

113TH CONGRESS
1ST SESSION

S. _____

To provide secondary mortgage market reform, and for other purposes.

IN THE SENATE OF THE UNITED STATES

_____ introduced the following bill; which was read twice
and referred to the Committee on _____

A BILL

To provide secondary mortgage market reform, and for other
purposes.

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; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Secondary Mortgage Market Reform and Taxpayer Pro-
6 tection Act of 2013”.

7 (b) TABLE OF CONTENTS.—The table of contents for
8 this Act is as follows:

Sec. 1. Short title; table of contents.
Sec. 2. Definitions.

TITLE I—FEDERAL MORTGAGE INSURANCE CORPORATION

Sec. 101. Establishment.

2

- Sec. 102. Director.
- Sec. 103. Board of Directors.
- Sec. 104. Office of the Inspector General.
- Sec. 105. Staff, experts, and consultants.
- Sec. 106. Reports; testimony; audits.

TITLE II—DUTIES, AUTHORITIES, AND STRUCTURE OF THE FMIC

Subtitle A—Duties and Authorities

- Sec. 201. Duties and responsibilities of the FMIC.
- Sec. 202. Standard form credit risk-sharing mechanisms, products, structures, contracts, or other security agreements.
- Sec. 203. Mortgage Insurance Fund.
- Sec. 204. Insurance.
- Sec. 205. Approval of private mortgage insurers.
- Sec. 206. Approval of servicers.
- Sec. 207. Approval of issuers.
- Sec. 208. Uniform Mortgage Database.
- Sec. 209. Uniform securitization agreements.
- Sec. 210. Electronic registration of eligible mortgages.
- Sec. 211. Exemptions.
- Sec. 212. General powers.

Subtitle B—Structure

- Sec. 221. Office of Underwriting.
- Sec. 222. Office of Securitization.
- Sec. 223. Authority to establish FMIC Mutual Securitization Company.

TITLE III—TRANSFER OF POWERS, PERSONNEL, AND PROPERTY
TO FMIC FROM FHFA

- Sec. 301. Transfer date.
- Sec. 302. Abolishment of FHFA.
- Sec. 303. Powers and duties transferred.
- Sec. 304. Transfer and rights of employees of the FHFA.
- Sec. 305. Transfer of property and facilities.
- Sec. 306. Technical and conforming amendments.

TITLE IV—MARKET ACCESS FUND

- Sec. 401. Market Access Fund.

TITLE V—WIND DOWN OF FANNIE MAE AND FREDDIE MAC

- Sec. 501. FMIC certification date.
- Sec. 502. Mandatory receivership.
- Sec. 503. Aligning purpose of conservatorship with FMIC.
- Sec. 504. Conforming loan limits.
- Sec. 505. Portfolio reduction.
- Sec. 506. Repeal of mandatory housing goals.

TITLE VI—IMPROVEMENTS TO FUNCTIONING OF HOUSING
MARKET

- Sec. 601. Continuation of multifamily business of the enterprises.
- Sec. 602. Multiple lender issues.

Sec. 603. GAO report on full privatization of secondary mortgage market.

TITLE VII—GENERAL PROVISIONS

Sec. 701. Authority to issue regulations.

Sec. 702. Fair value accounting.

Sec. 703. Rule of construction.

Sec. 704. Severability.

1 **SEC. 2. DEFINITIONS.**

2 As used in this Act, the following definitions shall
3 apply:

4 (1) APPROVED ISSUER.—The term “approved
5 issuer” means an issuer that is approved by the Cor-
6 poration pursuant to section 207—

7 (A) to issue covered securities; and

8 (B) to purchase insurance offered by the
9 Corporation pursuant to title II on that portion
10 of a covered security for which private market
11 holders of such security have not assumed the
12 first loss position with respect to losses that
13 may be incurred on such security.

14 (2) APPROVED PRIVATE MORTGAGE INSURER.—
15 The term “approved private mortgage insurer”
16 means an insurer that is approved by the Corpora-
17 tion pursuant to section 205 to provide private mort-
18 gage insurance on eligible mortgages.

19 (3) APPROVED SERVICER.—The term “ap-
20 proved servicer” means a servicer that is approved
21 by the Corporation pursuant to section 206 to ad-
22 minister eligible mortgages.

1 (4) AREA.—The term “area”—

2 (A) means a metropolitan statistical area
3 as established by the Office of Management and
4 Budget; and

5 (B) for purposes of paragraph (10)(A)(ii),
6 the median 1-family house price for an area
7 shall be equal to the median 1-family house
8 price of the county within the area that has the
9 highest such median price.

10 (5) BOARD; BOARD OF DIRECTORS.—The terms
11 “Board” and “Board of Directors” mean the Board
12 of Directors of the Federal Mortgage Insurance Cor-
13 poration.

14 (6) CHARTER.—The term “charter” means—

15 (A) with respect to the Federal National
16 Mortgage Association, the Federal National
17 Mortgage Association Charter Act (12 U.S.C.
18 1716 et seq.); and

19 (B) with respect to the Federal Home
20 Loan Mortgage Corporation, the Federal Home
21 Loan Mortgage Corporation Act (12 U.S.C.
22 1451 et seq.).

23 (7) CORPORATION.—The term “Corporation”
24 means the Federal Mortgage Insurance Corporation
25 established under title I.

1 (8) COVERED SECURITY.—The term “covered
2 security” means a mortgage-backed security—

3 (A) collateralized by eligible mortgages;

4 (B) which is issued subject to a standard
5 form credit-risk sharing mechanism, product,
6 structure, contract, or other securitization
7 agreement developed by the Corporation pursu-
8 ant to title II; and

9 (C) which is eligible for insurance by the
10 Corporation pursuant to title II, which insur-
11 ance is purchased by an approved issuer who
12 issues covered securities.

13 (9) DIRECTOR.—The term “Director” means
14 the Director of the Federal Mortgage Insurance Cor-
15 poration, unless the context otherwise requires.

16 (10) ELIGIBLE MORTGAGE.—The term “eligible
17 mortgage” means a mortgage—

18 (A) that is a residential real estate loan se-
19 cured by a property with 1 to 4 single family
20 units that has been originated in compliance
21 with the provisions of section 1026 of title 12
22 of the Code of Federal Regulations, as promul-
23 gated by the Bureau of Consumer Financial
24 Protection pursuant to section 129C(b) of the
25 Truth in Lending Act (15 U.S.C. 1639c(b))

1 (commonly referred to as the “Ability-to-Repay
2 and Qualified Mortgage Rule”);

3 (B) has a maximum original principal obli-
4 gation amount that does not exceed the limita-
5 tion determined under section 504;

6 (C) the outstanding principal balance of
7 which at the time of purchase of insurance
8 available under title II does not exceed 80 per-
9 cent of the value of the property securing the
10 mortgage, unless that portion of the unpaid
11 principal balance of the mortgage which is in
12 excess of such 80 percent, accounting for any
13 downpayment required under subparagraph
14 (D), is insured by an approved private mort-
15 gage insurer as determined by the Federal
16 Mortgage Insurance Corporation;

17 (D) having a downpayment which shall be
18 equal to not less than 5 percent of purchase
19 price of the property securing the mortgage;
20 and

21 (E) that contains such terms and provi-
22 sions with respect to insurance, property main-
23 tenance, repairs, alterations, payment of taxes,
24 default, reserves, delinquency charges, fore-
25 closure proceedings, anticipation of maturity,

1 additional and secondary liens, and other mat-
2 ters, including matters that set forth terms and
3 provisions for establishing escrow accounts, per-
4 forming financial assessments, or limiting the
5 amount of any payment made available under
6 the mortgage as the Corporation may prescribe.

7 (11) ENTERPRISE.—The term “enterprise”
8 means—

9 (A) the Federal National Mortgage Asso-
10 ciation and any affiliate thereof; and

11 (B) the Federal Home Loan Mortgage
12 Corporation and any affiliate thereof.

13 **TITLE I—FEDERAL MORTGAGE** 14 **INSURANCE CORPORATION**

15 **SEC. 101. ESTABLISHMENT.**

16 (a) ESTABLISHMENT.—There is hereby established
17 the Federal Mortgage Insurance Corporation which shall
18 have the powers hereinafter granted.

19 (b) PURPOSE.—The purpose of the Corporation shall
20 be to—

21 (1) foster, support, and carry out activities to
22 provide liquidity and availability of mortgage credit
23 in the secondary mortgage market for residential
24 mortgage-backed securities; and

1 (2) protect the taxpayer from having to absorb
2 losses incurred in the secondary mortgage market
3 during periods of economic stress.

4 (c) FEDERAL STATUS.—The Corporation shall be an
5 independent agency of the Federal Government.

6 (d) SUCCESSION.—The Corporation shall have suc-
7 cession until dissolved by Act of Congress.

8 (e) PRINCIPAL OFFICE.—The Corporation shall
9 maintain its principal office in the District of Columbia
10 and shall be deemed, for purposes of venue in civil actions,
11 to be a resident thereof.

12 (f) AUTHORITY TO ESTABLISH OTHER OFFICES.—
13 The Federal Corporation may establish such other offices
14 in such other place or places as the Corporation may deem
15 necessary or appropriate in the conduct of its business.

16 (g) NONAPPLICABILITY OF FACA.—The Federal Ad-
17 visory Committee Act (5 U.S.C. App.) shall not apply to
18 the Corporation, or to any special advisory, technical, or
19 professional committee appointed by the Corporation, ex-
20 cept that, if an advisory, technical, or professional com-
21 mittee has 1 or more members who are not employees of
22 or affiliated with the United States Government, the Cor-
23 poration shall publish a list of the names of the members
24 of such committee.

1 (h) PROHIBITION.—The Corporation shall not engage
2 in mortgage origination.

3 **SEC. 102. DIRECTOR.**

4 (a) ESTABLISHMENT OF POSITION.—There is estab-
5 lished the position of the Director of the Corporation, who
6 shall be the head of the Corporation.

7 (b) APPOINTMENT; TERM.—

8 (1) APPOINTMENT.—The Director shall be ap-
9 pointed by the President, by and with the advice and
10 consent of the Senate, from among individuals
11 who—

12 (A) are citizens of the United States; and

13 (B) have a demonstrated technical, aca-
14 demic, or professional understanding of, and
15 practical, disciplinary, or vocational experience
16 working in, the mortgage securities markets
17 and housing finance.

18 (2) TERM.—The Director shall be appointed for
19 a term of 5 years, unless removed before the end of
20 such term for cause by the President.

21 (3) VACANCY.—

22 (A) IN GENERAL.—A vacancy in the posi-
23 tion of Director that occurs before the expira-
24 tion of the term for which a Director was ap-
25 pointed shall be filled in the manner established

1 under paragraph (1), and the Director ap-
2 pointed to fill such vacancy shall be appointed
3 only for the remainder of such term.

4 (B) ACTING DIRECTOR.—If the Senate has
5 not confirmed a Director, the President may
6 designate a member of the Board of Directors
7 to serve as the Acting Director, and such Act-
8 ing Director shall have all the rights, duties,
9 powers, and responsibilities of the Director,
10 until such time as a Director is confirmed by
11 the Senate.

12 (4) SERVICE AFTER END OF TERM.—An indi-
13 vidual may serve as the Director after the expiration
14 of the term for which appointed until a successor
15 has been appointed.

16 (5) COMPENSATION.—The Director shall be
17 compensated at the rate prescribed for level II of the
18 Executive Schedule under section 5313 of title 5,
19 United States Code.

20 (6) RULES OF CONSTRUCTION.—No indi-
21 vidual—

22 (A) may serve concurrently as the Director
23 of the Corporation and the Director of the Fed-
24 eral Housing Finance Agency; and

1 (B) that has, at any time prior to, on, or
2 after the date of enactment of this Act, served
3 as the Director or Acting Director of the Fed-
4 eral Housing Finance Agency may serve as the
5 Director of the Corporation.

6 (c) MEMBERSHIP ON FSOC.—

7 (1) IN GENERAL.—The Dodd-Frank Wall
8 Street Reform and Consumer Protection Act is
9 amended—

10 (A) in section 2, by amending paragraph
11 (12)(E) to read as follows:

12 “(E) the Federal Mortgage Insurance Cor-
13 poration, with respect to—

14 “(i) the Mortgage Insurance Fund es-
15 tablished under title II of the Secondary
16 Mortgage Market Reform and Taxpayer
17 Protection Act of 2013;

18 “(ii) the Federal Home Loan Banks
19 or the Federal Home Loan Bank System;
20 and

21 “(iii) the Federal National Mortgage
22 Association or the Federal Home Loan
23 Mortgage Corporation.”; and

24 (B) in section 111(b)(1)(H), by striking
25 “Director of the Federal Housing Finance

1 Agency” and inserting “Chairperson of the
2 Federal Mortgage Insurance Corporation”.

3 (2) EFFECTIVE DATE.—The amendments made
4 by paragraph (1) shall take effect on the transfer
5 date established under title III.

6 **SEC. 103. BOARD OF DIRECTORS.**

7 (a) BOARD OF DIRECTORS.—

8 (1) IN GENERAL.—The management of the
9 Corporation shall be vested in a Board of Directors
10 consisting of 5 members—

11 (A) 1 of whom shall be the Director, who
12 shall serve as Chairperson of the Board; and

13 (B) 4 of whom shall be appointed by the
14 President, by and with the advice and consent
15 of the Senate, from among individuals who are
16 citizens of the United States—

17 (i) 1 of whom shall have demonstrated
18 technical, academic, or professional under-
19 standing of, and practical, disciplinary, or
20 vocational experience working in, the mort-
21 gage markets;

22 (ii) 1 of whom shall have dem-
23 onstrated technical, academic, or profes-
24 sional understanding of, and practical, dis-

1 disciplinary, or vocational experience working
2 in, insurance markets;

3 (iii) 1 of whom shall have a dem-
4 onstrated technical, academic, or profes-
5 sional understanding of, and practical, dis-
6 ciplinary, or vocational experience working
7 with, lenders having less than
8 \$10,000,000,000 in total assets; and

9 (iv) 1 of whom shall have a dem-
10 onstrated technical, academic, or profes-
11 sional understanding of, and practical, dis-
12 ciplinary, or vocational experience working
13 with, multifamily housing development.

14 (2) INDEPENDENCE.—

15 (A) IN GENERAL.—Each member of the
16 Board of Directors shall be independent and
17 neutral and maintain a fiduciary relationship to
18 the Corporation in performing his or her duties.

19 (B) INDEPENDENCE DETERMINATION.—In
20 order to be considered independent for purposes
21 of this paragraph, a member of the Board of
22 Directors—

23 (i) may not, other than in his or her
24 capacity as a member of the Board of Di-
25 rectors or any committee thereof—

1 (I) accept any consulting, advi-
2 sory, or other compensatory fee from
3 the Corporation; or

4 (II) be a person associated with
5 the Corporation or with any affiliated
6 company thereof; and

7 (ii) shall be disqualified from any de-
8 liberation involving any transaction of the
9 Corporation in which the member has a fi-
10 nancial interest in the outcome of the
11 transaction.

12 (3) RULE OF CONSTRUCTION.—No individual
13 that has, at any time prior to, on, or after the date
14 of enactment of this Act, served as the Director or
15 Acting Director of the Federal Housing Finance
16 Agency may serve as a member of the Board of Di-
17 rectors.

