

113TH CONGRESS
2D SESSION

H. R. 5055

To reform the housing finance system of the United States, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JULY 10, 2014

Mr. DELANEY (for himself, Mr. CARNEY, Mr. HIMES, Mr. POLIS, Mr. DAVID SCOTT of Georgia, Mr. MURPHY of Florida, Mr. HECK of Washington, Ms. SINEMA, Mr. MEEKS, Mr. FOSTER, Mr. WELCH, Mr. OWENS, and Mr. QUIGLEY) introduced the following bill; which was referred to the Committee on Financial Services

A BILL

To reform the housing finance system of the United States,
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 “Partnership to Strengthen Homeownership Act of 2014”.

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

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

- Sec. 101. Removal from HUD; establishment as independent entity.
- Sec. 102. Transfer to Ginnie Mae of powers, personnel, and property of FHFA.
- Sec. 103. Regulation of market participants and aggregators.
- Sec. 104. Regulatory consultation and coordination.

TITLE II—SECURITIZATION AND INSURANCE

- Sec. 201. Issuing Platform.
- Sec. 202. Insurance.
- Sec. 203. Authority to protect taxpayers in unusual and exigent market conditions.
- Sec. 204. Servicing rights; representations and warranties.
- Sec. 205. Federal Home Loan Banks.

TITLE III—WIND DOWN OF FANNIE MAE AND FREDDIE MAC

- Sec. 301. Limitation on business.
- Sec. 302. Risk-sharing pilot programs.
- Sec. 303. Continued conservatorship.
- Sec. 304. Mandatory receivership.
- Sec. 305. Repeal of enterprise charters.
- Sec. 306. Ginnie Mae authority regarding timing.

TITLE IV—MULTIFAMILY HOUSING FINANCE

- Sec. 401. Establishment of multifamily subsidiaries.
- Sec. 402. Disposition of multifamily businesses.
- Sec. 403. Approval and supervision of multifamily guarantors.
- Sec. 404. Other forms of multifamily risk-sharing.
- Sec. 405. Ginnie Mae securitization of FHA risk-sharing loans.

TITLE V—AFFORDABLE HOUSING

- Sec. 501. Affordable housing allocations.
- Sec. 502. Housing Trust Fund.
- Sec. 503. Capital Magnet Fund.
- Sec. 504. Market Access Fund.

TITLE VI—GENERAL PROVISIONS

- Sec. 601. Rule of construction regarding Senior Preferred Stock Purchase Agreements.
- Sec. 602. Treatment of community development financial institution.

1 **SEC. 2. DEFINITIONS.**

2 For purposes of this Act:

- 3 (1) **BANKING DEFINITIONS.**—The term “bank”
 4 and “savings association” have the meaning given
 5 those terms, respectively, under section 3 of the
 6 Federal Deposit Insurance Act (12 U.S.C. 1813).

1 (2) CERTIFICATION DATE.—The term “certifi-
2 cation date” means the earlier of—

3 (A) the date on which Ginnie Mae makes
4 the certification described under section 201(h);
5 and

6 (B) the date that is the end of the 2-year
7 period beginning on the date of the enactment
8 of this Act.

9 (3) CHARTER ACT.—The term “charter Act”
10 means—

11 (A) with respect to the Federal National
12 Mortgage Association, the Federal National
13 Mortgage Association Charter Act (12 U.S.C.
14 1716 et seq.); and

15 (B) with respect to the Federal Home
16 Loan Mortgage Corporation, the Federal Home
17 Loan Mortgage Corporation Act (12 U.S.C.
18 1451 et seq.).

19 (4) CREDIT UNION.—The term “credit union”
20 means any “Federal credit union” or “State credit
21 union”, as such terms are defined under section 101
22 of the Federal Credit Union Act (12 U.S.C. 1752).

23 (5) DIRECTOR.—The term “Director” means
24 the Director of Ginnie Mae, as such position is es-

1 established pursuant to the amendments made by sec-
2 tion 101(c)(1).

3 (6) ELIGIBLE MORTGAGE.—The term “eligible
4 mortgage”—

5 (A) has the meaning given the term
6 “qualified mortgage” under section
7 129C(b)(2)(A) of the Truth in Lending Act (15
8 U.S.C. 1639c), as such meaning may be ad-
9 justed by the Director if the Director deter-
10 mines such adjustment is appropriate; and

11 (B) includes such other minimum stand-
12 ards as may be established by the Platform, to
13 ensure the quality of mortgages used to
14 collateralize mortgage-backed securities issued
15 by the Platform.

16 (7) ELIGIBLE MULTIFAMILY MORTGAGE
17 LOAN.—The term “eligible multifamily mortgage
18 loan” means a commercial real estate loan—

19 (A) secured by a property with—

20 (i) 5 or more residential units; or

21 (ii) 2 or more residential units, if the
22 requirement under clause (i) is waived by
23 the Director for purposes of carrying out a
24 demonstration or pilot program;

1 (B) the primary source of repayment for
2 which is expected to be derived from rental in-
3 come generated by the property;

4 (C) the term of which may not be less than
5 5 years but not more than 40 years;

6 (D) that satisfies any additional under-
7 writing criteria established by the Director to
8 balance supporting access to capital with man-
9 aging credit risk to the Fund, including—

10 (i) a maximum loan-to-value ratio;

11 (ii) a minimum debt service coverage
12 ratio; and

13 (iii) considerations for restrictive or
14 special uses of a property, including non-
15 residential uses, properties for seniors,
16 manufactured housing, and affordability
17 restrictions, and the impact of such uses
18 on clauses (i) and (ii); and

19 (E) that satisfies any additional under-
20 writing criteria that may be established by the
21 Director.

22 (8) ENTERPRISE.—The term “enterprise”
23 means—

24 (A) the Federal National Mortgage Asso-
25 ciation and any affiliate thereof; and

1 (B) the Federal Home Loan Mortgage
2 Corporation and any affiliate thereof.

3 (9) FUND.—The term “Fund” means the in-
4 surance fund established under section 202(g).

5 (10) GINNIE MAE.—The term “Ginnie Mae”
6 means the Government National Mortgage Associa-
7 tion.

8 (11) MARKET PARTICIPANT.—The term “mar-
9 ket participant” means any insurance company,
10 bank, saving association, credit union, or real estate
11 investment trust insuring or reinsuring any part of
12 a security issued by the Platform.

13 (12) PARTICIPATING AGGREGATOR.—The term
14 “participating aggregator” means an aggregator of
15 eligible mortgages that collateralize mortgage-backed
16 securities issued by the Platform pursuant to title
17 II.

18 (13) PLATFORM.—The term “Platform” means
19 the Issuing Platform established under section
20 201(a).

21 (14) REAL ESTATE INVESTMENT TRUST.—The
22 term “real estate investment trust” has the meaning
23 given such term under section 856(a) of the Internal
24 Revenue Code of 1986.

TITLE I—GINNIE MAE

SEC. 101. REMOVAL FROM HUD; ESTABLISHMENT AS INDEPENDENT ENTITY.

(a) IN GENERAL.—Paragraph (2) of section 302(a) of the National Housing Act (12 U.S.C. 1717(a)(2)) is amended by striking “in the Department of Housing and Urban Development” and inserting “independent of any other agency or office in the Federal Government”.

