was made for purchase of, or refinancing another first mortgage on, a one- to four-family dwelling, including a condominium or a share in a cooperative ownership

housing association, that is occupied by the mortgagor as the principal residence of the mortgagor;

(2) is owned or guaranteed by the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation; and

(3) was originated on or before the date of the enactment of this Act.

(c) REFINANCING MORTGAGE.—For purposes of this section, the term ''refinancing mortgage'' means a mortgage that meets the following requirements:

(1) REFINANCING OF QUALIFIED MORTGAGE.—The principal loan amount repayment of which is secured by the mortgage shall be used to satisfy all indebtedness under an existing qualified mortgage.

(2) SINGLE-FAMILY HOUSING.—The property that is subject to the mortgage shall be the same property that is subject to the qualified mortgage being refinanced.

(3) 50-YEAR TERM WITH 30-YEAR CALL OPTION.—The mortgage shall have a term to maturity of 50 years from the date of the beginning of the amortization of the mortgage and shall fully amortize over such term, except that the mortgagee may, at the sole option of the mortgagee, require payment in full of all amounts of principal and interest owed

under the mortgage on the date that is 30 years after the date of the beginning of the amortization of the mortgage, but only if the mortgagee provides written notice to the mortgagor of such acceleration of indebtedness not fewer than 90 days in advance of such acceleration.

(4) INTEREST RATE.—The mortgage shall bear interest at a single rate that is fixed for the entire term of the mortgage, which shall be equivalent to the premium received by the enterprise on the qualified mortgage being refinanced plus the cost of selling a newly issued mortgage having comparable risk and term to maturity in a mortgage-backed security, as such rate may be increased to the extent necessary to cover, over the term to maturity of the mortgage, any fee paid to the servicer pursuant to subsection (d), the cost of any title insurance coverage issued in connection with the mortgage, and, as determined by the Director, a portion of any administrative costs of the program under this section as may attributable to the mortgage.

(5) WAIVER OF PREPAYMENT PENALTIES.—All penalties for prepayment or refinancing of the qualified mortgage that is refinanced by the mortgage, and all fees and penalties related to the default or

delinquency on such mortgage, shall have been waived or forgiven.

(6) PROHIBITION ON BORROWER FEES.—The servicer conducting the refinancing shall not charge the mortgagor any fee for the refinancing of the qualified mortgage through the refinancing mortgage.

(7) TITLE INSURANCE.—The fee for title insurance coverage issued in connection with the mortgage shall be reasonable in comparison with fees for such coverage available in the market for mortgages having similar terms.

(d) FEE TO SERVICER.—For each qualified mortgage of an enterprise that the servicer of the qualified mortgage refinances through a refinancing mortgage pursuant to this section, the enterprise shall pay the servicer a fee not exceeding $1,000.

(e) NO APPRAISAL.—The enterprises may not require an appraisal of the property subject to a refinancing mortgage to be conducted in connection with such refinancing.

(f) TERMINATION.—The requirement under subsection (a) for the enterprises to refinance qualified mortgages shall not apply to any request for refinancing made after the expiration of the one-year period beginning on the date of the enactment of this Act.

(g) DEFINITIONS.—For purposes of this section, the following definitions shall apply:

(1) DIRECTOR.—The term ''Director'' means the Director of the Federal Housing Finance Agency.

(2) ENTERPRISE.—The term ''enterprise'' means the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation.

(h) REGULATIONS.—The Director shall issue any regulations or guidance necessary to carry out the program under this section.

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