18 (b) ADMINISTRATION.—Except as otherwise may pro-
19 vided in this Act, the Board of Directors shall administer
20 the affairs of the Corporation fairly and impartially and
21 without discrimination.

22 (c) TERMS.—

23 (1) APPOINTED MEMBERS.—Each appointed
24 member shall be appointed for a term of 5 years and
25 shall serve on a full-time basis.

1 (2) INTERIM APPOINTMENTS.—Any member ap-
2 pointed to fill a vacancy occurring before the expira-
3 tion of the term for which such member's prede-
4 cessor was appointed shall be appointed only for the
5 remainder of such term.

6 (3) CONTINUATION OF SERVICE.—The Chair-
7 person and each appointed member may continue to
8 serve after the expiration of the term of office to
9 which such member was appointed until a successor
10 has been appointed and qualified.

11 (d) VACANCY.—A vacancy in the membership of the
12 Board of Directors shall not affect the powers of the
13 Board, and shall be filled in the manner in which the origi-
14 nal appointment was made.

15 (e) VOTING.—A majority vote of all members of the
16 Board of Directors is necessary to resolve all voting issues
17 of the Corporation.

18 (f) MEETINGS.—The Board of Directors shall meet
19 in accordance with the bylaws of the Corporation—

20 (1) at the call of the Chairperson; and

21 (2) not less frequently than once each month.

22 (g) QUORUM.—Three members of the Board of Di-
23 rectors shall constitute a quorum.

1 (h) BYLAWS.—A majority of the members of the
2 Board of Directors may amend the bylaws of the Corpora-
3 tion.

4 (i) ATTENDANCE.—Members of the Board of Direc-
5 tors may attend meetings of the Corporation and vote in
6 person, via telephone conference, or via video conference.

7 (j) INELIGIBILITY FOR OTHER OFFICES DURING
8 SERVICE.—

9 (1) IN GENERAL.—No member of the Board of
10 Directors may during the time such member is in of-
11 fice—

12 (A) be an officer or director of any insured
13 depository institution, depository institution
14 holding company, Federal Reserve bank, Fed-
15 eral home loan bank, approved servicer, ap-
16 proved private mortgage insurer, institution
17 that originates eligible mortgages, or institution
18 that issues a covered security; or

19 (B) hold stock or a controlling interest in
20 any insured depository institution or depository
21 institution holding company, approved servicer,
22 approved private mortgage insurer, institution
23 that originates eligible mortgages, or institution
24 that issues a covered security.

1 (2) CERTIFICATION.—Upon taking office, each
2 member of the Board of Directors shall certify under
3 oath that such member has complied with this sub-
4 section and such certification shall be filed with the
5 secretary of the Board of Directors.

6 (k) STATUS OF EMPLOYEES.—

7 (1) IN GENERAL.—A director, member, officer,
8 or employee of the Corporation has no liability under
9 the Securities Act of 1933 (15 U.S.C. 77a et seq.)
10 with respect to any claim arising out of or resulting
11 from any act or omission by such person within the
12 scope of such person’s employment in connection
13 with any transaction involving the Corporation. This
14 subsection shall not be construed to limit personal li-
15 ability for criminal acts or omissions, willful or mali-
16 cious misconduct, acts or omissions for private gain,
17 or any other acts or omissions outside the scope of
18 such person’s employment.

19 (2) EFFECT ON OTHER LAW.—

20 (A) IN GENERAL.—This subsection does
21 not affect—

22 (i) any other immunities and protec-
23 tions that may be available to such person
24 under applicable law with respect to such
25 transactions; or

1 (ii) any other right or remedy against
2 the Corporation, against the United States
3 under applicable law, or against any per-
4 son other than a person described in para-
5 graph (1) participating in such trans-
6 actions.

7 (B) RULE OF CONSTRUCTION.—This sub-
8 section shall not be construed to limit or alter
9 in any way the immunities that are available
10 under applicable law for Federal officials and
11 employees not described in this subsection.

12 **SEC. 104. OFFICE OF THE INSPECTOR GENERAL.**

13 (a) OFFICE OF INSPECTOR GENERAL.—

14 (1) IN GENERAL.—There is established the Of-
15 fice of the Inspector General of the Federal Mort-
16 gage Insurance Corporation. The head of the Office
17 of the Inspector General of the Federal Mortgage
18 Insurance Corporation is the Inspector General of
19 the Federal Mortgage Insurance Corporation (in this
20 section referred to as the “Inspector General”), who
21 shall be appointed by the President, by and with the
22 advice and consent of the Senate.

23 (2) ADDITIONAL RESPONSIBILITIES.—In addi-
24 tion to carrying out the requirements established

1 under the Inspector General Act of 1978 (5. U.S.C.
2 App.), the Inspector General shall—

3 (A) conduct, supervise, and coordinate au-
4 dits and investigations relating to the programs
5 and operations of the Corporation—

6 (i) to ensure that the first loss posi-
7 tion that the Corporation requires of pri-
8 vate market holders of covered securities
9 insured under this Act is adequate to cover
10 losses that might be incurred as a result of
11 adverse economic conditions, wherein such
12 conditions are generally consistent with the
13 economic conditions, including national
14 home price declines, observed in the United
15 States during moderate to severe reces-
16 sions experienced during the last 100
17 years; and

18 (ii) with respect to the—

19 (I) oversight and supervision of
20 the Federal Home Loan Banks and
21 the Federal Home Loan Bank Sys-
22 tem; and

23 (II) the contracting practices and
24 procedures of the Corporation; and

1 (B) recommend policies for the purpose of
2 addressing any deficiencies, inefficiencies, gaps,
3 or failures in the administration of such pro-
4 grams and operations.

5 (3) INSPECTOR GENERAL REPORT; REPORT OF
6 INDEPENDENT ACTUARY.—Beginning 1 year after
7 the transfer date, and annually thereafter, the In-
8 spector General and an independent actuary con-
9 tracted for by the Director shall each conduct an ex-
10 amination and issue a separate report regarding—

11 (A) the adequacy of insurance fees charged
12 by the Board of Directors under title II; and

13 (B) the adequacy of the Mortgage Insur-
14 ance Fund established under title II.

15 (b) AMENDMENTS TO INSPECTOR GENERAL ACT OF
16 1978.—Section 11 of the Inspector General Act of 1978
17 (5 U.S.C. App.) is amended—

18 (1) in paragraph (1), by striking “the Director
19 of the Federal Housing Finance Agency,” and in-
20 serting “Chairperson of the Federal Mortgage Insur-
21 ance Corporation,”; and

22 (2) in paragraph (2), by striking “the Federal
23 Housing Finance Agency,” and inserting “the Fed-
24 eral Mortgage Insurance Corporation,”.

1 (c) COMPENSATION.—The annual rate of basic pay
2 of the Inspector General shall be the annual rate of basic
3 pay provided for positions at level III of the Executive
4 Schedule under section 5314 of title 5, United States
5 Code.

6 **SEC. 105. STAFF, EXPERTS, AND CONSULTANTS.**

7 (a) COMPENSATION.—

8 (1) IN GENERAL.—The Board of Directors may
9 appoint and fix the compensation of such officers,
10 attorneys, economists, examiners, and other employ-
11 ees as may be necessary for carrying out the func-
12 tions of the Corporation.

13 (2) RATES OF PAY.—Rates of basic pay and the
14 total amount of compensation and benefits for all
15 employees of the Corporation may be—

16 (A) set and adjusted by the Board of Di-
17 rectors without regard to the provisions of
18 chapter 51 or subchapter III of chapter 53 of
19 title 5, United States Code; and

20 (B) reasonably increased, notwithstanding
21 any limitation set forth in paragraph (3), if the
22 Board of Directors determines such increases
23 are necessary to attract and hire qualified em-
24 ployees.

1 (3) PARITY.—The Board of Directors may pro-
2 vide additional compensation and benefits to employ-
3 ees of the Corporation, of the same type of com-
4 pensation or benefits that are then being provided by
5 any agency referred to under section 1206 of the Fi-
6 nancial Institutions Reform, Recovery, and Enforce-
7 ment Act of 1989 (12 U.S.C. 1833b) or, if not then
8 being provided, could be provided by such an agency
9 under applicable provisions of law, rule, or regula-
10 tion. In setting and adjusting the total amount of
11 compensation and benefits for employees, the Board
12 of Directors shall consult with and seek to maintain
13 comparability with the agencies referred to under
14 section 1206 of the Financial Institutions Reform,
15 Recovery, and Enforcement Act of 1989 (12 U.S.C.
16 1833b).

17 (b) DETAIL OF GOVERNMENT EMPLOYEES.—Upon
18 the request of the Board of Directors, any Federal Gov-
19 ernment employee may be detailed to the Corporation
20 without reimbursement, and such detail shall be without
21 interruption or loss of civil service status or privilege.

22 (c) EXPERTS AND CONSULTANTS.—The Board of Di-
23 rectors may procure the services of experts and consult-
24 ants as the Board considers necessary or appropriate.

1 (d) TECHNICAL AND PROFESSIONAL ADVISORY COM-
2 MITTEES.—The Board of Directors may appoint such spe-
3 cial advisory, technical, or professional committees as may
4 be useful in carrying out the functions of the Corporation.

5 **SEC. 106. REPORTS; TESTIMONY; AUDITS.**

6 (a) REPORTS.—

7 (1) IN GENERAL.—The Corporation shall sub-
8 mit, on an annual basis, to the Committee on Bank-
9 ing, Housing, and Urban Affairs of the Senate and
10 the Committee on Financial Services of the House of
11 Representatives a written report of its operations,
12 activities, budget, receipts, and expenditures for the
13 preceding 12-month period.

14 (2) CONTENTS OF REPORT.—The report re-
15 quired under subsection (a) shall include—

16 (A) with respect to the Mortgage Insur-
17 ance Fund established under section 203, an
18 analysis by the Corporation of—

19 (i) the current financial condition of
20 the Mortgage Insurance Fund;

21 (ii) the exposure of the Mortgage In-
22 surance Fund to changes in those eco-
23 nomic factors most likely to affect the con-
24 dition of that fund;

1 (iii) a current estimate of the re-
2 sources needed for the Mortgage Insurance
3 Fund to achieve the purposes of this Act;
4 and

5 (iv) any findings, conclusions, and rec-
6 ommendations for legislative and adminis-
7 trative actions considered appropriate to
8 the future activities of the Corporation;

9 (B) an analysis of the state of the private
10 label mortgage-backed securities market, includ-
11 ing recommendations for how to reduce the role
12 and share of the Corporation in such market;
13 and

14 (C) an analysis of the effect that further
15 decreases in loan limits would have on the sec-
16 ondary mortgage market, the housing market,
17 and the economy.

18 (b) TESTIMONY.—The Chairperson of the Corpora-
19 tion, on a biannual basis, shall provide testimony to the
20 Committee on Banking, Housing, and Urban Affairs of
21 the Senate and the Committee on Financial Services of
22 the House of Representatives.

23 (c) AUDIT OF CORPORATION.—

24 (1) ANNUAL AUDIT.—The Comptroller General
25 of the United States shall annually audit the finan-

1 cial transactions of the Corporation in accordance
2 with the United States generally accepted govern-
3 ment auditing standards as may be prescribed by
4 the Comptroller General.

5 (2) PLACE OF AUDIT.—The audit required
6 under this subsection shall be conducted at the place
7 or places where accounts of the Corporation are nor-
8 mally kept.

9 (3) ACCESS.—The representatives of the Comp-
10 troller General shall have access to the personnel
11 and to all books, accounts, documents, papers,
12 records (including electronic records), reports, files,
13 and all other papers, automated data, or property
14 belonging to or under the control of or used or em-
15 ployed by the Corporation pertaining to its financial
16 transactions and necessary to facilitate the audit re-
17 quired under this subsection, and such representa-
18 tives shall be afforded full facilities for verifying
19 transactions with the balances or securities held by
20 depositories, fiscal agents, and custodians.

21 (4) POSSESSION AND CUSTODY.—All such
22 books, accounts, documents, records, reports, files,
23 papers, and property of the Corporation used to
24 carry out the audit required under this subsection

1 shall remain in the possession and custody of the
2 Corporation.

3 (5) PERMISSIBLE DUPLICATION.—The Comp-
4 troller General may obtain and duplicate any such
5 books, accounts, documents, records, working pa-
6 pers, automated data and files, or other information
7 relevant to such audit without cost to the Comp-
8 troller General and the Comptroller General’s right
9 of access to such information shall be enforceable
10 pursuant to section 716(c) of title 31, United States
11 Code.

12 (6) REPORT.—

13 (A) SUBMISSION TO CONGRESS.—The
14 Comptroller General shall submit to Congress a
15 report of each annual audit conducted under
16 this subsection.

17 (B) REQUIRED CONTENT.—The report to
18 Congress required under subparagraph (A)
19 shall—

20 (i) set forth the scope of the audit;

21 and

22 (ii) include—

23 (I) the statement of assets and li-
24 abilities and surplus or deficit;

1 (II) the statement of income and
2 expenses;

3 (III) the statement of sources
4 and application of funds; and

5 (IV) such comments and infor-
6 mation as the Comptroller General
7 may deem necessary to inform Con-
8 gress of the financial operations and
9 condition of the Corporation, together
10 with such recommendations with re-
11 spect thereto as the Comptroller Gen-
12 eral may deem advisable.

13 (C) COPIES.—A copy of each report re-
14 quired under subparagraph (A) shall be fur-
15 nished to the President and to the Chairperson
16 of the Corporation at the time such report is
17 submitted to the Congress.

18 (7) ASSISTANCE AND COSTS.—

19 (A) PERMITTED USE OF OUTSIDE ASSIST-
20 ANCE.—For the purpose of conducting an audit
21 under this subsection, the Comptroller General
22 may employ by contract, without regard to sec-
23 tion 3709 of the Revised Statutes of the United
24 States (41 U.S.C. 5), professional services of
25 firms and organizations of certified public ac-

1 countants for temporary periods or for special
2 purposes.

3 (B) COST OF AUDIT COVERED BY COR-
4 PORATION.—

5 (i) IN GENERAL.—Upon the request
6 of the Comptroller General, the Chair-
7 person of the Corporation shall transfer to
8 the Comptroller General from funds avail-
9 able, the amount requested by the Comp-
10 troller General to cover the reasonable
11 costs of any audit and report conducted by
12 the Comptroller General pursuant to this
13 subsection.

14 (ii) CREDIT OF FUNDS.—The Comp-
15 troller General shall credit funds trans-
16 ferred under clause (i) to the account at
17 the Treasury established for salaries and
18 expenses of the Government Accountability
19 Office, and such amounts shall be available
20 upon receipt and without fiscal year limita-
21 tion to cover the full costs of the audit and
22 report.