(b) CONFORMING AMENDMENTS.—Title III of the National Housing Act (12 U.S.C. 1716 et seq.) is amended—

(1) in section 306(g)(3)(D) (12 U.S.C. 1721(g)(3)(D)), by striking “Secretary” and inserting “Association”;

(2) in section 307 (12 U.S.C. 1722), by striking “Secretary of Housing and Urban Development” and inserting “Association”; and

(3) in section 317 (12 U.S.C. 1723i)—

(A) in subsection (a)(1), by striking “Secretary of Housing and Urban Development” and inserting “Director of the Association”;

(B) in subsection (c)(4), by striking “Secretary’s” and inserting “Director of the Association’s”;

1 (C) in subsection (d)(1), by striking “Sec-
2 retary’s” and inserting “Director of the Asso-
3 ciation’s”;

4 (D) in the heading for subsection (f), by
5 striking “BY SECRETARY”; and

6 (E) by striking “Secretary” each place
7 such term appears and inserting “Director of
8 the Association”.

9 (c) MANAGEMENT; DIRECTOR.—

10 (1) INDEPENDENCE AND TERM.—Subsection
11 (a) of section 308 of the National Housing Act (12
12 U.S.C. 1723(a)) is amended—

13 (A) in the first sentence—

14 (i) by striking “Secretary of Housing
15 and Urban Development” and inserting
16 “Director of the Association appointed
17 pursuant to this subsection”; and

18 (ii) by striking “of the Secretary” and
19 inserting “of the Director”;

20 (B) in the second sentence, by striking
21 “Secretary” and inserting “Director”;

22 (C) in the third sentence—

23 (i) by striking “in the Department of
24 Housing and Urban Development”; and

1 (ii) by inserting before the period at
2 the end the following: “, and shall be ap-
3 pointed for a term of 5 years, unless re-
4 moved before the end of such term for
5 cause by the President”;

6 (D) in the last sentence, by striking “Sec-
7 retary” and inserting “Director”; and

8 (E) by adding at the end the following un-
9 designated paragraph:

10 “A vacancy in the position of Director that occurs
11 before the expiration of the term for which a Director was
12 appointed shall be filled in the manner established under
13 paragraph (1), and the Director appointed to fill such va-
14 cancy shall be appointed only for the remainder of such
15 term. If the Senate has not confirmed a Director, the
16 President may designate either the individual nominated
17 but not yet confirmed for the position of Director or an-
18 other individual, to serve as the Acting Director, and such
19 Acting Director shall have all the rights, duties, powers,
20 and responsibilities of the Director, until such time as a
21 Director is confirmed by the Senate. An individual may
22 serve as the Director after the expiration of the term for
23 which appointed until a successor has been appointed or
24 confirmed.”.

1 (2) CONFORMING AMENDMENT.—Section 5315
2 of title 5, United States Code, is amended, in the
3 item relating to the President of the Government
4 National Mortgage Association, by striking “. De-
5 partment of Housing and Urban Development”.

6 (d) MEMBERSHIP ON FSOC.—The Dodd-Frank Wall
7 Street Reform and Consumer Protection Act is amend-
8 ed—

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

11 “(E) the Government National Mortgage
12 Association, with respect to—

13 “(i) the Mortgage Insurance Fund es-
14 tablished under section 202(g) of the Part-
15 nership to Strengthen Homeownership Act
16 of 2014; and

17 “(ii) the Federal Home Loan Banks
18 or the Federal Home Loan Bank Sys-
19 tem.”; and

20 (2) in section 111(b)(1)(H), by striking “Direc-
21 tor of the Federal Housing Finance Agency” and in-
22 serting “Director of the Government National Mort-
23 gage Association”.

24 (e) PERSONNEL.—Subsection (d) of section 309 of
25 the National Housing Act (12 U.S.C. 1723a(d)) is amend-

1 ed by striking “(d)(1)” and all that follows through the
2 end of paragraph (1) and inserting the following:

3 “(d) PERSONNEL.—

4 “(1) GINNIE MAE.—

5 “(A) IN GENERAL.—The Director of the
6 Association may appoint and fix the compensa-
7 tion of such officers and employees of the Asso-
8 ciation as the Director considers necessary to
9 carry out the functions of the Association. Offi-
10 cers and employees may be paid without regard
11 to the provisions of chapter 51 and subchapter
12 III of chapter 53 of title 5, United States Code,
13 relating to classification and General Schedule
14 pay rates.

15 “(B) DEVELOPMENT OF HUMAN RE-
16 SOURCES.—In carrying out this subsection,
17 Ginnie Mae shall appoint and develop human
18 capital (which shall have such meaning as de-
19 termined by Ginnie Mae, in consultation with
20 the Board of Governors of the Federal Reserve,
21 taking into consideration differences between
22 the banking and insurance industries) necessary
23 to ensure that it possesses sufficient expertise
24 regarding the insurance industry and insurance
25 issues.

1 “(C) COMPARABILITY OF COMPENSATION
2 WITH FEDERAL BANKING AGENCIES.—In fixing
3 and directing compensation under subpara-
4 graph (A), the Director of the Association shall
5 consult with, and maintain comparability with,
6 compensation of officers and employees of the
7 Office of the Comptroller of the Currency, the
8 Board of Governors of the Federal Reserve Sys-
9 tem, and the Federal Deposit Insurance Cor-
10 poration.

11 “(D) PERSONNEL OF OTHER FEDERAL
12 AGENCIES.—In carrying out the duties of the
13 Association, the Director of the Association
14 may use information, services, staff, and facili-
15 ties of any executive agency, independent agen-
16 cy, or department on a reimbursable basis, with
17 the consent of such agency or department.

18 “(E) OUTSIDE EXPERTS AND CONSULT-
19 ANTS.—Notwithstanding any provision of law
20 limiting pay or compensation, the Director of
21 the Association may appoint and compensate
22 such outside experts and consultants as such
23 Director determines necessary to assist the
24 work of the Association.”.

1 (f) TRANSITIONAL PROVISION.—Notwithstanding
 2 this section and the amendments made by this section,
 3 during the period beginning on the date of the enactment
 4 of this Act, and ending on the date on which the Director
 5 of the Government National Mortgage Association is ap-
 6 pointed and confirmed pursuant to section 308 of the Na-
 7 tional Housing Act, as amended by this section, the person
 8 serving as the President of the Government National
 9 Mortgage Association on that effective date shall act for
 10 all purposes as, and with the full powers of, the Director
 11 of the Association.

12 (g) REFERENCES.—On and after the date of the en-
 13 actment of this Act, any reference in Federal law to the
 14 President of the Government National Mortgage Associa-
 15 tion or to such Association shall be deemed to be a ref-
 16 erence to such Director of such Association or to such As-
 17 sociation, as appropriate, as organized pursuant to this
 18 subsection and the amendments made by this section.

19 **SEC. 102. TRANSFER TO GINNIE MAE OF POWERS, PER-**
 20 **SONNEL, AND PROPERTY OF FHFA.**

21 (a) POWERS AND DUTIES TRANSFERRED.—

22 (1) FEDERAL HOME LOAN BANK FUNCTIONS
 23 TRANSFERRED.—

24 (A) TRANSFER OF FUNCTIONS.—There are
 25 transferred to Ginnie Mae and the Director of

1 Ginnie Mae all functions of the Federal Hous-
2 ing Finance Agency and the Director of the
3 Federal Housing Finance Agency, respectively.

4 (B) POWERS, AUTHORITIES, RIGHTS, AND
5 DUTIES.—Ginnie Mae and the Director of
6 Ginnie Mae shall succeed to all powers, authori-
7 ties, rights, and duties that were vested in the
8 Federal Housing Finance Agency and the Di-
9 rector of the Federal Housing Finance Agency,
10 respectively, including all conservatorship or re-
11 ceivership authorities, on the day before the
12 transfer date in connection with the functions
13 and authorities transferred under subparagraph
14 (A).

15 (C) TRANSFER DATE.—The transfer of
16 functions under this paragraph shall take effect
17 upon the expiration of the 6-month period be-
18 ginning on the date of the enactment of this
19 Act.

