114TH CONGRESS
1ST SESSION

H. R. 1673

To amend the Federal Housing Enterprises Financial Safety and Soundness Act of 1992 to establish a secondary reserve fund for a housing enterprise under conservatorship to protect taxpayers against loss in the event of a housing downturn, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MARCH 26, 2015

Mrs. BLACKBURN introduced the following bill; which was referred to the Committee on Financial Services

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A BILL

To amend the Federal Housing Enterprises Financial Safety and Soundness Act of 1992 to establish a secondary reserve fund for a housing enterprise under conservatorship to protect taxpayers against loss in the event of a housing downturn, and for other purposes.

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 ‘‘Enterprise Secondary Reserve Taxpayer Protection and Government Accountability Act of 2015’’.

SEC. 2. SECONDARY RESERVE.

Section 1362 of the Federal Housing Enterprises Financial Safety and Soundness Act of 1992 (12 U.S.C. 4612) is amended—

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

"SEC. 1362. MINIMUM CAPITAL LEVELS AND SECONDARY RESERVE.";

(2) by redesignating subsections (e) and (f) as subsections (f) and (g), respectively; and

(3) by inserting after subsection (d) the following new subsection:

''(e) SECONDARY RESERVE.—

''(1) ESTABLISHMENT.—Notwithstanding any other provision of law, rule, regulation, order, or agreement, the Director shall, by regulation, establish for any enterprise operating in conservatorship pursuant to section 1367 a secondary reserve fund and shall deposit in such fund from any revenues of the enterprise an amount equal to the amounts enumerated under subsection (a) for the enterprise.

''(2) MAINTENANCE.—Amounts in the secondary reserve fund shall be held in escrow by the enterprise until—

''(A) the Director uses such amounts pursuant to paragraph (3); or

"(B) the Director abolishes the secondary reserve fund pursuant to paragraph (4).

"(3) AVAILABILITY OF AMOUNTS.—If the Director determines, in accordance with regulations issued under paragraph (5), that losses of an enterprise operating in conservatorship pursuant to section 1367 will exceed amounts available for the enterprise under subsection (a), (c), (d), or (f), the Director shall make a determination, in accordance with such regulation, whether to use funds held in the secondary reserve for the enterprise.

"(4) ABOLISHMENT.—Upon the dissolution of the conservatorship of an enterprise, the Director shall abolish any secondary reserve established under paragraph (1) for the enterprise and amounts remaining in such reserve upon such abolishment shall revert to meet capital requirements under subsections (a), (c), (d), and (f) and then to earnings of the enterprise.

"(5) REGULATIONS.—The Director shall issue regulations establishing—

"(A) standards and procedures for the establishment of a secondary reserve under paragraph (1);

“(B) standards and procedures that the Director will use to make the determinations under paragraph (3); and

“(C) procedures for abolishment of a secondary reserve under paragraph (4).

“(6) TREATMENT OF SECONDARY RESERVE.—Any secondary reserve established under this Act for an enterprise shall not be considered capital, a capital reserve, or otherwise an asset of the enterprise, other than as part of a capital restoration plan for the enterprise approved under section 1369C, during the pendency of a conservatorship for the enterprise.”.

SEC. 3. EFFECTIVE DATE.

The amendments made by section 2 of this Act shall take effect upon the expiration of the 90-day period beginning on the date of the enactment of this Act and the Director of the Federal Housing Finance Agency shall issue the regulations required under section 1362(e)(5) of the Federal Housing Enterprises Financial Safety and Soundness Act of 1992, added by the amendment made by such section 2, before the expiration of such period.

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