1 **TITLE II—DUTIES, AUTHORITIES,**
2 **AND STRUCTURE OF THE FMIC**
3 **Subtitle A—Duties and Authorities**

4 **SEC. 201. DUTIES AND RESPONSIBILITIES OF THE FMIC.**

5 (a) DUTIES.—The principal duties of the Corporation
6 shall be to—

7 (1) carry out this Act in a manner that—

8 (A) minimizes any potential long-term neg-
9 ative cost on the taxpayer; and

10 (B) ensures, to the maximum extent pos-
11 sible—

12 (i) a liquid and resilient housing fi-
13 nance market; and

14 (ii) the availability of mortgage credit;

15 (2) develop standard form credit risk-sharing
16 mechanisms, products, structures, contracts, or
17 other security agreements that require private mar-
18 ket holders of a covered security insured under this
19 Act to assume the first loss position with respect to
20 losses incurred on such securities;

21 (3) provide insurance on that portion of any
22 covered security for which private market holders of
23 such security have not assumed the first loss posi-
24 tion with respect to losses that may be incurred on

1 such security in order to provide a liquid and resil-
2 ient housing finance market;

3 (4) charge and collect fees in exchange for pro-
4 viding such insurance, whereby such fees shall be
5 sufficient to protect the taxpayer from the risk of
6 providing such insurance and to fund the activities
7 and operations of the Corporation;

8 (5) establish and maintain a Mortgage Insur-
9 ance Fund;

10 (6) facilitate securitization of eligible mortgages
11 originated by credit unions and small, mid-size, and
12 community banks without securitization capabilities;

13 (7) ensure discipline and integrity in the mar-
14 ket for covered securities by setting standards for
15 the approval of private mortgage insurers, servicers,
16 and issuers;

17 (8) establish, operate, and maintain a database
18 for the collection, public use, and dissemination of
19 uniform loan level information on eligible mortgages;

20 (9) develop, adopt, and publish standard uni-
21 form securitization agreements for covered securi-
22 ties;

23 (10) establish, operate, and maintain an elec-
24 tronic registry system for eligible mortgages that

1 collateralize covered securities insured under this
2 Act;

3 (11) oversee and supervise the common
4 securitization platform developed by the business en-
5 tity announced by the Federal Housing Finance
6 Agency and established by the enterprises in 2013;
7 and

8 (12) ensure that credit unions and small, mid-
9 size, and community banks have equal access to any
10 such common securitization platform and any other
11 securitization platforms.

12 (b) SCOPE OF AUTHORITY.—The authority of the
13 Corporation shall include the authority to exercise such
14 incidental powers as may be necessary or appropriate to
15 fulfill the duties and responsibilities of the Corporation set
16 forth under subsection (a).

17 (c) DELEGATION OF AUTHORITY.—The Board of Di-
18 rectors may delegate to officers and employees of the Cor-
19 poration any of the functions, powers, or duties of the Cor-
20 poration, as the Board of Directors determines appro-
21 priate.

1 **SEC. 202. STANDARD FORM CREDIT RISK-SHARING MECHA-**
2 **NISMS, PRODUCTS, STRUCTURES, CON-**
3 **TRACTS, OR OTHER SECURITY AGREEMENTS.**

4 (a) REQUIREMENTS; SHARE OF LOSS; DIVERSITY.—
5 Pursuant to section 201(a)(2), the Corporation shall de-
6 velop standard form credit-risk sharing mechanisms, prod-
7 ucts, structures, contracts, or other security agreements
8 which shall require—

9 (1) that the first loss position of private market
10 holders of a covered security insured under this
11 Act—

12 (A) is adequate to cover losses that might
13 be incurred as a result of adverse economic con-
14 ditions, wherein such conditions are generally
15 consistent with the economic conditions, includ-
16 ing national home price declines, observed in
17 the United States during moderate to severe re-
18 cessions experienced during the last 100 years;
19 and

20 (B) is not less than 10 percent of the prin-
21 cipal or face value of the covered security; and

22 (2) that such mechanisms, products, structures,
23 contracts, or other security agreements involve pools
24 of eligible mortgages that—

25 (A) are geographically diverse; and

1 (B) represent a diverse set of borrower
2 credit characteristics.

3 (b) DEVELOPMENT WINDOW FOR RISK-SHARING
4 MECHANISMS.—

5 (1) IN GENERAL.—The Corporation shall com-
6 plete the development and implementation of the
7 mechanisms, products, structures, contracts, or
8 other security agreements required under subsection
9 (a) not later than 5 years after the date of enact-
10 ment of this Act.

11 (2) EXAMINATION OF VARIOUS MECHANISMS.—
12 In developing the mechanisms, products, structures,
13 contracts, or other security agreements required
14 under subsection (a), the Corporation shall—

15 (A) examine proposals that include a sen-
16 ior-subordinated deal structure, credit-linked
17 structures, and the use of regulated insurers
18 with sufficient equity capital to absorb losses
19 associated with moderate or severe economic
20 downturns;

21 (B) consider any risk-sharing mechanisms,
22 products, structures, contracts, or other secu-
23 rity agreements undertaken by the business en-
24 tity announced by the Federal Housing Finance
25 Agency and established by the enterprises in

1 2013 to provide a common securitization plat-
2 form for issuers in the secondary mortgage
3 market;

4 (C) consider how each proposed mecha-
5 nism, product, structure, contract, or other se-
6 curity agreement—

7 (i) minimizes any potential long-term
8 negative cost to the taxpayer;

9 (ii) impacts the availability of mort-
10 gage credit for—

11 (I) small financial institutions,
12 such as credit unions and small, mid-
13 size, and community banks; and

14 (II) consumers;

15 (iii) influences mortgage affordability;

16 (iv) allows for loan modifications and
17 foreclosure prevention alternatives;

18 (v) interacts with the To-Be-An-
19 nounced market; and

20 (vi) facilitates market liquidity and re-
21 siliency; and

22 (D) ensure that lenders of all sizes and
23 from all geographic locations, including rural lo-
24 cations, have equitable access to secondary
25 mortgage market financing.

1 (3) REPORT.—

2 (A) IN GENERAL.—Not later than 1 year
3 after the date of enactment of this Act, and an-
4 nually thereafter until the end of the 5-year pe-
5 riod provided in paragraph (1), the Corporation
6 shall submit a report to the Committee on
7 Banking, Housing, and Urban Affairs of the
8 Senate and the Committee on Financial Serv-
9 ices of the House of Representatives that—

10 (i) details the benefits and drawbacks
11 of each mechanism, product, structure,
12 contract, or other security agreement that
13 the Director considered in carrying out the
14 requirement of this section;

15 (ii) describes the operation and execu-
16 tion of any mechanism, product, structure,
17 contract, or other security agreement that
18 the Director determines best fulfills the re-
19 quirements of this section; and

20 (iii) explains how the Corporation ar-
21 rived at the determination made under
22 clause (ii).

23 (B) SUBSEQUENT REPORTS.—After the ex-
24 piration of the 5-year period provided in para-
25 graph (1) and the submission of the report re-

1 quired under subparagraph (A), each time the
2 Corporation develops an additional standard
3 form credit risk-sharing mechanism, product,
4 structure, contract, or other security agreement
5 that fulfills the requirements of this section, the
6 Corporation shall submit a report to the Com-
7 mittee on Banking, Housing, and Urban Affairs
8 of the Senate and the Committee on Financial
9 Services of the House of Representatives ad-
10 dressing the identical concerns set forth under
11 clauses (i) through (iii) of subparagraph (A).

12 **SEC. 203. MORTGAGE INSURANCE FUND.**

13 (a) ESTABLISHMENT.—There is established the
14 Mortgage Insurance Fund, which the Corporation shall—

15 (1) maintain and administer; and

16 (2) use to cover losses incurred on covered secu-
17 rities insured under this Act, when such losses ex-
18 ceed the first position losses absorbed by private
19 market holders of such securities.

20 (b) DEPOSITS.—The Mortgage Insurance Fund shall
21 be credited with any—

22 (1) insurance fee amounts required to be depos-
23 ited in the Fund under this section;

24 (2) guarantee fee amounts collected under sec-
25 tion 601; and

1 (3) amounts earned on investments pursuant to
2 subsection (h).

3 (c) FIDUCIARY RESPONSIBILITY.—The Corporation
4 has the responsibility to ensure that the Mortgage Insur-
5 ance Fund remains financially sound.

6 (d) USE.—

7 (1) IN GENERAL.—The Mortgage Insurance
8 Fund shall be solely available to the Corporation for
9 use by the Corporation to carry out the functions
10 authorized by this Act and may not be used or oth-
11 erwise diverted to cover any other expense of the
12 Federal Government.

13 (2) EXEMPTION FROM APPORTIONMENT.—Not-
14 withstanding any other provision of law, amounts re-
15 ceived by the Mortgage Insurance Fund pursuant to
16 any fees collected under this section shall not be
17 subject to apportionment for the purposes of chapter
18 15 of title 31, United States Code, or under any
19 other authority.

20 (e) RESERVE RATIO FOR MORTGAGE INSURANCE
21 FUND.—The Mortgage Insurance Fund shall maintain a
22 balance equal to—

23 (1) 2.5 percent of the sum of the outstanding
24 principal balance of the covered securities for which
25 insurance is being provided under this title; or

1 (2) such higher percentage as the Corporation
2 determines to be appropriate, taking into consider-
3 ation any circumstance that may raise a significant
4 risk of substantial future losses to the Fund.

5 (f) MAINTENANCE OF RESERVE RATIO; ESTABLISH-
6 MENT OF FEES.—

7 (1) ESTABLISHMENT OF FEES.—The Corpora-
8 tion shall charge and collect a fee, and may in its
9 discretion increase or decrease such fee, in connec-
10 tion with any insurance provided under this title
11 to—

12 (A) maintain the reserve ratio required
13 under subsection (e);

14 (B) achieve such reserve ratio, if the actual
15 balance of such reserve is below the amount re-
16 quired under subsection (e); and

17 (C) fund the operations of the Corporation.

18 (2) FEE CONSIDERATIONS.—In exercising the
19 authority granted under paragraph (1), the Corpora-
20 tion shall consider—

21 (A) the expected operating expenses of the
22 Mortgage Insurance Fund;

23 (B) the risk of loss to the Mortgage Insur-
24 ance Fund in carrying out the requirements
25 under this Act;

1 (C) economic conditions generally affecting
2 the mortgage markets; and

3 (D) any other factor that the Corporation
4 determines appropriate.

5 (3) FEE UNIFORMITY.—The fee required under
6 paragraph (1)—

7 (A) shall be set at a uniform amount appli-
8 cable to all institutions purchasing insurance
9 under this title; and

10 (B) may not vary—

11 (i) by geographic location; or

12 (ii) by the size of the institution to
13 which the fee is charged.

14 (4) DEPOSIT INTO MORTGAGE INSURANCE
15 FUND.—Any fee amounts collected under this sub-
16 section shall be deposited in the Mortgage Insurance
17 Fund.

18 (g) FULL FAITH AND CREDIT.—The full faith and
19 credit of the United States is pledged to the payment of
20 all amounts from the Mortgage Insurance Fund which
21 may be required to be paid under any insurance provided
22 under this title.

23 (h) INVESTMENTS.—Amounts in the Mortgage Insur-
24 ance Fund that are not otherwise employed—

1 (1) shall be invested in obligations of the
2 United States; and

3 (2) may not be invested in any covered security
4 insured under this Act.

5 **SEC. 204. INSURANCE.**

6 (a) **AUTHORITY.**—The Corporation shall, upon appli-
7 cation and in exchange for a fee in accordance with section
8 203(f), insure the payment of principal and interest on
9 that portion of any covered security for which private mar-
10 ket holders of such security have not assumed the first
11 loss position with respect to losses that may be incurred
12 on such securities.

13 (b) **PRECONDITION; ENSURING PLACEMENT OF**
14 **FIRST LOSS CAPITAL.**—The Corporation shall develop
15 standards and processes to ensure that prior to making
16 any commitment to provide insurance under this section
17 that private market holders of the first loss position in
18 a covered security have sufficient capital to cover their
19 risk-sharing obligations.

20 (c) **CASH PAYMENTS.**—In the event of a payment de-
21 fault on an eligible mortgage that collateralizes a covered
22 security insured under this section that exceeds the first
23 loss position assumed by a private market holder, the Cor-
24 poration shall pay, in cash when due, any shortfalls in pay-
25 ment of principal and interest under the eligible mortgage.

1 (d) FULL FAITH AND CREDIT.—The full faith and
2 credit of the United States is pledged to the payment of
3 all amounts which may be required to be paid under any
4 insurance provided under this section.

5 (e) PROHIBITION ON FEDERAL ASSISTANCE.—Not-
6 withstanding any other provision of law, no Federal funds
7 may be used to purchase or guarantee obligations of, issue
8 lines of credit to, provide direct or indirect access to any
9 financing provided by the United States Government to,
10 or provide direct or indirect grants and aid to any private
11 market holder of the first loss position on a covered secu-
12 rity which, on or after the date of enactment of this Act,
13 has defaulted on its obligations, is at risk of defaulting,
14 or is likely to default, absent such assistance from the
15 United States Government.

16 **SEC. 205. APPROVAL OF PRIVATE MORTGAGE INSURERS.**

17 (a) STANDARDS FOR APPROVAL OF PRIVATE MORT-
18 GAGE INSURERS.—

19 (1) IN GENERAL.—The Corporation shall de-
20 velop, adopt, and publish standards for the approval
21 by the Corporation of private mortgage insurers to
22 provide private mortgage insurance on eligible mort-
23 gages.

24 (2) REQUIRED STANDARDS.—The standards re-
25 quired under paragraph (1) shall include—

1 (A) the financial history and condition of
2 the insurer;

3 (B) the adequacy of the insurer's capital
4 structure, including whether the insurer has
5 sufficient capital to cover the first loss insur-
6 ance obligations it assumes under this Act and
7 that might be incurred in a period of economic
8 stress, including, but not limited to, any period
9 of economic stress that would result in a 30
10 percent (or greater) national home price de-
11 cline;

12 (C) the general character and fitness of
13 the management of the insurer, including com-
14 pliance history with Federal and State laws;

15 (D) the risk presented by such insurer to
16 the Mortgage Insurance Fund;

17 (E) the adequacy of insurance and fidelity
18 coverage of the insurer;

19 (F) a requirement that the insurer submit
20 audited financial statements to the Director;
21 and

22 (G) any other standard the Corporation
23 determines necessary or appropriate.

24 (b) APPLICATION AND APPROVAL.—

1 (1) APPLICATION.—The Corporation shall es-
2 tablish an application process, in such form and
3 manner and requiring such information as the Cor-
4 poration may require, for the approval of private
5 mortgage insurers under this section.

6 (2) APPROVAL.—The Corporation shall approve
7 any application made pursuant to paragraph (1) un-
8 less the insurer does not meet the standards adopted
9 under subsection (a).

10 (3) PUBLICATION.—The Corporation shall—

11 (A) publish in the Federal Register a list
12 of newly approved private mortgage insurers;
13 and

14 (B) maintain an updated list of approved
15 private mortgage insurers on the website of the
16 Corporation.

17 (c) REVIEW AND REVOCATION OF APPROVED STA-
18 TUS.—

19 (1) IN GENERAL.—The Corporation may review
20 the status of any approved private mortgage insurer
21 if the Corporation is notified of or becomes aware of
22 any violation by the insurer of this Act or the rules
23 promulgated pursuant to this Act.

24 (2) REVOCATION.—

1 (A) IN GENERAL.—If the Corporation de-
2 termines, in a review pursuant to paragraph
3 (1), that an approved private mortgage insurer
4 no longer meets the standards for approval, the
5 Corporation shall revoke the approved status of
6 such insurer.