20 (2) CONTINUATION AND COORDINATION OF
21 CERTAIN ACTIONS.—

22 (A) IN GENERAL.—All regulations, orders,
23 determinations, and resolutions described under
24 subparagraph (B) shall remain in effect accord-
25 ing to the terms of such regulations, orders, de-

1 terminations, and resolutions, and shall be en-
2 forceable by or against Ginnie Mae until modi-
3 fied, terminated, set aside, or superseded in ac-
4 cordance with applicable law by Ginnie Mae,
5 any court of competent jurisdiction, or oper-
6 ation of law.

7 (B) APPLICABILITY.—A regulation, order,
8 determination, or resolution is described under
9 this subparagraph if it—

10 (i) was issued, made, prescribed, or
11 allowed to become effective by—

12 (I) the Federal Housing Finance
13 Agency; or

14 (II) a court of competent juris-
15 diction, and relates to functions trans-
16 ferred by this subsection;

17 (ii) relates to the performance of func-
18 tions that are transferred by this sub-
19 section; and

20 (iii) is in effect on the transfer date
21 under paragraph (1)(C).

22 (3) DISPOSITION OF AFFAIRS.—During the pe-
23 riod preceding the transfer date under paragraph
24 (1)(C), the Director of the Federal Housing Finance
25 Agency, for the purpose of winding up the affairs of

1 the Federal Housing Finance Agency in connection
2 with the performance of functions that are trans-
3 ferred by this section—

4 (A) shall manage the employees of such
5 Agency and provide for the payment of the
6 compensation and benefits of any such employ-
7 ees which accrue before such transfer date; and

8 (B) may take any other action necessary
9 for the purpose of winding up the affairs of the
10 Office.

11 (4) USE OF PROPERTY AND SERVICES.—

12 (A) PROPERTY.—Ginnie Mae may use the
13 property and services of the Federal Housing
14 Finance Agency to perform functions which
15 have been transferred to Ginnie Mae until such
16 time as the Agency is abolished under sub-
17 section (c) to facilitate the orderly transfer of
18 functions transferred under this subsection, any
19 other provision of this Act, or any amendment
20 made by this Act to any other provision of law.

21 (B) AGENCY SERVICES.—Any agency, de-
22 partment, or other instrumentality of the
23 United States, and any successor to any such
24 agency, department, or instrumentality, that
25 was providing supporting services to the Agency

1 before the transfer date in connection with
2 functions that are transferred to Ginnie Mae
3 shall—

4 (i) continue to provide such services,
5 on a reimbursable basis, until the transfer
6 of such functions is complete; and

7 (ii) consult with any such agency to
8 coordinate and facilitate a prompt and rea-
9 sonable transition.

10 (5) CONTINUATION OF SERVICES.—Ginnie Mae
11 may use the services of employees and other per-
12 sonnel of the Federal Housing Finance Agency, on
13 a reimbursable basis, to perform functions which
14 have been transferred to Ginnie Mae for such time
15 as is reasonable to facilitate the orderly transfer of
16 functions pursuant to this subsection, any other pro-
17 vision of this Act, or any amendment made by this
18 Act to any other provision of law.

19 (6) SAVINGS PROVISIONS.—

20 (A) EXISTING RIGHTS, DUTIES, AND OBLI-
21 GATIONS NOT AFFECTED.—Paragraph (1) and
22 subsection (c) shall not affect the validity of
23 any right, duty, or obligation of the United
24 States, the Director of the Federal Housing Fi-
25 nance Agency, the Federal Housing Finance

1 Agency, or any other person, that existed on
2 the day before the transfer date under para-
3 graph (1)(C).

4 (B) CONTINUATION OF SUITS.—No action
5 or other proceeding commenced by or against
6 the Director of the Federal Housing Finance
7 Agency in connection with the functions that
8 are transferred to Ginnie Mae under this sub-
9 section shall abate by reason of the enactment
10 of this Act, except that Ginnie Mae shall be
11 substituted for the Director of the Federal
12 Housing Finance Agency as a party to any such
13 action or proceeding.

14 (b) TRANSFER AND RIGHTS OF EMPLOYEES OF
15 FHFA.—

16 (1) TRANSFER.—Each employee of the Federal
17 Housing Finance Agency that is employed in connec-
18 tion with functions that are transferred to Ginnie
19 Mae under subsection (a) shall be transferred to
20 Ginnie Mae for employment, not later than the
21 transfer date under subsection (a)(1)(C), and such
22 transfer shall be deemed a transfer of function for
23 purposes of section 3503 of title 5, United States
24 Code.

1 (2) STATUS OF EMPLOYEES.—The transfer of
2 functions under this section, and the abolishment of
3 the Federal Housing Finance Agency under sub-
4 section (c), may not be construed to affect the status
5 of any transferred employee as an employee of an
6 agency of the United States for purposes of any
7 other provision of law.

8 (3) GUARANTEED POSITIONS.—Each employee
9 transferred under paragraph (1) shall be guaranteed
10 a position with the same status, tenure, grade, and
11 pay as that held on the day immediately preceding
12 the transfer.

13 (4) APPOINTMENT AUTHORITY FOR EXCEPTED
14 EMPLOYEES.—

15 (A) IN GENERAL.—In the case of an em-
16 ployee occupying a position in the excepted
17 service, any appointment authority established
18 under law or by regulations of the Office of
19 Personnel Management for filling such position
20 shall be transferred, subject to subparagraph
21 (B).

22 (B) DECLINE OF TRANSFER.—Ginnie Mae
23 may decline a transfer of authority under sub-
24 paragraph (A), to the extent that such author-
25 ity relates to a position excepted from the com-

1 petitive service because of its confidential, pol-
2 icymaking, policy-determining, or policy-advo-
3 cating character.

4 (5) REORGANIZATION.—If Ginnie Mae deter-
5 mines, after the end of the 1-year period beginning
6 on the transfer date under subsection (a)(1)(C), that
7 a reorganization of the combined workforce is re-
8 quired, that reorganization shall be deemed a major
9 reorganization for purposes of affording affected em-
10 ployee retirement under section 8336(d)(2) or
11 8414(b)(1)(B) of title 5, United States Code.

12 (6) EMPLOYEE BENEFIT PROGRAMS.—

13 (A) IN GENERAL.—Any employee of the
14 Federal Housing Finance Agency accepting em-
15 ployment with Ginnie Mae as a result of a
16 transfer under paragraph (1) may retain, for
17 12 months after the date on which such trans-
18 fer occurs, membership in any employee benefit
19 program of the Agency or Ginnie Mae, as appli-
20 cable, including insurance, to which such em-
21 ployee belongs on the transfer date under sub-
22 section (a)(1)(C) if—

23 (i) the employee does not elect to give
24 up the benefit or membership in the pro-
25 gram; and

1 (ii) the benefit or program is contin-
2 ued by Ginnie Mae.

3 (B) COST DIFFERENTIAL.—

4 (i) IN GENERAL.—The difference in
5 the costs between the benefits which would
6 have been provided by the Federal Housing
7 Finance Agency and those provided by this
8 subsection shall be paid by Ginnie Mae.

9 (ii) HEALTH INSURANCE.—If any em-
10 ployee elects to give up membership in a
11 health insurance program or the health in-
12 surance program is not continued by
13 Ginnie Mae, the employee shall be per-
14 mitted to select an alternate Federal
15 health insurance program not later than
16 30 days after the date of such election or
17 notice, without regard to any other regu-
18 larly scheduled open season.

19 (c) ABOLISHMENT OF FHFA.—Effective upon the
20 transfer date under subsection (a)(1)(C), the Federal
21 Housing Finance Agency and the position of the Director
22 of the Federal Housing Finance Agency are abolished.

23 (d) TRANSFER OF PROPERTY AND FACILITIES.—Ef-
24 fective upon the transfer date under subsection (a)(1)(C),

1 all property of the Federal Housing Finance Agency shall
2 transfer to Ginnie Mae.

3 (e) REFERENCES IN FEDERAL LAW.—On and after
4 the transfer date under subsection (a)(1)(C), any ref-
5 erence in Federal law to the Director of the Federal Hous-
6 ing Finance Agency or the Federal Housing Finance
7 Agency, in connection with any function of the Director
8 of the Federal Housing Finance Agency or the Federal
9 Housing Finance Agency transferred under subsection (a),
10 shall be deemed a reference to the Director of the Govern-
11 ment National Mortgage Association or the Government
12 National Mortgage Association, as appropriate and con-
13 sistent with the amendments made by this Act.

14 **SEC. 103. REGULATION OF MARKET PARTICIPANTS AND**
15 **AGGREGATORS.**

16 (a) APPROVAL AUTHORITY.—The Platform shall be
17 available for use only by originators and aggregators of
18 mortgages who meet standards for eligibility for such use,
19 as shall be established by the Director of Ginnie Mae (in
20 this section referred to as the “Director”).

21 (b) GENERAL SUPERVISORY AND REGULATORY AU-
22 THORITY.—Pursuant to the authority under subsection
23 (a):

24 (1) IN GENERAL.—All market participants and
25 participating aggregators shall, to the extent pro-

1 vided in this section, be subject to the supervision
2 and regulation of the Director.

3 (2) AUTHORITY OVER MARKET PARTICIPANTS
4 AND PARTICIPATING AGGREGATORS.—Ginnie Mae
5 shall have general regulatory authority over each
6 market participant and participating aggregator and
7 shall exercise such general regulatory authority to
8 ensure that the purposes of this section are carried
9 out.

10 (c) PRINCIPAL DUTIES.—Among the principal duties
11 of the Director pursuant to subsection (b) shall be—

12 (1) to oversee the prudential operations of each
13 market participant and participating aggregator;
14 and

15 (2) to ensure that—

16 (A) each market participant and partici-
17 pating aggregator operates in a safe and sound
18 manner, including maintenance of adequate
19 capital and internal controls; and

20 (B) each market participant and partici-
21 pating aggregator complies with this section
22 and the rules, regulations, guidelines, and or-
23 ders issued under this section.

24 (d) PRUDENTIAL MANAGEMENT AND OPERATIONS
25 STANDARDS.—

1 (1) ESTABLISHMENT.—The Director shall es-
2 tablish prudential standards, by regulation or guide-
3 line, for market participants and participating
4 aggregators to—

5 (A) ensure—

6 (i) the safety and soundness of mar-
7 ket participants and participating
8 aggregators; and

9 (ii) the maintenance of approval
10 standards by market participants and par-
11 ticipating aggregators; and

12 (B) minimize the risk presented to the
13 Fund.

14 (2) RECOGNITION OF DISTINCTIONS.—In car-
15 rying out the requirement under paragraph (1), the
16 Director shall distinguish between prudential stand-
17 ards for market participants and such standards for
18 participating aggregators.

19 (e) AUTHORITY TO REQUIRE REPORTS.—

20 (1) REGULAR REPORTS.—The Director may re-
21 quire, by general or specific orders, a market partici-
22 pant or participating aggregator to submit regular
23 reports, including financial statements determined
24 on a fair value basis, on the condition (including fi-
25 nancial condition), management, activities, or oper-

1 ations of the market participant or participating
2 aggregator, as the Director considers appropriate.

3 (2) SPECIAL REPORTS.—The Director may re-
4 quire, by general or specific orders, a market partici-
5 pant or participating aggregator to submit special
6 reports on any of the topics specified in paragraph
7 (1) or any other relevant topics, if, in the judgment
8 of the Director, such reports are necessary to carry
9 out the purposes of this Act.

10 (f) EXAMINATIONS AND AUDITS.—The Director may
11 conduct such examinations and audits, including on-site
12 examinations and audits, of market participants and par-
13 ticipating aggregators as the Director considers appro-
14 priate to ensure compliance with this Act, to determine
15 the condition of market participants and participating
16 aggregators for the purpose of determining and ensuring
17 their financial safety and soundness, and otherwise in any
18 case that the Director determines an examination is nec-
19 essary or appropriate.

20 (g) CONFLICT OF INTEREST STANDARDS.—The Di-
21 rector shall establish standards, by regulation or guideline,
22 for market participants and participating aggregators as
23 the Director considers appropriate to avoid any conflicts
24 of interest among market participants.

1 (h) STRESS TESTS FOR SUFFICIENT CAPITAL.—The
2 Director, in consultation with the Board of Governors of
3 the Federal Reserve, shall—

4 (1) establish and carry out such risk-based cap-
5 ital tests as appropriate to evaluate whether each
6 market participant and participating aggregator is
7 maintaining a level of capital sufficient to absorb
8 losses and support operations during adverse eco-
9 nomic conditions so that they do not pose undue
10 risks to their communities, other institutions, or the
11 broader economy; and

12 (2) establish capital standards for market par-
13 ticipants and participating aggregators based on
14 such tests, which shall include the following classi-
15 fications: well capitalized, adequately capitalized,
16 undercapitalized, significantly undercapitalized, and
17 critically undercapitalized.

18 (i) ENFORCEMENT.—The Corporation shall have the
19 authority to enforce the provisions of this Act with respect
20 to market participants and participating aggregators, in
21 the same manner and to the same extent as the Federal
22 Deposit Insurance Corporation has with respect to insured
23 depository institutions under the provisions of subsections
24 (b) through (n) of section 8 of the Federal Deposit Insur-
25 ance Act (12 U.S.C. 1818).

1 (j) REQUIREMENT TO MAINTAIN APPROVED STA-
2 TUS.—

3 (1) AUTHORITY TO ISSUE ORDER.—If the Di-
4 rector determines that a market participant or a
5 participating aggregator under this section no longer
6 meets the standards for such approval or violates the
7 requirements under this Act, including any stand-
8 ards, regulations, or orders promulgated in accord-
9 ance with this Act, the Director may—

10 (A) suspend or revoke the status of the
11 market participant or participating aggregator
12 as approved to utilize the Platform; or

13 (B) take any other action with respect to
14 such market participant or a participating
15 aggregator as may be authorized under this
16 Act.

17 (2) RULE OF CONSTRUCTION.—The suspension
18 or revocation of the approved status of a market
19 participant or a participating aggregator under this
20 section shall have no effect on the status as an in-
21 sured security of any security collateralized by eligi-
22 ble mortgages and insured prior to the suspension or
23 revocation.

24 (3) PUBLICATION.—The Director shall—

1 (A) promptly publish a notice in the Fed-
2 eral Register upon suspension or revocation of
3 the approval of any market participant or a
4 participating aggregator; and

5 (B) maintain an updated list of such ap-
6 proved market participants and participating
7 aggregators on the website of Ginnie Mae.

8 (4) DEFINITION.—In this subsection, the term
9 “violate” includes any action, taken alone or with
10 others, for or toward causing, bringing about, par-
11 ticipating in, counseling, or aiding or abetting, a vio-
12 lation of the requirements under this Act.