7 (B) CONSTRUCTION.—The revocation of an
8 approved private mortgage insurer’s approved
9 status under this paragraph shall have no effect
10 on the status of any covered security.

11 (3) PUBLICATION.—The Corporation shall—

12 (A) publish in the Federal Register a list
13 of any approved private mortgage insurers who
14 lost their approved status; and

15 (B) maintain an updated list of such insur-
16 ers on the website of the Corporation.

17 (d) LIMITATIONS ON APPROVED PRIVATE MORTGAGE
18 INSURERS; CONFLICTS OF INTEREST.—With respect to
19 any eligible mortgage collateralizing a covered security in-
20 sured under this Act, an approved private mortgage in-
21 surer may not provide insurance both—

22 (1) in satisfaction of the credit enhancement re-
23 quired under section 2(10)(C); and

24 (2) to cover the first loss position of private
25 market holders of such covered security.

1 **SEC. 206. APPROVAL OF SERVICERS.**

2 (a) STANDARDS FOR APPROVAL OF PRIVATE MORT-
3 GAGE SERVICERS.—

4 (1) IN GENERAL.—The Corporation shall de-
5 velop, adopt, and publish standards for the approval
6 by the Corporation of servicers to administer eligible
7 mortgages, including standards with respect to—

8 (A) the collection and forwarding of prin-
9 cipal and interest payments;

10 (B) the maintenance of escrow accounts;

11 (C) the collection and payment of taxes
12 and insurance premiums;

13 (D) the maintenance of records on eligible
14 mortgages; and

15 (E) the establishment of foreclosure loss
16 mitigation programs that seek to enhance inves-
17 tor value and prevent, to greatest extent pos-
18 sible, the need to trigger any claim on insur-
19 ance offered by the Corporation pursuant to
20 this title;

21 (F) the advancement of principal and in-
22 terest payments to investors in the case of a de-
23 linquency by a borrower until such time as the
24 borrower has made all payments in arrears or
25 the property securing the eligible mortgage has
26 been liquidated; and

1 (G) implementing the terms of any loss
2 mitigation and foreclosure prevention as re-
3 quired by a uniform securitization agreement
4 developed under section 209.

5 (2) ADDITIONAL REQUIRED STANDARDS.—The
6 standards required under paragraph (1) shall also
7 include—

8 (A) the financial history and condition of
9 the servicer;

10 (B) the general character and fitness of
11 the management of the servicer, including com-
12 pliance history with Federal and State laws;

13 (C) the risk presented by such servicer to
14 the Mortgage Insurance Fund;

15 (D) a requirement that the servicer submit
16 audited financial statements to the Corporation;
17 and

18 (E) any other standard the Corporation
19 determines necessary or appropriate.

20 (b) APPLICATION AND APPROVAL.—

21 (1) APPLICATION.—The Corporation shall es-
22 tablish an application process, in such form and
23 manner and requiring such information as the Cor-
24 poration may require, for the approval of servicers
25 under this section.

1 (2) APPROVAL.—The Corporation shall approve
2 any application made pursuant to paragraph (1) un-
3 less the servicer does not meet the standards adopt-
4 ed under subsection (a).

5 (3) PUBLICATION.—The Corporation shall—

6 (A) publish in the Federal Register a list
7 of newly approved servicers; and

8 (B) maintain an updated list of approved
9 servicers on the website of the Corporation.

10 (c) REVIEW AND REVOCATION OF APPROVED STA-
11 TUS.—

12 (1) IN GENERAL.—The Corporation may review
13 the status of any approved servicer if the Corpora-
14 tion is notified of or becomes aware of any violation
15 by the servicer of this Act or the rules promulgated
16 pursuant to this Act.

17 (2) REVOCATION.—

18 (A) CORPORATION AUTHORITY.—If the
19 Corporation determines, in a review pursuant to
20 paragraph (1), that an approved servicer no
21 longer meets the standards for approval, the
22 Corporation shall revoke the approved status of
23 such servicer.

24 (B) RULE OF CONSTRUCTION.—The rev-
25 ocation of an approved servicer’s approved sta-

1 tus under this paragraph shall have no effect on
2 the status of any covered security.

3 (3) PUBLICATION.—The Corporation shall—

4 (A) publish in the Federal Register a list
5 of any approved servicers who lost their ap-
6 proved status; and

7 (B) maintain an updated list of such
8 servicers on the website of the Corporation.

9 (d) PETITIONS FOR CHANGE OF SERVICER BY PRI-
10 VATE MARKET HOLDERS.—The Corporation shall develop
11 a process by which private market holders of the first loss
12 position in a covered security may petition the Corporation
13 for a change in approved servicers if the private market
14 holders can demonstrate that their current approved
15 servicer has failed to appropriately protect their invest-
16 ment, including by failing to meet any standard identified
17 under subsection (a)(1).

18 **SEC. 207. APPROVAL OF ISSUERS.**

19 (a) STANDARDS FOR APPROVAL OF ISSUERS.—

20 (1) IN GENERAL.—The Corporation shall de-
21 velop, adopt, and publish standards for the approval
22 by the Corporation of issuers to issue covered securi-
23 ties, including standards with respect to an issuer's
24 ability to—

1 (A) aggregate eligible mortgage loans into
2 pools;

3 (B) securitize eligible mortgage loans for
4 sale to private investors as a covered security;

5 (C) transfer investment risk and credit to
6 private market participants in accordance with
7 the risk-sharing mechanisms developed by the
8 Corporation under section 202;

9 (D) ensure equitable access to the sec-
10 ondary mortgage market for covered securities
11 for all institutions regardless of size or geo-
12 graphic location;

13 (E) create mechanisms for multi-lender
14 pools; and

15 (F) ensure that eligible mortgage loans
16 that collateralize a covered security insured
17 under this title are originated in compliance
18 with the requirements of this Act.

19 (2) ADDITION REQUIRED STANDARDS.—The
20 standards required under paragraph (1) shall also
21 include—

22 (A) the financial history and condition of
23 the issuer;

1 (B) the general character and fitness of
2 the management of the issuer, including compli-
3 ance history with Federal and State laws;

4 (C) the risk presented by such issuer to
5 the Mortgage Insurance Fund;

6 (D) the adequacy of insurance and fidelity
7 coverage of the issuer;

8 (E) a requirement that the issuer submit
9 audited financial statements to the Corporation;

10 (F) the capacity of the issuer to secure
11 first loss credit enhancement; and

12 (G) any other standard the Corporation
13 determines necessary or appropriate.

14 (b) APPLICATION AND APPROVAL.—

15 (1) APPLICATION.—The Corporation shall es-
16 tablish an application process, in such form and
17 manner and requiring such information as the Cor-
18 poration may require, for the approval of issuers
19 under this section.

20 (2) APPROVAL.—The Corporation shall—

21 (A) approve any application made pursu-
22 ant to paragraph (1) unless the issuer does not
23 meet the standards adopted under subsection
24 (a);

1 (B) ensure that at least one issuer ap-
2 proved to issue covered securities under this
3 section is dedicated to serving the securitization
4 needs of credit unions and small, mid-size, and
5 community banks without securitization capa-
6 bilities; and

7 (C) approve any application to become an
8 approved issuer made by a Federal Home Loan
9 Bank.

10 (3) PUBLICATION.—The Corporation shall—

11 (A) publish in the Federal Register a list
12 of newly approved issuers; and

13 (B) maintain an updated list of approved
14 issuers on the website of the Corporation.

15 (c) REVIEW AND REVOCATION OF APPROVED STA-
16 TUS.—

17 (1) IN GENERAL.—The Corporation may review
18 the status of any approved issuer if the Corporation
19 is notified of or becomes aware of any violation by
20 the servicer of this Act or the rules promulgated
21 pursuant to this Act.

22 (2) REVOCATION.—

23 (A) IN GENERAL.—If the Corporation de-
24 termines, in a review pursuant to paragraph
25 (1), that an approved issuer no longer meets

1 the standards for approval, the Corporation
2 shall revoke the approved status of such issuer.

3 (B) CONSTRUCTION.—The revocation of an
4 approved issuer’s approved status under this
5 paragraph shall have no effect on the status of
6 any covered security.

7 (3) PUBLICATION.—The Corporation shall—

8 (A) publish in the Federal Register a list
9 of any approved issuers who lost their approved
10 status; and

11 (B) maintain an updated list of such
12 issuers on the website of the Corporation.

13 (d) LIMITATION ON MARKET SHARE.—The Corpora-
14 tion may not enter into any contract, covenant, or other
15 agreement with an approved issuer, if such contract, cov-
16 enant, or agreement would provide the issuer a share of
17 the covered security issuer market in excess of 15 percent
18 of the total market, as such market is measured by the
19 total outstanding principal balance at origination of eligi-
20 ble mortgages collateralizing covered securities issued in
21 the previous 12-month period.

22 **SEC. 208. UNIFORM MORTGAGE DATABASE.**

23 (a) UNIFORM MORTGAGE DATABASE.—The Corpora-
24 tion shall establish, operate, and maintain a database for

1 the collection, public use, and dissemination of uniform
2 loan level information on eligible mortgages relating to—

3 (1) loan characteristics;

4 (2) borrower information;

5 (3) the property securing the eligible mort-
6 gages;

7 (4) the identity of the parties creating the
8 transaction;

9 (5) loan data required at the time of application
10 for insurance from the Corporation under this title;

11 (6) the quality and consistency of appraisal and
12 collateral data on eligible mortgages;

13 (7) industry-wide servicing data standards; and

14 (8) such other data, datasets, information,
15 facts, or measurements as the Corporation deter-
16 mines appropriate to improve and enhance loan
17 quality and operational efficiencies within the sec-
18 ondary mortgage market.

19 (b) CONSIDERATIONS.—In establishing the database
20 required under subsection (a), the Corporation shall take
21 into consideration, build upon, and adopt to the extent the
22 Corporation determines appropriate, the existing data
23 standards set forth under the Uniform Mortgage Data
24 Program initiative established by the Federal Housing Fi-
25 nance Agency.

1 (c) REGULATIONS.—The Corporation shall, by regu-
2 lation—

3 (1) establish the manner and form by which
4 any loan level information collected under subsection
5 (a) may be accessed by the public, including whether
6 or not to establish a fee for such access;

7 (2) require that such loan level information be
8 made available to the public in a uniform manner,
9 in a form designed for ease and speed of access, ease
10 and speed of downloading, and ease and speed of
11 use; and

12 (3) ensure the protection of any personally
13 identifiable information contained in any informa-
14 tion, or mix of information, collected and made
15 available for public access.

16 (d) MONTHLY UPDATE.—The database required
17 under subsection (a) shall be updated not less frequently
18 than once a month.

19 **SEC. 209. UNIFORM SECURITIZATION AGREEMENTS.**

20 (a) IN GENERAL.—The Corporation shall develop,
21 adopt, and publish standard uniform securitization agree-
22 ments for covered securities which are insured under this
23 Act.

1 (b) REQUIRED CONTENT.—The standard uniform
2 securitization agreements required to be developed under
3 subsection (a) shall include terms relating to—

4 (1) pooling and servicing, including the develop-
5 ment of uniform standards and practices permitting
6 the transfer of servicing rights, if such transfer is
7 determined to be in the best financial interest of the
8 investor, as such interest is calculated on a net
9 present value basis;

10 (2) representations and warranties, including
11 representations and warranties as to compliance or
12 conformity with the requirements of this Act;

13 (3) indemnification and remedies; and

14 (4) the qualification, responsibilities, and duties
15 of trustees.

16 (c) CONSULTATION.—The Corporation shall work
17 with industry groups, including servicers, originators,
18 issuers, and mortgage investors to develop the uniform
19 securitization agreements required under subsection (a).

20 **SEC. 210. ELECTRONIC REGISTRATION OF ELIGIBLE MORT-**
21 **GAGES.**

22 (a) ESTABLISHMENT OF ELECTRONIC REGISTRATION
23 SYSTEM.—The Corporation shall establish, operate, and
24 maintain an electronic registry system for eligible mort-
25 gages that collateralize a covered security insured under

1 this Act in order to automate, centralize, standardize, and
2 improve the process of tracking changes in servicing rights
3 and beneficial ownership interests in such eligible mort-
4 gages.

5 (b) CONSIDERATIONS.—In establishing the electronic
6 registry system required under subsection (a), the Cor-
7 poration shall take into consideration, build upon, and
8 adopt to the extent the Corporation determines appro-
9 priate, any existing efforts of the Federal Housing Fi-
10 nance Agency to develop a sound, efficient system for doc-
11 ument custody and electronic registration of mortgages,
12 notes, titles, and liens.

13 **SEC. 211. EXEMPTIONS.**

14 (a) SECURITIES EXEMPT FROM SEC REGULA-
15 TION.—

16 (1) IN GENERAL.—All covered securities issued
17 or insured by the Corporation shall, to the same ex-
18 tent as securities that are direct obligations of or ob-
19 ligations guaranteed as to principal or interest by
20 the United States, be deemed to be exempt securities
21 within the meaning of the laws administered by the
22 Securities and Exchange Commission.

23 (2) CONFORMING AMENDMENT.—The first sen-
24 tence of section 3(a)(2) of the Securities Act of 1933
25 (15 U.S.C. 77c(a)(2)) is amended by inserting “or

1 any covered security, as such term is defined under
2 section 2(8) of the Secondary Mortgage Market Re-
3 form and Taxpayer Protection Act of 2013;” after
4 “Federal Reserve bank;”.

5 (b) QRM EXEMPTION.—Section 15G(e) of the Secu-
6 rities Exchange Act of 1934 (15 U.S.C. 78o-11(e)) is
7 amended—

8 (1) in paragraph (3)(B)—

9 (A) by striking “Association, the” and in-
10 serting “Association and the”; and

11 (B) by striking “and the Federal home
12 loan banks”; and

13 (2) by adding at the end the following:

14 “(7) COVERED SECURITIES INSURED BY THE
15 FEDERAL MORTGAGE INSURANCE CORPORATION.—

16 Notwithstanding any other provision of this section,
17 the requirements of this section shall not apply to
18 any covered security, as such term is defined under
19 section 2(8) of the Secondary Mortgage Market Re-
20 form and Taxpayer Protection Act of 2013, issued,
21 insured, guaranteed, or purchased by the Federal
22 Mortgage Insurance Corporation or any institution
23 that is subject to the supervision of the Federal
24 Mortgage Insurance Corporation.”.