13 (k) RESOLUTION AUTHORITY.—

14 (1) IN GENERAL.—Notwithstanding any other
15 provision of Federal law, the law of any State, or the
16 constitution of any State, the Director shall—

17 (A) have the authority to act, in the same
18 manner and to the same extent, with respect to
19 a market participant or participating
20 aggregator that the Director determines pursu-
21 ant to is classified as critically undercapitalized
22 pursuant to subsection (h)(2), as the Federal
23 Deposit Insurance Corporation has with respect
24 to insured depository institutions under sub-
25 sections (c) through (s) of section 11 of the

1 Federal Deposit Insurance Act (12 U.S.C.
2 1821), section 12 of the Federal Deposit Insur-
3 ance Act (12 U.S.C. 1822), and section 13 of
4 the Federal Deposit Insurance Act (12 U.S.C.
5 1823), while tailoring such actions to the spe-
6 cific business model of the market participant
7 or participating aggregator, as the case may be,
8 as may be necessary to properly exercise such
9 authority under this subsection;

10 (B) in carrying out any authority provided
11 under subparagraph (A), act, in the same man-
12 ner and to the same extent, with respect to the
13 Fund as the Federal Deposit Insurance Cor-
14 poration may act with respect to the Deposit
15 Insurance Fund under the provisions of the
16 Federal Deposit Insurance Act set forth in sub-
17 paragraph (A); and

18 (C) consistent with the authorities pro-
19 vided in subparagraph (A), immediately place
20 an insolvent market participant or participating
21 aggregator into receivership.

22 (2) RULE OF CONSTRUCTION.—Notwith-
23 standing paragraph (1), if an insolvent participating
24 aggregator is an insured depository institution or an
25 affiliate of an insured depository institution, the Di-

1 rector shall recommend, in writing, to such partici-
2 pating aggregator's appropriate Federal banking
3 agency or State banking regulator to resolve such
4 participating aggregator pursuant to section 11(c) of
5 the Federal Deposit Insurance Act (12 U.S.C.
6 1821(c)) and other appropriate sections of the Fed-
7 eral Deposit Insurance Act (12 U.S.C. 1811 et seq.)
8 or appropriate Federal or State law, as applicable.

9 (3) LEAST-COST RESOLUTION REQUIRED.—The
10 Director may not exercise any authority under para-
11 graph (1) with respect to any market participant or
12 any participating aggregator that is not an insured
13 depository institution or an affiliate of an insured
14 depository institution, unless—

15 (A) the Director determines that the exer-
16 cise of such authority is necessary to ensure
17 proper and continued functioning of the sec-
18 ondary mortgage market; and

19 (B) the total amount of the expenditures
20 by the Director and obligations incurred by the
21 Director in connection with the exercise of any
22 such authority with respect to such market par-
23 ticipant or participating aggregator is the least
24 costly to the Fund, consistent with the least
25 cost approach specified in the Federal Deposit

1 Insurance Act (12 U.S.C. 1811 et seq.), of all
2 possible methods for meeting Ginnie Mae's obli-
3 gations under this Act and expeditiously con-
4 cluding its resolution activities.

5 (4) TAXPAYER PROTECTION.—The Director, in
6 carrying out any authority provided in this sub-
7 section, shall ensure that any amounts owed to the
8 United States, unless the United States agrees or
9 consents otherwise, shall have priority following ad-
10 ministrative expenses of the receiver when satisfying
11 unsecured claims against a market participant or
12 participating aggregator, or the receiver therefor,
13 that are proven to the satisfaction of the receiver.

14 **SEC. 104. REGULATORY CONSULTATION AND COORDINA-**
15 **TION.**

16 (a) CONSULTATION PERMITTED.—The Director may,
17 in carrying out any duty, responsibility, requirement, or
18 action authorized under this Act, consult with the Federal
19 regulatory agencies, any individual Federal regulatory
20 agency, the Secretary of the Treasury, any State banking
21 regulator, any State insurance regulator, and any other
22 State agency, as the Director necessary and appropriate.

23 (b) COORDINATION REQUIRED.—The Director shall,
24 as appropriate, in carrying out any duty, responsibility,
25 requirement, or action authorized under this Act, coordi-

1 nate with the Federal regulatory agencies, any individual
2 Federal regulatory agency, the Secretary of the Treasury,
3 any State banking regulator, any State insurance regu-
4 lator, any other State agency.

5 (c) AVOIDANCE OF DUPLICATION.—To the fullest ex-
6 tent possible, the Director shall—

7 (1) avoid duplication of examination activities,
8 reporting requirements, and requests for informa-
9 tion;

10 (2) rely on examination reports made by other
11 Federal or State regulatory agencies relating to an
12 approved entity and its subsidiaries, if any; and

13 (3) ensure that market participants and partici-
14 pating aggregators are not subject to conflicting su-
15 pervisory demands by Ginnie Mae and other Federal
16 regulatory agencies.

17 (d) PROTECTION OF PRIVILEGES.—

18 (1) IN GENERAL.—Pursuant to the authorities
19 provided under subsections (a) and (b), to facilitate
20 the consultative process and coordination, the Direc-
21 tor may share information with the Federal regu-
22 latory agencies, any individual Federal regulatory
23 agency, the Secretary of the Treasury, any State
24 bank supervisor, any State insurance regulator, any
25 other State agency, or any foreign banking author-

1 ity, on a one-time, regular, or periodic basis, as de-
2 termined by the Director, regarding the capital as-
3 sets and liabilities, financial condition, risk manage-
4 ment practices, or any other practice of any market
5 participant or participating aggregator.

6 (2) PRIVILEGE PRESERVED.—Information
7 shared by the Director pursuant to paragraph (1)
8 shall not be construed as waiving, destroying, or oth-
9 erwise affecting any privilege or confidential status
10 that any market participant, participating
11 aggregator, or any other person may claim with re-
12 spect to such information under Federal or State
13 law as to any person or entity other than such agen-
14 cies, agency, supervisor, or authority.

15 (3) RULE OF CONSTRUCTION.—No provision of
16 this subsection may be construed as implying or es-
17 tablishing that—

18 (A) any person waives any privilege appli-
19 cable to information that is shared or trans-
20 ferred under any circumstance to which this
21 subsection does not apply; or

22 (B) any person would waive any privilege
23 applicable to any information by submitting the
24 information directly to the Federal regulatory
25 agencies, any individual Federal regulatory

1 agency, any State bank supervisor, any State
2 insurance regulator, any other State agency, or
3 any foreign banking authority, but for this sub-
4 section.

5 (e) FEDERAL AGENCY AUTHORITY PRESERVED.—
6 Unless otherwise expressly provided by this section, no
7 provision of this section shall limit or be construed to
8 limit, in any way, the existing authority of any Federal
9 agency.

10 (f) FEDERAL REGULATORY AGENCY.—For purposes
11 of this section, the term “Federal regulatory agency”
12 means, individually, the Board of Governors of the Federal
13 Reserve System, the Office of the Comptroller of the Cur-
14 rency, the Federal Deposit Insurance Corporation, the Bu-
15 reau of Consumer Financial Protection, the National
16 Credit Union Administration, the Securities and Exchange
17 Commission, the Commodity Futures Trading Commis-
18 sion, and the Federal Housing Finance Agency.

19 **TITLE II—SECURITIZATION AND** 20 **INSURANCE**

21 **SEC. 201. ISSUING PLATFORM.**

22 (a) ESTABLISHMENT.—

23 (1) IN GENERAL.—There is established within
24 Ginnie Mae an entity to be known as the Issuing
25 Platform (the “Platform”), which shall issue stand-

1 ardized mortgage-backed securities to increase ho-
2 mogeneity in the eligible securities market.

3 (2) AUTHORITIES.—The Platform may—

4 (A) make contracts, incur liabilities, and
5 borrow money;

6 (B) purchase, sell, receive, hold, and use
7 real and personal property;

8 (C) create, execute, and administer trusts;
9 and

10 (D) take such actions as the Platform de-
11 termines are necessary or incidental to carry
12 out the Platform’s duties under this Act.

13 (b) DELIVERY OF POOL TO THE PLATFORM.—A
14 mortgage originator or aggregator that wishes to make use
15 of the Platform and have Ginnie Mae insure the securities
16 issued by the Platform shall deliver to the Platform a pool
17 of eligible mortgage loans.

18 (c) SECURITIZATION.—The Platform shall, upon re-
19 ceiving a pool of eligible mortgages—

20 (1) create standardized mortgage-backed securi-
21 ties collateralized by such mortgages; and

22 (2) transfer the standardized mortgage-backed
23 securities to the mortgage originator or aggregator
24 from which the Platform received the pool of eligible

1 mortgages that are collateralizing the securities or
2 the designee of such originator or aggregator.

3 (d) STANDARDIZED CRITERIA FOR SECURITIES.—In
4 issuing securities under this section, the Platform shall es-
5 tablish standardized criteria for such securities, includ-
6 ing—

7 (1) uniform loan delivery, servicing, and pooling
8 requirements;

9 (2) remittance requirements;

10 (3) underwriting guidelines and refinance pro-
11 grams;

12 (4) the credit quality of the guarantee provided
13 to each security;

14 (5) servicing standards and loan repurchase
15 policies;

16 (6) disclosure policies;

17 (7) security terms and features; and

18 (8) standards for the appropriate minimum
19 level of diversification for the mortgage loans that
20 collateralize such securities, in order to reduce the
21 credit risk such securities could pose to the Fund.

22 (e) SECURITIZATION FEE.—The Platform shall
23 charge a fee for securitization services provided under this
24 section. Such fee shall be set by the Director and shall

1 be in an amount sufficient to offset the costs to the Plat-
2 form of carrying out this section.

3 (f) LOAN LIMITS; HOUSING PRICE INDEX.—

4 (1) ESTABLISHMENT.—Ginnie Mae shall estab-
5 lish limitations governing the maximum original
6 principal obligation of eligible mortgage loans that
7 may collateralize a security issued under this Act.

8 (2) CALCULATION OF AMOUNT.—The limitation
9 set forth under paragraph (1) shall be calculated
10 with respect to the total original principal obligation
11 of the eligible mortgage loan and not merely with re-
12 spect to the amount insured by Ginnie Mae.

13 (3) MAXIMUM LIMITS.—

14 (A) IN GENERAL.—Except as provided in
15 subparagraph (B), the maximum limitation
16 amount under this paragraph shall not exceed
17 \$417,000 for a mortgage loan secured by a 1-
18 family residence, for a mortgage loan secured
19 by a 2-family residence the limit shall equal 128
20 percent of the limit for a mortgage loan secured
21 by a 1-family residence, for a mortgage loan se-
22 cured by a 3-family residence the limit shall
23 equal 155 percent of the limit for a mortgage
24 loan secured by a 1-family residence, and for a
25 mortgage loan secured by a 4-family residence

1 the limit shall equal 192 percent of the limit for
2 a mortgage loan secured by a 1-family resi-
3 dence, except that such maximum limitations
4 shall be adjusted effective January 1 of each
5 year beginning after the effective date of this
6 Act, subject to the limitations in this sub-
7 section. Each adjustment shall be made by add-
8 ing to each such amount (as it may have been
9 previously adjusted) a percentage thereof equal
10 to the percentage increase, during the most re-
11 cent 12-month or 4-quarter period ending be-
12 fore the time of determining such annual ad-
13 justment, in the housing price index maintained
14 by Ginnie Mae pursuant to paragraph (4). If
15 the change in such house price index during the
16 most recent 12-month or 4-quarter period end-
17 ing before the time of determining such annual
18 adjustment is a decrease, then no adjustment
19 shall be made for the next year, and the next
20 upward adjustment shall take into account
21 prior declines in the house price index, so that
22 any adjustment shall reflect the net change in
23 the house price index since the last adjustment.
24 Declines in the house price index shall be accu-

1 mulated and then reduce increases until subse-
2 quent increases exceed prior declines.

3 (B) HIGH-COST AREA LIMITS.—The limita-
4 tions set forth in subparagraph (A) may be in-
5 creased by not more than 50 percent with re-
6 spect to properties located in Alaska, Guam,
7 Hawaii, and the Virgin Islands. Such foregoing
8 limitations shall also be increased, with respect
9 to properties of a particular size located in any
10 area for which 115 percent of the median house
11 price for such size residence exceeds the limita-
12 tion for such size residence set forth under sub-
13 paragraph (A), to the lesser of 150 percent of
14 such limitation for such size residence or the
15 amount that is equal to 115 percent of the me-
16 dian house price in such area for such size resi-
17 dence.

18 (4) HOUSING PRICE INDEX.—

19 (A) NATIONAL INDEX.—Ginnie Mae shall
20 establish and maintain a method of assessing a
21 national average single-family house price for
22 use in calculating the loan limits for single-fam-
23 ily mortgage loans under paragraph (3), and
24 other averages as Ginnie Mae considers appro-
25 prium, including—

1 (i) averages based on different geo-
2 graphic regions; and

3 (ii) an average for houses whose mort-
4 gage collateralized single-family covered se-
5 curities.

6 (B) CONSIDERATIONS.—In establishing the
7 method described under subparagraph (A),
8 Ginnie Mae may take into consideration such
9 data, including existing house price indexes,
10 and other measures as Ginnie Mae considers
11 appropriate.

12 (g) AUTHORITY FOR LOAN-LEVEL ENHANCE-
13 MENT.—With respect to an eligible mortgage loan that is
14 or will be contained in a pool of mortgages delivered to
15 the Platform, the mortgage originator of such mortgage
16 loan may enter into agreements with market participants
17 to provide loan-level enhancement of such mortgage loan.

18 (h) CERTIFICATION.—Ginnie Mae shall, upon a de-
19 termination that the Platform is able to efficiently carry
20 out the issuance of standardized mortgage-backed securi-
21 ties and that there exists a sufficient number of market
22 participants to serve as insurers and reinsurers under sec-
23 tion 202, certify to the Congress that such determination
24 has been made.

25 (i) DUTY TO SERVE ALL MARKETS.—

1 (1) IN GENERAL.—In carrying out its respon-
2 sibilities under this title, Ginnie Mae shall facilitate
3 the broad availability of mortgage credit and sec-
4 ondary mortgage market financing through fluctua-
5 tions in the business cycle for single-family and mul-
6 tifamily lending across all—

7 (A) regions;

8 (B) localities;

9 (C) institutions;

10 (D) property types, including housing serv-
11 ing renters; and

12 (E) borrowers.

13 (2) REPORT TO CONGRESS.—Ginnie Mae shall
14 issue a semiannual report to the Congress on—

15 (A) how Ginnie Mae is carrying out the
16 duties required under paragraph (1); and

17 (B) the extent to which the provisions of
18 this title and the programs carried out pursu-
19 ant to this title are benefitting underserved
20 communities.

21 (j) EXEMPTION FROM SEC LAWS AND REGULA-
22 TIONS.—Standardized mortgage-backed securities issued
23 by the Platform shall be exempt from the Federal securi-
24 ties laws (as defined under section 3(a) of the Securities

1 Exchange Act of 1934) and all regulations issued pursu-
2 ant to such laws.

3 **SEC. 202. INSURANCE.**

4 (a) IN GENERAL.—Ginnie Mae shall insure 100 per-
5 cent of each security issued by the Platform, as provided
6 in this section.

7 (b) PRIVATE REINSURANCE.—Ginnie Mae shall es-
8 tablish one of the two programs described under para-
9 graphs (1) and (2). In selecting which program to estab-
10 lish, Ginnie Mae shall determine which program is the
11 most efficient way to operate the insurance requirements
12 under this Act by incorporating private sector pricing.