1 **SEC. 212. GENERAL POWERS.**

2 (a) CORPORATE POWERS.—The Federal Mortgage
3 Insurance Corporation shall have power—

4 (1) to adopt, alter, and use a corporate seal,
5 which shall be judicially noticed;

6 (2) to enter into and perform contracts, leases,
7 cooperative agreements, or other transactions, on
8 such terms as it may deem appropriate, with any
9 agency or instrumentality of the United States, or
10 with any State, Territory, or possession, or the Com-
11 monwealth of Puerto Rico, or with any political sub-
12 division thereof, or with any person, firm, associa-
13 tion, or corporation;

14 (3) to execute, in accordance with its bylaws, all
15 instruments necessary or appropriate in the exercise
16 of any of its powers;

17 (4) in its corporate name, to sue and to be
18 sued, and to complain and to defend, in any court
19 of competent jurisdiction, State or Federal, but no
20 attachment, injunction, or other similar process,
21 mesne or final, shall be issued against the property
22 of the Corporation;

23 (5) to conduct its business without regard to
24 any qualification or similar statute in any State of
25 the United States, including the District of Colum-

1 bia, the Commonwealth of Puerto Rico, and the Ter-
2 ritories and possessions of the United States;

3 (6) to lease, purchase, or acquire any property,
4 real, personal, or mixed, or any interest therein, to
5 hold, rent, maintain, modernize, renovate, improve,
6 use, and operate such property, and to sell, for cash
7 or credit, lease, or otherwise dispose of the same, at
8 such time and in such manner as and to the extent
9 that it may deem necessary or appropriate;

10 (7) to prescribe, repeal, and amend or modify,
11 rules, regulations, or requirements governing the
12 manner in which its general business may be con-
13 ducted;

14 (8) to accept gifts or donations of services, or
15 of property, real, personal, or mixed, tangible, or in-
16 tangible, in aid of any of its purposes; and

17 (9) to do all things as are necessary or inci-
18 dental to the proper management of its affairs and
19 the proper conduct of its business.

20 (b) EXPENDITURES.—Except as may be otherwise
21 provided in this title, in chapter 91 of title 31, United
22 States Code, or in other laws specifically applicable to
23 Government corporations, the Corporation shall determine
24 the necessity for, and the character and amount of its obli-

1 gations and expenditures, and the manner in which they
2 shall be incurred, allowed, paid, and accounted for.

3 (c) EXEMPTION FROM CERTAIN TAXES.—The Cor-
4 poration, including its franchise, capital, reserves, surplus,
5 mortgages or other security holdings, and income shall be
6 exempt from all taxation now or hereafter imposed by the
7 United States, by any territory, dependency, or possession
8 thereof, or by any State, county, municipality, or local tax-
9 ing authority, except that any real property of the Cor-
10 poration shall be subject to State, territorial, county, mu-
11 nicipal, or local taxation to the same extent according to
12 its value as other real property is taxed.

13 (d) EXCLUSIVE USE OF NAME.—No individual, asso-
14 ciation, partnership, or corporation, except the bodies cor-
15 porate named under section 101, shall hereafter use the
16 words “Federal Mortgage Insurance Corporation” or any
17 combination of such words, as the name or a part thereof
18 under which the individual, association, partnership, or
19 corporation shall do business. Violations of the foregoing
20 sentence may be enjoined by any court of general jurisdic-
21 tion at the suit of the proper body corporate. In any such
22 suit, the plaintiff may recover any actual damages flowing
23 from such violation, and, in addition, shall be entitled to
24 punitive damages (regardless of the existence or nonexist-

1 ence of actual damages) of not exceeding \$100 for each
2 day during which such violation is committed or repeated.

3 (e) FISCAL AGENTS.—The Federal Reserve banks
4 are authorized and directed to act as depositories,
5 custodians, and fiscal agents for each of the bodies cor-
6 porate named in section 101, for its own account or as
7 fiduciary, and such banks shall be reimbursed for such
8 services in such manner as may be agreed upon; and each
9 of such bodies corporate may itself act in such capacities,
10 for its own account or as fiduciary, and for the account
11 of others.

12 **Subtitle B—Structure**

13 **SEC. 221. OFFICE OF UNDERWRITING.**

14 (a) ESTABLISHMENT.—There is established within
15 the Federal Mortgage Insurance Corporation an Office of
16 Underwriting which shall be headed by the Deputy Direc-
17 tor of Underwriting, who shall be appointed by the Board
18 of Directors.

19 (b) RESPONSIBILITIES.—The Office of Underwriting
20 shall ensure, through oversight, analysis, and examination,
21 that eligible mortgages that collateralize a covered security
22 insured under this Act comply with the requirements of
23 this Act, including with respect to—

24 (1) the submission of complete and accurate
25 loan data on eligible mortgages;

- 1 (2) the identification of ineligible mortgage
2 loans;
3 (3) assisting lenders with originating high-quality,
4 lower-risk eligible mortgages; and
5 (4) any other activity that the Director determines
6 appropriate.

7 **SEC. 222. OFFICE OF SECURITIZATION.**

8 (a) ESTABLISHMENT.—There is established within
9 the Federal Mortgage Insurance Corporation an Office of
10 Securitization which shall be headed by the Deputy Director
11 of Securitization, who shall be appointed by the Board
12 of Directors.

13 (b) RESPONSIBILITIES.—The Office of Securitization
14 shall—

15 (1) oversee, coordinate, and manage the transition
16 of all activities, duties, and responsibilities of
17 the enterprises related to securitization during the
18 period of time that begins on the date of enactment
19 of this Act and ends with placement of the enterprises
20 into receivership pursuant to title V;

21 (2) oversee, supervise, and ensure the continued
22 operation of the To-Be-Announced market, including
23 through the development or revision of deliverability
24 rules to ensure hedging and liquidity;

1 (3) oversee and supervise the common
2 securitization platform developed by the business en-
3 tity announced by the Federal Housing Finance
4 Agency and established by the enterprises in 2013,
5 including by requiring that the platform have system
6 capabilities to permit the issuance of multi-lender se-
7 curities;

8 (4) ensure that credit unions and small, mid-
9 size, and community banks have equitable access to
10 any such platform, including through the develop-
11 ment and facilitation of options for single loan pools
12 to be securitized and issued through such platform;
13 and

14 (5) coordinate and consult with the Federal
15 Home Loan Banks to establish a securitization plat-
16 form that addresses the needs of alternative issuers.

17 (c) ESTABLISHMENT OF DATABASE TO PROVIDE NO-
18 TICE TO DIFFERENT CLASSES OF LIEN HOLDERS.—The
19 Office of Securitization shall establish, operate, and main-
20 tain a database that—

21 (1) can be accessed by any holder of a lien on
22 an eligible mortgage;

23 (2) identifies and tracks if a junior lien or any
24 other subordinate lien has been issued on the prop-
25 erty securing an eligible mortgage;

1 (3) notifies, to the extent feasible, any senior or
2 first lien holder of the existence of such junior or
3 subordinate lien; and

4 (4) informs—

5 (A) the senior or first lien holder of the
6 monthly performance of the junior or subordi-
7 nate lien; and

8 (B) the junior or subordinate lien holder of
9 the monthly performance of the senior or first
10 lien.

11 **SEC. 223. AUTHORITY TO ESTABLISH FMIC MUTUAL**
12 **SECURITIZATION COMPANY.**

13 (a) IN GENERAL.—If the Corporation, in its discre-
14 tion, determines that the securitization needs of credit
15 unions and small, mid-size, and community banks without
16 securitization capabilities are not being, or will not be,
17 fully met by the provisions of this Act, or that such institu-
18 tions are being denied equitable access to securitization
19 platforms, the Corporation may establish a mutual cor-
20 poration to be known as the “FMIC Mutual Securitization
21 Company” to develop, securitize, sell, and otherwise meet
22 the issuing needs of such institutions with respect to cov-
23 ered securities.

24 (b) TRANSFER OF NECESSARY TECHNOLOGY.—Not-
25 withstanding any provision of title V, or any other provi-

1 sion of law, and effective only after the FMIC certification
2 date, if the Corporation invokes the authority set forth
3 under subsection (a), the enterprises shall, without cost,
4 transfer to the FMIC Mutual Securitization Company any
5 function, activity, infrastructure, property, including intel-
6 lectual property, platform, or any other object or service
7 of an enterprise that the Corporation determines nec-
8 essary for the FMIC Mutual Securitization Company to
9 carry out its activities and operations.

10 (c) DESIGNATION AS AN APPROVED ISSUER.—The
11 FMIC Mutual Securitization Company shall be an ap-
12 proved issuer for purposes of section 207.

13 (d) DEFINITION.—For purposes of this section, the
14 term “credit unions and small, mid-size, and community
15 banks” means any credit union or small, mid-size, or com-
16 munity bank having less than \$10,000,000,000 in total
17 assets.

18 **TITLE III—TRANSFER OF POW-** 19 **ERS, PERSONNEL, AND PROP-** 20 **ERTY TO FMIC FROM FHFA**

21 **SEC. 301. TRANSFER DATE.**

22 For purposes of this title, the term “transfer date”
23 means the date that is 1 year after the date of enactment
24 of this Act.

1 **SEC. 302. ABOLISHMENT OF FHFA.**

2 (a) IN GENERAL.—Effective upon the transfer date,
3 the Federal Housing Finance Agency and the position of
4 the Director of the Federal Housing Finance Agency are
5 abolished.

6 (b) DISPOSITION OF AFFAIRS.—During the period
7 preceding the transfer date, the Director of the Federal
8 Housing Finance Agency, solely for the purpose of wind-
9 ing up the affairs of the Federal Housing Finance Agen-
10 cy—

11 (1) shall manage the employees of such Agency
12 and provide for the payment of the compensation
13 and benefits of any such employees which accrue be-
14 fore the transfer date; and

15 (2) may take any other action necessary for the
16 purpose of winding up the affairs of the Office.

17 (c) STATUS OF EMPLOYEES BEFORE TRANSFER.—
18 The abolishment of the Federal Housing Finance Agency
19 under subsection (a) may not be construed to affect the
20 status of any employee of such Agency as an employee
21 of an agency of the United States for purposes of any
22 other provision of law.

23 (d) USE OF PROPERTY AND SERVICES.—

24 (1) PROPERTY.—The Corporation may use the
25 property and services of the Federal Housing Fi-
26 nance Agency to perform functions which have been

1 transferred to the Corporation for such time as is
2 reasonable to facilitate the orderly transfer of func-
3 tions transferred under any other provision of this
4 Act or any amendment made by this Act to any
5 other provision of law.

6 (2) AGENCY SERVICES.—Any agency, depart-
7 ment, or other instrumentality of the United States,
8 and any successor to any such agency, department,
9 or instrumentality, that was providing supporting
10 services to the Agency services before the transfer
11 date in connection with functions that are trans-
12 ferred to the Corporation shall—

13 (A) continue to provide such services, on a
14 reimbursable basis, until the transfer of such
15 functions is complete; and

16 (B) consult with any such agency to co-
17 ordinate and facilitate a prompt and reasonable
18 transition.

19 (e) CONTINUATION OF SERVICES.—The Corporation
20 may use the services of employees and other personnel of
21 the Federal Housing Finance Agency, on a reimbursable
22 basis, to perform functions which have been transferred
23 to the Corporation for such time as is reasonable to facili-
24 tate the orderly transfer of functions pursuant to any

1 other provision of this Act or any amendment made by
2 this Act to any other provision of law.

3 (f) SAVINGS PROVISIONS.—

4 (1) EXISTING RIGHTS, DUTIES, AND OBLIGA-
5 TIONS NOT AFFECTED.—Subsection (a) shall not af-
6 fect the validity of any right, duty, or obligation of
7 the United States, the Director of the Federal Hous-
8 ing Finance Agency, or any other person, which—

9 (A) arises under—

10 (i) the Federal Housing Enterprises
11 Financial Safety and Soundness Act of
12 1992;

13 (ii) the Federal National Mortgage
14 Association Charter Act;

15 (iii) the Federal Home Loan Mort-
16 gage Corporation Act; or

17 (iv) any other provision of law appli-
18 cable with respect to such Office; and

19 (B) existed on the day before the date of
20 abolishment under subsection (a).

21 (2) CONTINUATION OF SUITS.—No action or
22 other proceeding commenced by or against the Di-
23 rector of the Federal Housing Finance Agency in
24 connection with functions that are transferred to the
25 Corporation shall abate by reason of the enactment

1 of this Act, except that the Corporation shall be sub-
2 stituted for the Director of the Federal Housing Fi-
3 nance Agency as a party to any such action or pro-
4 ceeding.

5 **SEC. 303. POWERS AND DUTIES TRANSFERRED.**

6 (a) EFFECTIVE DATE.—This section shall take effect
7 on the transfer date.

8 (b) TRANSFER OF FUNCTIONS.—

9 (1) IN GENERAL.—There are transferred to the
10 Corporation all functions of the Federal Housing Fi-
11 nance Agency and the Director of the Federal Hous-
12 ing Finance Agency.

13 (2) POWERS, AUTHORITIES, RIGHTS, AND DU-
14 TIES.—The Corporation shall succeed to all powers,
15 authorities, rights, and duties that were vested in
16 the Federal Housing Finance Agency and the Direc-
17 tor of the Federal Housing Finance Agency, includ-
18 ing all conservatorship or receivership authorities, on
19 the day before the transfer date relating to the func-
20 tions and authority transferred under paragraph (1).

21 (3) ALL OTHER FUNCTIONS TRANSFERRED.—
22 All rulemaking authority, all general regulatory au-
23 thorities, and any other authority of the Federal
24 Housing Finance Agency and the Director of the

1 Federal Housing Finance Agency is transferred to
2 the Corporation.

3 (c) CONTINUATION AND COORDINATION OF CERTAIN
4 ACTIONS.—

5 (1) IN GENERAL.—All regulations, orders, de-
6 terminations, and resolutions described under sub-
7 section (b) shall remain in effect according to the
8 terms of such regulations, orders, determinations,
9 and resolutions, and shall be enforceable by or
10 against the Corporation until modified, terminated,
11 set aside, or superseded in accordance with applica-
12 ble law by the Corporation, any court of competent
13 jurisdiction, or operation of law.

14 (2) APPLICABILITY.—A regulation, order, de-
15 termination, or resolution is described under this
16 subsection if it—

17 (A) was issued, made, prescribed, or al-
18 lowed to become effective by—

19 (i) the Federal Housing Finance
20 Agency; or

21 (ii) a court of competent jurisdiction,
22 and relates to functions transferred by this
23 Act; and

24 (B) is in effect on the transfer date.

1 **SEC. 304. TRANSFER AND RIGHTS OF EMPLOYEES OF THE**
2 **FHFA.**

3 (a) TRANSFER.—Each employee of the Federal
4 Housing Finance Agency shall be transferred to the Cor-
5 poration for employment, not later than the transfer date,
6 and such transfer shall be deemed a transfer of function
7 for purposes of section 3503 of title 5, United States
8 Code.

9 (b) GUARANTEED POSITIONS.—Each employee trans-
10 ferred under subsection (a) shall be guaranteed a position
11 with the same status, tenure, grade, and pay as that held
12 on the day immediately preceding the transfer.

13 (c) APPOINTMENT AUTHORITY FOR EXCEPTED EM-
14 PLOYEES.—

15 (1) IN GENERAL.—In the case of an employee
16 occupying a position in the excepted service, any ap-
17 pointment authority established under law or by reg-
18 ulations of the Office of Personnel Management for
19 filling such position shall be transferred, subject to
20 paragraph (2).

21 (2) DECLINE OF TRANSFER.—The Corporation
22 may decline a transfer of authority under paragraph
23 (1), to the extent that such authority relates to a po-
24 sition excepted from the competitive service because
25 of its confidential, policymaking, policy-determining,
26 or policy-advocating character.

1 (d) REORGANIZATION.—If the Corporation deter-
2 mines, after the end of the 1-year period beginning on the
3 transfer date, that a reorganization of the combined work-
4 force is required, that reorganization shall be deemed a
5 major reorganization for purposes of affording affected
6 employee retirement under section 8336(d)(2) or
7 8414(b)(1)(B) of title 5, United States Code.

8 (e) EMPLOYEE BENEFIT PROGRAMS.—

9 (1) IN GENERAL.—Any employee of the Federal
10 Housing Finance Agency accepting employment with
11 the Corporation as a result of a transfer under sub-
12 section (a) may retain, for 12 months after the date
13 on which such transfer occurs, membership in any
14 employee benefit program of the Agency or the Cor-
15 poration, as applicable, including insurance, to which
16 such employee belongs on the transfer date if—

17 (A) the employee does not elect to give up
18 the benefit or membership in the program; and

19 (B) the benefit or program is continued by
20 the Corporation.

21 (2) COST DIFFERENTIAL.—

22 (A) IN GENERAL.—The difference in the
23 costs between the benefits which would have
24 been provided by the Federal Housing Finance

1 Agency and those provided by this section shall
2 be paid by the Corporation.

3 (B) HEALTH INSURANCE.—If any em-
4 ployee elects to give up membership in a health
5 insurance program or the health insurance pro-
6 gram is not continued by the Corporation, the
7 employee shall be permitted to select an alter-
8 nate Federal health insurance program not
9 later than 30 days after the date of such elec-
10 tion or notice, without regard to any other reg-
11 ularly scheduled open season.

12 **SEC. 305. TRANSFER OF PROPERTY AND FACILITIES.**

13 Upon the transfer date all property of the Federal
14 Housing Finance Agency shall transfer to the Corpora-
15 tion.

16 **SEC. 306. TECHNICAL AND CONFORMING AMENDMENTS.**

17 (a) EFFECTIVE DATE.—The amendments made by
18 this section shall take effect on the transfer date.

19 (b) FEDERAL SAFETY AND SOUNDNESS ACT.—The
20 Federal Housing Enterprises Financial Safety and Sound-
21 ness Act of 1992 (12 U.S.C. 4501 et. seq) is amended—

22 (1) in section 1303—

23 (A) in paragraph (2), by striking “Federal
24 Housing Finance Agency” and inserting “Fed-
25 eral Mortgage Insurance Corporation”;

1 (B) by repealing paragraph (4); and

2 (C) in paragraph (9), by striking “Director
3 of the Federal Housing Finance Agency” and
4 inserting “Board of Directors of the Federal
5 Mortgage Insurance Corporation”;

6 (2) by repealing section 1313A; and

7 (3) by repealing section 1317(d).

8 (c) HOUSING ECONOMIC RECOVERY ACT.—Section
9 1002(b) of the Housing and Economic Recovery Act of
10 2008 (Public Law 110-289) is amended—

11 (1) in paragraph (1), by striking “Federal
12 Housing Finance Agency” and inserting “Federal
13 Mortgage Insurance Corporation”; and

14 (2) in paragraph (2), by striking “Director of
15 the Agency” and inserting “Board of Directors of
16 the Federal Mortgage Insurance Corporation”.

17 (d) FANNIE MAE CHARTER ACT.—The Federal Na-
18 tional Mortgage Association Charter Act (12 U.S.C. 1716
19 et seq.) is amended—

20 (1) in section 303(c)(2), by striking “Director
21 of the Federal Housing Finance Agency” each place
22 that term appears and inserting “Chairperson of the
23 Federal Mortgage Insurance Corporation”; and

24 (2) in section 309—

25 (A) in subsection (d)(3)(B)—

1 (i) by striking “Director of the Fed-
2 eral Housing Finance Agency” and insert-
3 ing “Chairperson of the Federal Mortgage
4 Insurance Corporation”; and

5 (ii) by striking “Director” each place
6 that term appears and inserting “Chair-
7 person”;

8 (B) in subsection (k)(1), by striking “Di-
9 rector of the Federal Housing Finance Agency”
10 each place that term appears and inserting
11 “Chairperson of the Federal Mortgage Insur-
12 ance Corporation”;

13 (C) in subsection (m)—

14 (i) in paragraph (1), by striking
15 “Federal Housing Finance Agency” and
16 inserting “Federal Mortgage Insurance
17 Corporation”; and

18 (ii) in paragraph (2), by striking
19 “Federal Housing Finance Agency” and
20 inserting “Federal Mortgage Insurance
21 Corporation”; and

22 (D) in subsection (n)—

23 (i) in paragraph (1), by striking
24 “Federal Housing Finance Agency” and

1 inserting “Federal Mortgage Insurance
2 Corporation”;

3 (ii) in paragraph (2), by striking
4 “Federal Housing Finance Agency” each
5 place that term appears and inserting
6 “Federal Mortgage Insurance Corpora-
7 tion”; and

8 (iii) in paragraph (3)(B), by striking
9 “Federal Housing Finance Agency” and
10 inserting “Federal Mortgage Insurance
11 Corporation”.

12 (e) FREDDIE MAC CHARTER ACT.—The Federal
13 Home Loan Mortgage Corporation Act (12 U.S.C. 1451
14 et seq.) is amended—

15 (1) in section 303—

16 (A) in subsection (b)(2), by striking “Di-
17 rector of the Federal Housing Finance Agency”
18 each place that term appears, and inserting
19 “Chairperson of the Federal Mortgage Insur-
20 ance Corporation”; and

21 (B) in subsection (h)(2)—

22 (i) by striking “Director of the Fed-
23 eral Housing Finance Agency” and insert-
24 ing “Chairperson of the Federal Mortgage
25 Insurance Corporation”; and

1 (ii) by striking “Director” each place
2 that term appears and inserting “Chair-
3 person”;

4 (2) in section 307—

5 (A) in subsection (c)(1), by striking “Di-
6 rector of the Federal Housing Finance Agency”
7 each place that term appears and inserting
8 “Chairperson of the Federal Mortgage Insur-
9 ance Corporation”;

10 (B) in subsection (e)—

11 (i) in paragraph (1), by striking “Di-
12 rector of the Federal Housing Finance
13 Agency” and inserting “Chairperson of the
14 Federal Mortgage Insurance Corporation”;
15 and

16 (ii) in paragraph (2), by striking “Di-
17 rector of the Federal Housing Finance
18 Agency” and inserting “Chairperson of the
19 Federal Mortgage Insurance Corporation”;
20 and

21 (C) in subsection (f)—

22 (i) in paragraph (1), by striking “Di-
23 rector of the Federal Housing Finance
24 Agency” and inserting “Chairperson of the
25 Federal Mortgage Insurance Corporation”;

1 (ii) in paragraph (2), by striking “Di-
2 rector of the Federal Housing Finance
3 Agency” each place that term appears and
4 inserting “Chairperson of the Federal
5 Mortgage Insurance Corporation”; and

6 (iii) in paragraph (3)(B), by striking
7 “Director of the Federal Housing Finance
8 Agency” and inserting “Chairperson of the
9 Federal Mortgage Insurance Corporation”.

10 (f) FEDERAL HOME LOAN BANK ACT.—Section 2 of
11 the Federal Home Loan Bank Act (12 U.S.C. 1422) is
12 amended—

13 (1) in paragraph (11), by striking “Director of
14 the Federal Housing Finance Agency” and inserting
15 “Board of Directors of the Federal Mortgage Insur-
16 ance Corporation”; and

17 (2) in paragraph (12), by striking “Federal
18 Housing Finance Agency” and all that follows
19 through the period at the end and inserting “Fed-
20 eral Mortgage Insurance Corporation”.

21 (g) TITLE 18, UNITED STATES CODE.—Section 1905
22 of title 18, United States Code, is amended by striking
23 “Federal Housing Finance Agency” and inserting “Fed-
24 eral Mortgage Insurance Corporation”.

1 (h) FLOOD DISASTER PROTECTION ACT OF 1973.—

2 Section 102 of the Flood Disaster Protection Act of 1973

3 (42 U.S.C. 4012a) is amended—

4 (1) in subsection (b)(5), by striking “Federal
5 Housing Finance Agency” and inserting “Federal
6 Mortgage Insurance Corporation”; and

7 (2) in subsection (f)(3)(A), by striking “Direc-
8 tor of the Federal Housing Finance Agency” and in-
9 serting “Chairperson of the Federal Mortgage Insur-
10 ance Corporation”.

11 (i) TITLE 5, UNITED STATES CODE.—Title 5, United
12 States Code, is amended—

13 (1) in section 5313, by striking the item relat-
14 ing to the Director of the Federal Housing Finance
15 Agency and inserting the following new item:

16 “Director of the Federal Mortgage Insurance
17 Corporation.”; and

18 (2) in section 3132(a)(1)(D), by striking “Fed-
19 eral Housing Finance Agency” and inserting “Fed-
20 eral Mortgage Insurance Corporation”.

21 (j) SARBANES-OXLEY ACT.—Section
22 105(b)(5)(B)(ii)(II) of the Sarbanes-Oxley Act of 2002
23 (15 U.S.C. 7215(b)(5)(B)(ii)(II)) is amended by striking
24 “Director of the Federal Housing Finance Agency” and

1 inserting “Chairperson of the Federal Mortgage Insurance
2 Corporation”.

3 (k) FEDERAL DEPOSIT INSURANCE ACT.—The Fed-
4 eral Deposit Insurance Act (12 U.S.C. 1811 et seq.) is
5 amended—

6 (1) in section 7(a)(2)(A), by striking “Federal
7 Housing Finance Agency” each place that term ap-
8 pears and inserting “Federal Mortgage Insurance
9 Corporation”;

10 (2) in section 8(e)(7)(A)(vi), by striking “Fed-
11 eral Housing Finance Agency” each place that term
12 appears and inserting “Federal Mortgage Insurance
13 Corporation”;

14 (3) in section 11(t)(2)(A)(vii), by striking
15 “Federal Housing Finance Agency” and inserting
16 “The Federal Mortgage Insurance Corporation”;
17 and

18 (4) in section 33(e), by striking “Federal Hous-
19 ing Finance Agency” and inserting “Federal Mort-
20 gage Insurance Corporation”.

21 (l) RIGHT TO FINANCIAL PRIVACY ACT OF 1978.—
22 Section 1113(o) of the Right to Financial Privacy Act of
23 1978 (12 U.S.C. 3413(o)) is amended—

1 (1) by striking “Federal Housing Finance
2 Agency” and inserting “Federal Mortgage Insurance
3 Corporation”; and

4 (2) by striking “Federal Housing Finance
5 Agency’s” and inserting “Federal Mortgage Insur-
6 ance Corporation’s”.

7 (m) RIEGLE COMMUNITY DEVELOPMENT AND REGU-
8 LATORY IMPROVEMENT ACT OF 1994.—Section 117(e) of
9 the Riegle Community Development and Regulatory Im-
10 provement Act of 1994 (12 U.S.C. 4716(e)) is amended
11 by striking “Federal Housing Finance Agency” and in-
12 serting “Federal Mortgage Insurance Corporation”.

13 (n) TITLE 18, UNITED STATES CODE.—Title 18,
14 United States Code, is amended by striking “Federal
15 Housing Finance Agency” each place that term appears
16 in each of sections 212, 657, 1006, and 1014, and insert-
17 ing “Federal Mortgage Insurance Corporation”.

18 (o) MAHRA ACT OF 1997.—Section 517(b)(4) of the
19 Multifamily Assisted Housing Reform and Affordability
20 Act of 1997 (42 U.S.C. 1437f note) is amended by strik-
21 ing “Federal Housing Finance Agency” and inserting
22 “Federal Mortgage Insurance Corporation”.

23 (p) TITLE 44, UNITED STATES CODE.—Section
24 3502(5) of title 44, United States Code, is amended by

1 striking “Federal Housing Finance Agency” and inserting
2 “Federal Mortgage Insurance Corporation”.

3 (q) ACCESS TO LOCAL TV ACT OF 2000.—Section
4 1004(d)(2)(D)(iii) of the Launching Our Communities’
5 Access to Local Television Act of 2000 (47 U.S.C.
6 1103(d)(2)(D)(iii)) is amended by striking “Federal
7 Housing Finance Agency” and inserting “Federal Mort-
8 gage Insurance Corporation”.

9 (r) FIRREA.—The Financial Institutions Reform,
10 Recovery, and Enhancement Act of 1989 is amended—

11 (1) in section 1216—

12 (A) in subsection (a), by striking “Federal
13 Housing Finance Agency” and inserting “Fed-
14 eral Mortgage Insurance Corporation”; and

15 (B) in subsection (c), by striking “Federal
16 Housing Finance Agency” and inserting “Fed-
17 eral Mortgage Insurance Corporation”;

18 (2) in section 402(e), by striking “Federal
19 Housing Finance Agency” each place that term ap-
20 pears and inserting “Federal Mortgage Insurance
21 Corporation”;

22 (3) in section 1124, by striking “Federal Hous-
23 ing Finance Agency” each place that term appears
24 and inserting “Federal Mortgage Insurance Cor-
25 poration”; and

1 (4) in section 1125(b), by striking “Federal
2 Housing Finance Agency” and inserting “Federal
3 Mortgage Insurance Corporation”.

4 (s) EESA.—The Emergency Economic Stabilization
5 Act of 2008 (12 U.S.C. 5201 note) is amended—

6 (1) in section 104(b)(3), by striking “Director
7 of the Federal Housing Finance Agency” and insert-
8 ing “Chairperson of the Federal Mortgage Insurance
9 Corporation”;

10 (2) in section 109(b), by striking “Federal
11 Housing Finance Agency” and inserting “Federal
12 Mortgage Insurance Corporation”; and

13 (3) in section 110(a)(1)(A), by striking “Fed-
14 eral Housing Finance Agency” and inserting “Fed-
15 eral Mortgage Insurance Corporation”.

16 (t) DODD-FRANK ACT.—The Dodd-Frank Wall
17 Street Reform and Consumer Protection Act (Public Law
18 111-203) is amended—

19 (1) in section 342(g)(1)(C), by striking “Fed-
20 eral Housing Finance Agency” and inserting “Fed-
21 eral Mortgage Insurance Corporation”;

22 (2) in section 956(e)(1), by striking “Federal
23 Housing Finance Agency” and inserting “Federal
24 Mortgage Insurance Corporation”;

1 (3) in section 989E(a)(1)(F), by striking “Fed-
2 eral Housing Finance Agency” and inserting “Fed-
3 eral Mortgage Insurance Corporation”;

4 (4) in section 1305, by striking “Director of the
5 Federal Housing Finance Agency” and inserting
6 “Chairperson of the Federal Mortgage Insurance
7 Corporation”; and

8 (5) in section 1481(b), by striking “Federal
9 Housing Finance Agency” and inserting “Federal
10 Mortgage Insurance Corporation”.

11 (u) HOUSING AND URBAN-RURAL RECOVERY ACT.—
12 Section 469 of the Housing and Urban-Rural Recovery
13 Act of 1983 (12 U.S.C. 1701p-1) is amended in the first
14 sentence by striking “Federal Housing Finance Agency”
15 and inserting “Federal Mortgage Insurance Corporation”.

16 (v) NEIGHBORHOOD REINVESTMENT CORPORATION
17 ACT.—Section 606(c)(3) of the Neighborhood Reinvest-
18 ment Corporation Act (42 U.S.C. 8105(c)(3)) is amended
19 by striking “Federal Housing Finance Agency” and in-
20 serting “Federal Mortgage Insurance Corporation”.