13 (1) REINSURANCE BID PROGRAM.—A Reinsur-
14 ance Bid Program, which shall include the following:

15 (A) FORWARD CONTRACT FOR FIRST 5
16 PERCENT LOSS.—Prior to any particular quar-
17 ter (or such other time period determined by
18 Ginnie Mae), Ginnie Mae shall enter into con-
19 tracts with market participants to reinsure the
20 first 5 percent of loss on all securities issued by
21 the Platform in such quarter (or other time pe-
22 riod).

23 (B) FORWARD CONTRACT FOR LAST 95
24 PERCENT LOSS.—Prior to any particular quar-

1 ter (or such other time period determined by
2 Ginnie Mae), Ginnie Mae shall sign—

3 (i) contracts with market participants
4 to reinsure the last 95 percent of loss on
5 all securities issued by the Platform in
6 such quarter (or other time period); and

7 (ii) a retrocession contract with each
8 such market participant under which
9 Ginnie Mae will agree to offer retrocession-
10 al reinsurance to reinsure up to 90 percent
11 of the 95 percent described under clause
12 (i) on a pari passu basis.

13 (2) GUARANTOR PROGRAM.—A Guarantor Pro-
14 gram, which shall include the following:

15 (A) FIRST LOSS REQUIREMENT.—The
16 mortgage originator or aggregator that wishes
17 to deliver a pool of eligible mortgage loans to
18 the Platform for securitization shall, prior to
19 delivering such pool, contract directly with a
20 market participant to insure the first 5 percent
21 of loss on all securities issued by the Platform
22 that are securitized by such pool of eligible
23 mortgage loans.

1 (B) COVERAGE FOR LAST 95 PERCENT
2 LOSS.—For each security described under sub-
3 paragraph (A) Ginnie Mae shall sign—

4 (i) contracts with market participants
5 to reinsure the last 95 percent of loss on
6 the security; and

7 (ii) a retrocession contract with each
8 such market participant under which
9 Ginnie Mae will agree to offer retrocession-
10 al reinsurance to reinsure up to 90 percent
11 of the 95 percent described under clause
12 (i) on a pari passu basis.

13 (C) ABILITY TO SELECT MARKET PARTICI-
14 PANTS.—

15 (i) IN GENERAL.—If Ginnie Mae de-
16 termines that it would be an efficient way
17 to operate the insurance requirements
18 under this Act and would encourage the in-
19 corporation of private sector pricing,
20 Ginnie Mae may allow mortgage origina-
21 tors and aggregators described under sub-
22 paragraph (A) to select the market partici-
23 pant described under subparagraph (B).

24 (ii) HANDLING OF PRE-SELECTED
25 MARKET PARTICIPANTS.—If a market par-

1 participant is selected by a mortgage origi-
2 nator or aggregator, as described under
3 clause (i)—

4 (I) such market participants shall
5 be required to meet the same stand-
6 ards as a market participant selected
7 by Ginnie Mae; and

8 (II) for purposes of determining
9 the insurance fee described under sub-
10 section (d), Ginnie Mae shall contract
11 with a private sector insurer to esti-
12 mate the risk that the market partici-
13 pant may default.

14 (c) ADDITIONAL PROGRAM REQUIREMENTS.—

15 (1) COMPETITIVE BIDDING PROCESS.—Ginnie
16 Mae shall use a competitive bidding process to deter-
17 mine which market participants should be granted
18 contracts under subsection (b)(1) and, except as pro-
19 vided under subsection (b)(2)(C), under subsection
20 (b)(2)(B).

21 (2) USE OF INSURANCE BROKER.—With respect
22 to any market participant that Ginnie Mae selects
23 under a risk sharing program, Ginnie Mae shall se-
24 lect an insurance broker, through a competitive bid-
25 ding process, that will solicit bids, on behalf of

1 Ginnie Mae, for the reinsurance contracts under
2 such program.

3 (3) CEDING COMMISSION.—As part of a ret-
4 rocession contract under subsection (b)(1)(B)(ii) or
5 subsection (b)(2)(B)(ii), the market participants
6 shall be paid a competitively determined ceding com-
7 mission for the underwriting and administrative
8 costs of providing such reinsurance.

9 (4) PHASE-IN.—Ginnie Mae may, if it deter-
10 mines it appropriate—

11 (A) phase-in the 5 percent requirements
12 under subsections (b)(1)(A) and (b)(2)(A), by
13 originally requiring a lower percentage; and

14 (B) phase-in the 90 percent requirement
15 under subsections (b)(1)(B)(ii) and
16 (b)(2)(B)(ii), by originally requiring a higher
17 percentage.

18 (d) INSURANCE FEE AND TERMS.—

19 (1) PRE-PRICING OF INSURANCE FEE.—Ginnie
20 Mae shall set the insurance fee applicable to securi-
21 ties issued by the Platform in advance on a quarter-
22 by-quarter basis, through forward contracts estab-
23 lished with market participants based on the volume
24 and type of securities Ginnie Mae anticipates the
25 Platform issuing during such quarter.

1 (2) COMPONENTS OF INSURANCE FEE.—

2 (A) IN GENERAL.—The insurance fee shall
3 reflect the anticipated cost to Ginnie Mae of
4 providing insurance, including the cost of ob-
5 taining reinsurance under subsection (b).

6 (B) ADJUSTMENT FOR PERFORMANCE.—
7 Ginnie Mae may adjust the fee computed under
8 subparagraph (A) to reflect the historic quality
9 of deliveries and rating of mortgage loans made
10 by the mortgage originators or aggregators that
11 originated or aggregated the mortgage loans in-
12 cluded in the pool of eligible mortgage loans
13 backing the security being insured, but in mak-
14 ing such adjustments, Ginnie Mae shall ensure
15 that the weighted average of the entire book of
16 business matches the ultimate price determina-
17 tion.

18 (3) RATE ADJUSTMENT PERIOD.—The rate
19 charged by a private market participant that con-
20 tracts with Ginnie Mae pursuant to subsection (b)—

21 (A) may not change during the first 100-
22 day period for which such reinsurance is effec-
23 tive; and

1 (B) shall be adjusted based on market con-
2 ditions, on a period to be determined by the Di-
3 rector.

4 (e) STANDARDS FOR MARKET PARTICIPANTS.—

5 (1) IN GENERAL.—Ginnie Mae shall issue such
6 general standards for market participants described
7 under subsection (b) as Ginnie Mae determines ap-
8 propriate.

9 (2) CREDIT RATING REQUIREMENTS.—

10 (A) IN GENERAL.—Notwithstanding any
11 other provision of law, Ginnie Mae shall require
12 a market participant described under subsection
13 (b) to maintain at least an A– credit rating
14 and shall consult with credit rating agencies
15 and State insurance commissions, where appli-
16 cable, to verify such rating.

17 (B) FLEXIBILITY FOR NEW COMPANIES.—
18 Ginnie Mae may waive or modify the require-
19 ment under subparagraph (A) with respect to a
20 new market participant.

21 (3) CAPITAL STANDARDS FOR MARKET PARTICI-
22 PANTS.—

23 (A) IN GENERAL.—For market partici-
24 pants described under subsection (b), Ginnie
25 Mae shall establish, by regulation, capital

1 standards and related solvency standards nec-
2 essary to implement the provisions of this Act.

3 (B) DEFINITIONS.—

4 (i) IN GENERAL.—The regulations re-
5 quired under this paragraph shall define
6 all such terms as are necessary to carry
7 out the purposes of this paragraph.