21 (w) FEDERAL INSURANCE OFFICE ACT.—Section
22 313(r)(4) of title 31, United States Code, is amended by
23 striking “Federal Housing Finance Agency” and inserting
24 “Federal Mortgage Insurance Corporation”.

1 (x) COMMODITY EXCHANGE ACT.—Section
2 1a(39)(E) of the Commodity Exchange Act (7 U.S.C.
3 1a(39)(E)) is amended by striking “Federal Housing Fi-
4 nance Agency” and inserting “Federal Mortgage Insur-
5 ance Corporation”.

6 (y) SECURITIES EXCHANGE ACT.—Section 15G of
7 the Securities Exchange Act (15 U.S.C. 78o-11) is amend-
8 ed—

9 (1) in subsection (b), by striking “Federal
10 Housing Finance Agency” and inserting “Federal
11 Mortgage Insurance Corporation”; and

12 (2) in subsection (e)(4), by striking “Director
13 of the Federal Housing Finance Agency” each place
14 that term appears and inserting “Chairperson of the
15 Federal Mortgage Insurance Corporation”.

16 (z) TRUTH IN LENDING ACT.—The Truth in Lending
17 Act (15 U.S.C. 1601 et seq.) is amended—

18 (1) section 129H(b)(4), by striking “Federal
19 Housing Finance Agency” and inserting “Federal
20 Mortgage Insurance Corporation”; and

21 (2) in section 129E—

22 (A) in subsection (g)(1), by striking “Fed-
23 eral Housing Finance Agency” and inserting
24 “Federal Mortgage Insurance Corporation”;
25 and

1 (B) in subsection (h), by striking “Federal
2 Housing Finance Agency” and inserting “Fed-
3 eral Mortgage Insurance Corporation”.

4 (aa) FFIEC.—The first sentence of section 1011 of
5 the Federal Financial Institutions Examination Council
6 Act of 1978 (12 U.S.C. 3310) is amended by striking
7 “Federal Housing Finance Agency” and inserting “Fed-
8 eral Mortgage Insurance Corporation”.

9 **TITLE IV—MARKET ACCESS**

10 **FUND**

11 **SEC. 401. MARKET ACCESS FUND.**

12 (a) ESTABLISHMENT.—Section 306 of the National
13 Housing Act (12 U.S.C. 1721) is amended by adding at
14 the end the following:

15 “(h) MARKET ACCESS FUND.—

16 “(1) ESTABLISHMENT.—There is established in
17 the Department of Housing and Urban Affairs a
18 Fund, to be known as the ‘Market Access Fund’,
19 which shall be maintained and administered by the
20 Secretary of Housing and Urban Development.

21 “(2) DEPOSITS.—The Market Access Fund
22 shall be credited with—

23 “(A) the amount of any market access fee
24 charged and collected by the Association pursu-
25 ant to subsection (g)(4); and

1 “(B) such amounts as may be appro-
2 priated or transferred to the Fund.

3 “(3) FIDUCIARY RESPONSIBILITY.—The Sec-
4 retary of Housing and Urban Affairs has a responsi-
5 bility to ensure that the Market Access Fund re-
6 mains financially sound.

7 “(4) PURPOSE.—Amounts in the Market Access
8 Fund shall be available to the Secretary of Housing
9 and Urban Affairs to—

10 “(A) provide limited credit enhancement,
11 in such amounts as the Secretary may deter-
12 mine, to assist individuals to find and obtain af-
13 fordable rental housing;

14 “(B) make incentive grants to encourage
15 the development of self-sustaining housing sup-
16 port services, including for the development of
17 a sustainable business model for providing
18 housing counseling that combines lender sup-
19 port, client fees, and limited government and
20 philanthropic subsidies;

21 “(C) develop and fund other homeowner-
22 ship and affordable rental housing programs de-
23 signed to address the housing needs of low-in-
24 come and underserved populations; and

1 “(D) establish, operate, and fund a data-
2 focused office within the Department of Hous-
3 ing and Urban Affairs, the purpose of which is
4 to improve the performance and outcomes in
5 the rental assistance and affordable housing
6 functions carried out by the Department, in-
7 cluding by—

8 “(i) identifying the means and man-
9 ner by which to improve interagency part-
10 nerships;

11 “(ii) identifying, examining, and rec-
12 ommending instances where deregulation
13 or imposing more or less flexible standards
14 would improve such performance and out-
15 comes;

16 “(iii) evaluating how each grant, loan,
17 or program authorized under subpara-
18 graphs (A) through (D) is succeeding or
19 failing to—

20 “(I) meet the needs of certain
21 populations, especially low-income and
22 underserved populations; and

23 “(II) maximize the leverage of
24 the public investment being made
25 under each such subparagraph; and

1 “(iv) developing, within 3 years after
2 the date of enactment of this subsection,
3 an outcome-based measurement system to
4 carry out the purpose of the office.

5 “(5) USE.—

6 “(A) IN GENERAL.—The Market Access
7 Fund shall be solely available to the Secretary
8 of Housing and Urban Affairs for use by the
9 Secretary to carry out the purposes of the Fund
10 and may not be used or otherwise diverted to
11 cover any other expense of the Federal Govern-
12 ment.

13 “(B) EXEMPTION FROM APPORTION-
14 MENT.—Notwithstanding any other provision of
15 law, amounts received by the Market Access
16 Fund under this subsection shall not be subject
17 to apportionment for the purposes of chapter
18 15 of title 31, United States Code, or under
19 any other authority.”.

20 (b) MARKET ACCESS FEE.—Section 306(g) of the
21 National Housing Act (12 U.S.C. 1721(g)) is amended by
22 adding at the end the following:

23 “(4)(A) Notwithstanding any limitation estab-
24 lished in subparagraphs (A) through (D) of para-
25 graph (3), the Association, in addition to any other

1 fee charged under this subsection, shall charge and
2 collect a market access fee in connection with any
3 guarantee or commitment to guarantee issued under
4 this section.

5 “(B) The market access fee required to be
6 charged and collected under subparagraph (A) may
7 not be less than 5 basis points and not more than
8 10 basis points of each dollar of the unpaid principal
9 balance of the mortgages collateralizing the security
10 to be guaranteed by the Association.

11 “(C) Of the market access fee amounts required
12 to be charged and collected under subparagraph (A),
13 the Association shall allocate or otherwise transfer—

14 “(i) **【50 percent】** of such amounts to fund
15 the Market Access Fund established under sub-
16 section (h);

17 “(ii) **【25 percent】** of such amounts to
18 fund the Housing Trust Fund established under
19 section 1338 of the Federal Housing Enter-
20 prises Financial Safety and Soundness Act of
21 1992 (12 U.S.C. 4568); and

22 “(iii) **【25 percent】** of such amounts to
23 fund the Capital Magnet Fund established
24 under 1339 of the Federal Housing Enterprises

1 Financial Safety and Soundness Act of 1992
2 (12 U.S.C. 4569).”.

3 (c) CONFORMING AMENDMENTS.—

4 (1) HOUSING TRUST FUND.—Section 1338 of
5 the Federal Housing Enterprises Financial Safety
6 and Soundness Act of 1992 (12 U.S.C. 4568) is
7 amended—

8 (A) in subsection (a), by striking “by the
9 enterprises under section 1337” and inserting
10 “pursuant to 306(g)(4)(C) of the National
11 Housing Act”;

12 (B) by repealing subsection (b);

13 (C) in subsection (c)—

14 (i) in paragraph (1), by striking “Ex-
15 cept as provided in subsection (b), the”
16 and inserting “The”;

17 (ii) in paragraph (4)(B), by striking
18 “other than fiscal year 2009”;

19 (iii) in paragraph (7)(B)(iv), by strik-
20 ing “section 132” and inserting “section
21 1132”; and

22 (iv) in paragraph (10), by striking
23 subparagraph (E); and

24 (D) by repealing subsection (h).

1 (2) CAPITAL MAGNET FUND.—Section 1339 of
2 the Federal Housing Enterprises Financial Safety
3 and Soundness Act of 1992 (12 U.S.C. 4569) is
4 amended—

5 (A) in subsection (b)(1), by striking “pur-
6 suant to section 1337” and inserting “pursuant
7 to 306(g)(4)(C) of the National Housing Act”;
8 and

9 (B) in subsection (h), by striking para-
10 graph (7).

11 **TITLE V—WIND DOWN OF** 12 **FANNIE MAE AND FREDDIE MAC**

13 **SEC. 501. FMIC CERTIFICATION DATE.**

14 For purposes of this title and title VI, the term
15 “FMIC certification date” means the date on which the
16 Board of Directors certifies that the Corporation is oper-
17 ational and able to perform the insurance functions for
18 covered securities as provided in this Act, which date shall
19 be not later than 5 years after the date of enactment of
20 this Act.

21 **SEC. 502. MANDATORY RECEIVERSHIP.**

22 (a) IRREVOCABLE RECEIVERSHIP.—

23 (1) FANNIE MAE.—

24 (A) TRANSFER OF ASSETS TO WISCONSIN
25 AVENUE MANAGEMENT.—Effective on the

1 FMIC certification date, and except as provided
2 in section 601 and subsection (d), all existing
3 mortgage assets and liabilities of the Federal
4 National Mortgage Association, as well as any
5 rights and obligations pursuant to agreements
6 formed under the authorities set forth in sec-
7 tion 304(g) of the Federal National Mortgage
8 Association Charter Act (12 U.S.C. 1719(g))
9 shall be transferred and contributed to a lim-
10 ited-life entity organized by the Corporation
11 (hereafter in this Act referred to as “Wisconsin
12 Avenue Management”).

13 (B) RECEIVERSHIP.—Effective on the
14 FMIC certification date, the Corporation shall
15 be appointed receiver of Wisconsin Avenue
16 Management, and Wisconsin Avenue Manage-
17 ment shall be placed into irrevocable receiver-
18 ship in accordance with section 1367 of the
19 Federal Housing Enterprises Financial Safety
20 and Soundness Act of 1992 (12 U.S.C. 4617),
21 except that paragraphs (1) through (5) of sub-
22 section (a) and paragraphs (1) and (2) of sub-
23 section (i) of such section 1367 shall not apply
24 with respect to such appointment.

1 (C) PERMITTED ACTIONS PRIOR TO RE-
2 CEIVERSHIP.—Prior to the FMIC certification
3 date, the Federal National Mortgage Associa-
4 tion shall be permitted to engage in the busi-
5 ness of guaranteeing the timely payment of
6 principal and interest on qualified mortgage-
7 backed securities and to undertake all functions
8 necessary to carry out such business, to the ex-
9 tent that—

10 (i) such guarantees are necessary to
11 provide a dependable, transparent, and liq-
12 uid secondary mortgage market; and

13 (ii) such functions are consistent with
14 this Act, and the amendments made by
15 this Act, and the Federal National Mort-
16 gage Association Charter Act.

17 (2) FREDDIE MAC.—

18 (A) TRANSFER OF ASSETS TO JONES
19 BRANCH AVENUE MANAGEMENT.—Effective on
20 the FMIC certification date, and except as pro-
21 vided in section 601 and subsection (d), all ex-
22 isting mortgage assets and liabilities of the
23 Federal Home Loan Corporation, as well as any
24 rights and obligations pursuant to agreements
25 formed under the authorities set forth in sec-

1 tion 306(l) of the Federal Home Loan Corpora-
2 tion Act (12 U.S.C. 1455(l)) shall be trans-
3 ferred and contributed to a limited-life entity
4 organized by the Corporation (hereafter in this
5 Act referred to as “Jones Branch Avenue Man-
6 agement”).

7 (B) RECEIVERSHIP.—Effective on the
8 FMIC certification date, the Corporation shall
9 be appointed receiver of Jones Branch Avenue
10 Management, and Jones Branch Avenue Man-
11 agement shall be placed into irrevocable receiv-
12 ership in accordance with section 1367 of the
13 Federal Housing Enterprises Financial Safety
14 and Soundness Act of 1992 (12 U.S.C. 4617),
15 except that paragraphs (1) through (5) of sub-
16 section (a) and paragraphs (1) and (2) of sub-
17 section (i) of such section 1367 shall not apply
18 with respect to such appointment.

19 (C) PERMITTED ACTIONS PRIOR TO RE-
20 CEIVERSHIP.—Prior to the FMIC certification
21 date, the Federal Home Loan Corporation shall
22 be permitted to engage in the business of guar-
23 anteeing the timely payment of principal and
24 interest on qualified mortgage-backed securities

1 and to undertake all functions necessary to
2 carry out such business, to the extent that—

3 (i) such guarantees are necessary to
4 provide a dependable, transparent, and liq-
5 uid secondary mortgage market; and

6 (ii) such functions are consistent with
7 this Act, the amendments made by this
8 Act, and the Federal Home Loan Corpora-
9 tion Act.

10 (3) COMMENCEMENT OF LIQUIDATION.—Imme-
11 diately upon placement of Wisconsin Avenue Man-
12 agement and Jones Branch Avenue Management
13 into receivership, the Corporation shall commence
14 liquidation and wind down of each such entity.

15 (b) REPEAL OF GSE CHARTERS.—

16 (1) FANNIE MAE.—The charter of the Federal
17 National Mortgage Association, is repealed, effective
18 on the FMIC certification date.

19 (2) FREDDIE MAC.—The charter of the Federal
20 Home Loan Mortgage Corporation, is repealed, ef-
21 fective on the FMIC certification date.

22 (c) RULE OF CONSTRUCTION.—For purposes of any
23 provision of Federal law that refers to or relies on a deci-
24 sion to place an enterprise into receivership, such deter-
25 mination shall be deemed to have been made by operation

1 of the placement of Wisconsin Avenue Management and
2 Jones Branch Avenue Management into receivership
3 under subsection (a).

4 (d) EXISTING OBLIGATIONS.—

5 (1) IN GENERAL.—Effective on the FMIC cer-
6 tification date, all existing single-family mortgage
7 guaranty obligations of each enterprise shall be
8 transferred to the United States Treasury.

9 (2) EXPLICIT GUARANTEE.—The full faith and
10 credit of the United States is pledged to the pay-
11 ment of all amounts which may be required to be
12 paid under any guaranty obligation assumed by the
13 United States Treasury pursuant to the transfer
14 under paragraph (1).

15 (3) GUARANTEE FEE.—

16 (A) IN GENERAL.—The Secretary of the
17 Treasury shall continue to collect any guarantee
18 fee charged in connection with any guaranty ob-
19 ligation assumed by the United States Treasury
20 pursuant to the transfer under paragraph (1).

21 (B) DEPOSIT INTO GENERAL FUND OF
22 THE TREASURY.—Any guarantee fee amounts
23 collected under this paragraph shall be depos-
24 ited in the General Fund of the Treasury.

1 (e) RECOUPMENT BY SENIOR PREFERRED SHARE-
2 HOLDERS.—

3 (1) IN GENERAL.—Notwithstanding any other
4 provision of law, after fully satisfying the out-
5 standing obligations of the enterprises in a manner
6 consistent with requirements of this title, all remain-
7 ing proceeds from the receivership and liquidation of
8 Wisconsin Avenue Management and Jones Branch
9 Avenue Management shall be paid first to the senior
10 preferred shareholders of each such enterprise, then
11 to the preferred shareholders of each such enter-
12 prise, and then to the common shareholders of each
13 such enterprise.

14 (2) JOINT DETERMINATION.—The amount of
15 any proceeds to be paid pursuant to paragraph (1)
16 shall be jointly determined by the Corporation and
17 the Secretary of the Treasury.

18 (3) MAXIMUM RETURN TO SHAREHOLDERS.—
19 The receivership and liquidation of Wisconsin Ave-
20 nue Management and Jones Branch Avenue Man-
21 agement required under this section shall be man-
22 aged by the Corporation, as receiver, to obtain reso-
23 lutions that maximize the return for the senior pre-
24 ferred shareholders under paragraph (1), to the ex-
25 tent that—

1 (A) such resolutions are consistent with
2 the goal of supporting a sound, stable, and liq-
3 uid housing market; and

4 (B) such resolutions are consistent with
5 applicable law.

6 (4) LIQUIDATION OF CERTAIN ASSETS AS A
7 GOING CONCERN.—Except as provided in section
8 601, if the Corporation determines that the sale of
9 any line of business, or any function, activity, or
10 service of an enterprise as a going concern will maxi-
11 mize the return for the senior preferred shareholders
12 as required under paragraph (3), the Corporation
13 may conduct such sale, provided that—

14 (A) under no circumstance, shall such sale
15 transfer, convey, or authorize, or be deemed to
16 transfer, convey, or authorize, any guarantee or
17 Federal support, assistance, or backing, implicit
18 or explicit, related to any such line of business,
19 function, activity, or service; and

20 (B) such sale does not impede or otherwise
21 interfere with the Corporation's ability to carry
22 out the functions and requirements of this Act.

1 **SEC. 503. ALIGNING PURPOSE OF CONSERVATORSHIP WITH**
2 **FMIC.**

3 Section 1367(b)(2)(D) of the Federal Housing Enter-
4 prises Financial Safety and Soundness Act of 1992 (12
5 U.S.C. 4617(b)(2)(D)) is amended to read as follows:

6 “(D) POWER AS CONSERVATOR.—After the
7 date of enactment of the Secondary Mortgage
8 Market Reform and Taxpayer Protection Act of
9 2013 the Agency shall, as conservator, take
10 such actions as are necessary—

11 “(i) to ensure the efficient, effective,
12 and least burdensome transition of the en-
13 terprises from conservatorship to receiver-
14 ship;

15 “(ii) to assist the Federal Mortgage
16 Insurance Corporation in carrying out the
17 requirements under the Secondary Mort-
18 gage Market Reform and Taxpayer Protec-
19 tion Act of 2013; and

20 “(iii) to maintain liquidity and sta-
21 bility in the secondary mortgage market
22 until such as time as the enterprises are
23 placed into receivership pursuant to title V
24 of such Act.”.

1 **SEC. 504. CONFORMING LOAN LIMITS.**

2 Beginning on the date of enactment of this Act, the
3 limitations governing the maximum original principal obli-
4 gation of conventional mortgages that may be purchased
5 by the Federal National Mortgage Association and the
6 Federal Home Loan Mortgage Corporation, referred to in
7 section 302(b)(2) of the Federal National Mortgage Asso-
8 ciation Charter Act (12 U.S.C. 1717(b)(2)) and section
9 305(a)(2) of the Federal Home Loan Mortgage Corpora-
10 tion Act (12 U.S.C. 1454(a)(2)), respectively, shall be con-
11 sidered to be the lesser of—

12 (1) in the case of a 1-family residence, 115 per-
13 cent of the median single-family house price in the
14 metropolitan statistical area, as determined by the
15 Director of the Federal Mortgage Insurance Cor-
16 poration, in the case of a 2-family residence,
17 **【_____】** percent of such median price, in the case
18 of a 3-family residence, **【_____】** percent of such
19 median price, or in the case of a 4-family residence,
20 **【_____】** percent of such median price; or

21 (2)(A) for the first year following the date of
22 enactment of this Act—

23 (i) \$625,000 for a mortgage secured by a
24 single-family residence;

25 (ii) \$800,775 for a mortgage secured by a
26 2-family residence;

1 (iii) \$967,950 for a mortgage secured by a
2 3-family residence; and

3 (iv) \$1,202,925 for a mortgage secured by
4 a 4-family residence;

5 (B) for the second year following the date of
6 enactment of this Act—

7 (i) \$583,000 for a mortgage secured by a
8 single-family residence;

9 (ii) \$747,390 for a mortgage secured by a
10 2-family residence;

11 (iii) \$903,420 for a mortgage secured by a
12 3-family residence; and

13 (iv) \$1,122,730 for a mortgage secured by
14 a 4-family residence;

15 (C) for the third year following the date of en-
16 actment of this Act—

17 (i) \$541,000 for a mortgage secured by a
18 single-family residence;

19 (ii) \$694,005 for a mortgage secured by a
20 2-family residence;

21 (iii) \$838,890 for a mortgage secured by a
22 3-family residence; and

23 (iv) \$1,042,535 for a mortgage secured by
24 a 4-family residence;

1 (D) for the fourth year following the date of en-
2 actment of this Act—

3 (i) \$499,000 for a mortgage secured by a
4 single-family residence;

5 (ii) \$640,620 for a mortgage secured by a
6 2-family residence;

7 (iii) \$774,360 for a mortgage secured by a
8 3-family residence; and

9 (iv) \$962,340 for a mortgage secured by a
10 4-family residence;

11 (E) for the fifth year following the date of en-
12 actment of this Act—

13 (i) \$457,000 for a mortgage secured by a
14 single-family residence;

15 (ii) \$587,235 for a mortgage secured by a
16 2-family residence;

17 (iii) \$709,830 for a mortgage secured by a
18 3-family residence; and

19 (iv) \$882,145 for a mortgage secured by a
20 4-family residence; and

21 (F) for the sixth year following the date of en-
22 actment of this Act, and each year thereafter—

23 (i) \$417,000 for a mortgage secured by a
24 single-family residence;

- 1 (ii) \$533,850 for a mortgage secured by a
2 2-family residence;
3 (iii) \$645,300 for a mortgage secured by a
4 3-family residence; and
5 (iv) \$801,950 for a mortgage secured by a
6 4-family residence.

7 **SEC. 505. PORTFOLIO REDUCTION.**

8 (a) GRADUATED REDUCTION.—Each enterprise shall
9 not own, as of any applicable date, mortgage assets in ex-
10 cess of—

11 (1) as of December 31, 2013,
12 \$552,500,000,000;

13 (2) on December 31 of each year thereafter
14 until the FMIC certification date, 85 percent of the
15 aggregate amount of the mortgage assets that the
16 enterprise was permitted to own as of December 31
17 of the immediately preceding calendar year; and

18 (3) on December 31 of the year in which the
19 FMIC certification date occurs, \$0.

20 (b) MORTGAGE ASSETS DEFINED.—For purposes of
21 this section, the term “mortgage assets” means, with re-
22 spect to an enterprise, assets of such enterprise consisting
23 of mortgages, mortgage loans, mortgage-related securities,
24 participation certificates, mortgage-backed commercial
25 paper, obligations of real estate mortgage investment con-

1 duits and similar assets, in each case to the extent such
2 assets would appear on the balance sheet of such enter-
3 prise in accordance with generally accepted accounting
4 principles in effect in the United States as of September
5 7, 2008 (as set forth in the opinions and pronouncements
6 of the Accounting Principles Board and the American In-
7 stitute of Certified Public Accountants and statements
8 and pronouncements of the Financial Accounting Stand-
9 ards Board from time to time; and without giving any ef-
10 fect to any change that may be made after September 7,
11 2008, in respect of Statement of Financial Accounting
12 Standards No. 140 or any similar accounting standard).

13 **SEC. 506. REPEAL OF MANDATORY HOUSING GOALS.**

14 (a) REPEAL OF HOUSING GOALS.—The Federal
15 Housing Enterprises Financial Safety and Soundness Act
16 of 1992 is amended by striking sections 1331 through
17 1336 (12 U.S.C. 4561–6).

18 (b) CONFORMING AMENDMENTS.—The Federal
19 Housing Enterprises Financial Safety and Soundness Act
20 of 1992 (12 U.S.C. 4501 et. seq) is amended—

21 (1) in section 1303(28), by striking “, and, for
22 the purposes” and all that follows through “des-
23 ignated disaster areas”;

24 (2) in section 1324(b)(1)(A), by striking clauses
25 (i), (ii), and (iv);

1 (3) in section 1339(h), by striking paragraph
2 (7);
3 (4) in section 1341—
4 (A) in subsection (a)—
5 (i) in paragraph (1), by inserting “or”
6 after the semicolon at the end;
7 (ii) in paragraph (2), by striking the
8 semicolon at the end and inserting a pe-
9 riod; and
10 (iii) by striking paragraphs (3) and
11 (4); and
12 (B) in subsection (b)(2)—
13 (i) in subparagraph (A), by inserting
14 “or” after the semicolon at the end;
15 (ii) by striking subparagraphs (B) and
16 (C); and
17 (iii) by redesignating subparagraph
18 (D) as subparagraph (B);
19 (5) in section 1345(a)—
20 (A) in paragraph (1), by inserting “or”
21 after the semicolon at the end;
22 (B) in paragraph (2), by striking the semi-
23 colon at the end and inserting a period; and
24 (C) by striking paragraphs (3) and (4);
25 and

1 (6) in section 1371(a)(2), by striking “with any
2 housing goal established under subpart B of part 2
3 of subtitle A of this title, with section 1336 or 1337
4 of this title,”.

5 **TITLE VI—IMPROVEMENTS TO**
6 **FUNCTIONING OF HOUSING**
7 **MARKET**

8 **SEC. 601. CONTINUATION OF MULTIFAMILY BUSINESS OF**
9 **THE ENTERPRISES.**

10 (a) IN GENERAL.—Notwithstanding any provision of
11 title V, or any other provision of law, effective on the
12 FMIC certification date, all functions, activities, infra-
13 structure, property, including intellectual property, plat-
14 forms, or any other object or service of an enterprise relat-
15 ing to the maintenance and operation of the multifamily
16 guarantee business of an enterprise shall be transferred,
17 without cost, to the Corporation.

18 (b) AUTHORITY OF DIRECTOR.—The Corporation is
19 authorized, upon such terms and conditions as it may
20 deem appropriate, to guarantee the timely payment of
21 principal of and interest, on any mortgage on multifamily
22 housing purchased by the Corporation pursuant to the
23 transfer of an enterprise’s multifamily guarantee business
24 under subsection (a).

1 (c) LIMITATION ON ONGOING OPERATION OF MULTI-
2 FAMILY BUSINESS.—In carrying out the multifamily guar-
3 antee business of an enterprise transferred pursuant to
4 subsection (a), the Corporation shall ensure that any such
5 business continues to operate, as applicable, consistent
6 with—

7 (1) the Delegated Underwriting and Servicing
8 Lender Program established by the Federal National
9 Mortgage Association; and

10 (2) the Program Plus Lender Program estab-
11 lished by the Federal Home Loan Mortgage Cor-
12 poration, especially the Series K Structured Pass-
13 Through Certificates offered by the enterprise.

14 (d) EXPLICIT GUARANTEE.—The full faith and credit
15 of the United States is pledged to the payment of all
16 amounts which may be required to be paid under any
17 guaranty—

18 (1) issued by the Corporation pursuant to this
19 subsection; and

20 (2) obligation assumed by the Corporation pur-
21 suant to the transfer of an enterprise's multifamily
22 guarantee business under subsection (a).

23 (e) GUARANTEE FEE.—

24 (1) IN GENERAL.—The Corporation shall collect
25 a reasonable fee for any guaranty under this sub-

1 section and shall make such charges as it may deter-
2 mine to be reasonable for the analysis of any trust
3 or other security arrangement proposed by an issuer
4 of a security backed by mortgages guaranteed under
5 this section.

6 (2) DEPOSIT INTO MORTGAGE INSURANCE
7 FUND.—Any guarantee fee amounts collected under
8 this subsection shall be deposited in the Mortgage
9 Insurance Fund.

10 **SEC. 602. MULTIPLE LENDER ISSUES.**

11 With respect to the dwelling of a borrower that serves
12 as security for an eligible mortgage, if the borrower enters
13 into any credit transaction that would result in the cre-
14 ation of a new mortgage or other lien on such dwelling
15 where the loan-to-value ratio of such credit transaction
16 amount is 80 percent or more, the creditor of such new
17 mortgage or other lien shall seek and obtain the approval
18 of the creditor of the senior eligible mortgage loan before
19 any such credit transaction becomes valid and enforceable.

20 **SEC. 603. GAO REPORT ON FULL PRIVATIZATION OF SEC-**
21 **ONDARY MORTGAGE MARKET.**

22 (a) GAO REPORT.—Not later than 8 years after the
23 date of enactment of this Act, the Comptroller General
24 of the United States shall submit a report to the Com-
25 mittee on Banking, Housing, and Urban Affairs of the

1 Senate and the Committee on Financial Services of the
2 House of Representatives on the feasibility of maintaining
3 a fully privatized secondary mortgage market, including
4 recommendations on how to best carry out any displace-
5 ment of the insurance model established under this Act.

6 (b) CORPORATION PLAN TO TRANSITION TO A FULLY
7 PRIVATE SECONDARY MORTGAGE MARKET.—

8 (1) REQUIRED SUBMISSION TO CONGRESS.—

9 Not later than 6 months after the date on which the
10 report required under subsection (a) is submitted,
11 the Corporation shall submit to the Committee on
12 Banking, Housing, and Urban Affairs of the Senate
13 and the Committee on Financial Services of the
14 House of Representatives a plan to transition to a
15 fully privatized secondary mortgage market.

16 (2) REQUIRED CONTENT OF PLAN.—The plan
17 required to be submitted under paragraph (1) shall
18 describe, chronicle, and specify all the legislative, ad-
19 ministrative, and regulatory actions necessary to
20 carry out a transition to a fully private secondary
21 mortgage market, including all actions necessary to
22 dissolve the Corporation and successfully displace
23 the insurance model established under this Act.

1 **TITLE VII—GENERAL**
2 **PROVISIONS**

3 **SEC. 701. AUTHORITY TO ISSUE REGULATIONS.**

4 The Corporation may prescribe such regulations and
5 issue such guidelines, orders, requirements, or standards
6 as are necessary to carry out this Act, or any amendment
7 made by this Act.

8 **SEC. 702. FAIR VALUE ACCOUNTING.**

9 In any evaluation, oversight, audit, or analysis by the
10 Corporation of the cost of the Mortgage Insurance Fund,
11 the insurance or guarantee activities of the Corporation
12 required under this Act, including any fee or charge in
13 connection with the provision of such insurance or guar-
14 antee, or the financial transactions of the Corporation, the
15 Corporation shall conduct any such evaluation, oversight,
16 audit, or analysis based on the fair-value accrual account-
17 ing method.

18 **SEC. 703. RULE OF CONSTRUCTION.**

19 Nothing in this Act shall be construed to prohibit or
20 otherwise restrict the ability of a holder of any loss posi-
21 tion in any covered security insured under this Act from
22 restructuring, retransferring, or resecuritizing such position.

23 **SEC. 704. SEVERABILITY.**

24 If any provision of this Act or the application of any
25 provision of this Act to any person or circumstance, is held

1 invalid, the application of such provision to other persons
2 or circumstances, and the remainder of this Act, shall not
3 be affected thereby.