8 (ii) CONSIDERATIONS IN DEFINING
9 INSTRUMENTS AND CONTRACTS THAT
10 QUALIFY AS CAPITAL.—In defining instru-
11 ments and contracts that qualify as capital
12 pursuant to subparagraph (A), Ginnie
13 Mae—

14 (I) shall include such instruments
15 and contracts that will absorb losses
16 before the Fund; and

17 (II) may assign significance to
18 those instruments and contracts based
19 on the nature and risks of such in-
20 struments and contracts.

21 (iii) CONSIDERATIONS IN DEFINING
22 CAPITAL RATIOS.—Solely for the purposes
23 of calculating a capital ratio appropriate to
24 the business model of a market participant

1 pursuant to subparagraph (A), Ginnie Mae
2 shall consider for the denominator—

3 (I) total assets;

4 (II) total liabilities;

5 (III) risk in force; or

6 (IV) unpaid principal balance.

7 (C) DESIGNED TO ENSURE SAFETY AND
8 SOUNDNESS.—The capital and related solvency
9 standards established under this paragraph
10 shall be designed to—

11 (i) ensure the safety and soundness of
12 a market participant;

13 (ii) minimize the risk of loss to the
14 Fund;

15 (iii) in consultation and coordination
16 with the Board of Governors of the Fed-
17 eral Reserve System, the Federal Deposit
18 Insurance Corporation, and the Office of
19 the Comptroller of the Currency, reduce
20 the potential for regulatory arbitrage be-
21 tween capital standards for market partici-
22 pants and capital standards promulgated
23 by Federal regulatory agencies for insured
24 depository institutions and their affiliates;
25 and

1 (iv) be specifically tailored to accom-
2 modate a diverse range of business models
3 that may be employed by market partici-
4 pants.

5 (D) SUPPLEMENTAL CAPITAL REQUIRE-
6 MENTS.—

7 (i) IN GENERAL.—In order to prevent
8 or mitigate risks to the secondary mort-
9 gage market of the United States that
10 could arise from the material financial dis-
11 tress or failure, or ongoing activities, of
12 large market participants that insure secu-
13 rities under this Act, Ginnie Mae, by regu-
14 lation—

15 (I) shall establish supplemental
16 capital requirements for such large
17 market participants; and

18 (II) may establish such other
19 standards that Ginnie Mae determines
20 necessary or appropriate.

21 (ii) LARGE MARKET PARTICIPANT DE-
22 FINED.—For purposes of this subpara-
23 graph, Ginnie Mae shall define the term
24 “large market participant”.

1 (f) CONFLICT OF INTERESTS.—Ginnie Mae shall
2 issue regulations to prevent conflicts of interest by market
3 participants contracting with Ginnie Mae under this sec-
4 tion.

5 (g) INSURANCE FUND.—

6 (1) ESTABLISHMENT.—There is established an
7 insurance fund (the “Fund”), which Ginnie Mae
8 shall—

9 (A) maintain and administer; and

10 (B) use to cover losses incurred under this
11 section with respect to mortgage-backed securi-
12 ties.

13 (2) FUND GOAL.—

14 (A) IN GENERAL.—Ginnie Mae shall en-
15 deavor to ensure that the Fund attains a re-
16 serve balance—

17 (i) of 1.25 percent of the sum of the
18 outstanding principal balance of the securi-
19 ties for which insurance is being provided
20 under this Act within 5 years of the date
21 on which the Director determines that the
22 Platform is fully functioning, and to strive
23 to maintain such ratio thereafter, subject
24 to clause (ii); and

1 (ii) of 2.50 percent of the sum of the
2 outstanding principal balance of the securi-
3 ties for which insurance is being provided
4 under this Act within 10 years of the date
5 on which the Director determines that the
6 Platform is fully functioning, and to strive
7 to maintain such ratio at all times there-
8 after.

9 (B) ADJUSTMENT OF FEES.—Notwith-
10 standing subsection (d), Ginnie Mae may raise
11 or lower the fee charged for insurance under
12 this section in order to maintain the reserve
13 balance described under subparagraph (A).

14 (3) DEPOSITS.—The Fund shall be credited
15 with any fees received by Ginnie Mae in exchange
16 for insurance made available under this section.

17 (4) PROHIBITED INVESTMENTS.—Amounts in
18 the Fund may not be invested in any—

19 (A) standardized mortgage-backed security
20 insured under this Act; or

21 (B) mortgage-backed security issued by the
22 enterprises.

23 (5) FULL FAITH AND CREDIT.—The full faith
24 and credit of the United States is pledged to the
25 payment of all amounts which may be required to be

1 paid under any insurance provided under this sec-
2 tion.

3 **SEC. 203. AUTHORITY TO PROTECT TAXPAYERS IN UN-**
4 **USUAL AND EXIGENT MARKET CONDITIONS.**

5 (a) IN GENERAL.—If Ginnie Mae, upon the written
6 agreement of the Chairman of the Board of Governors of
7 the Federal Reserve System and the Secretary of the
8 Treasury, and in consultation with the Secretary of Hous-
9 ing and Urban Development, determines that unusual and
10 exigent circumstances have created or threaten to create
11 an anomalous lack of mortgage credit availability within
12 the single-family housing market, multifamily housing
13 market, or entire United States housing market that could
14 materially and severely disrupt the functioning of the
15 housing finance system of the United States, Ginnie Mae
16 may, for a period of 6 months—

17 (1) modify or waive the reinsurance require-
18 ments under section 202(b); and

19 (2) establish provisional standards for approved
20 entities.

21 (b) CONSIDERATIONS.—In exercising the authority
22 granted under subsection (a), Ginnie Mae shall consider
23 the severity of the conditions present in the housing mar-
24 kets and the risks presented to the Fund in exercising
25 such authority.

1 (c) TERMS AND CONDITIONS.—Insurance provided
2 under subsection (a) shall be subject to such additional
3 or different limitations, restrictions, and regulations as
4 Ginnie Mae may prescribe.

5 (d) BAILOUT STRICTLY PROHIBITED.—In exercising
6 the authority granted under subsection (a), Ginnie Mae
7 may not—

8 (1) provide aid to an approved entity or an af-
9 filiate of the approved entity, if such approved entity
10 is in bankruptcy or any other Federal or State insol-
11 vency proceeding; or

12 (2) provide aid for the purpose of assisting a
13 single and specific company avoid bankruptcy or any
14 other Federal or State insolvency proceeding.

15 (e) NOTICE.—Not later than 7 days after authorizing
16 insurance or establishing provisional standards under sub-
17 section (a), Ginnie Mae shall submit to the Committee on
18 Banking, Housing, and Urban Affairs of the Senate and
19 the Committee on Financial Services of the House of Rep-
20 resentatives a report that includes—

21 (1) the justification for the exercise of authority
22 to provide such insurance or establish such provi-
23 sional standards;

24 (2) evidence that unusual and exigent cir-
25 cumstances have created or threatened to create an

1 anomalous lack of mortgage credit availability within
2 the single-family housing market, multifamily hous-
3 ing market, or entire United States housing market
4 that could materially and severely disrupt the func-
5 tioning of the housing finance system of the United
6 States; and

7 (3) evidence that failure to exercise such au-
8 thority would have undermined the safety and
9 soundness of the housing finance system.

10 (f) ADDITIONAL EXERCISE OF AUTHORITY.—

11 (1) IN GENERAL.—Subject to the limitation
12 under subsection (g), the authority granted to
13 Ginnie Mae under subsection (a) may be exercised
14 for 2 additional 9-month periods within any given 3-
15 year period, provided that Ginnie Mae, upon the
16 written agreement of the Chairman of the Board of
17 Governors of the Federal Reserve System and the
18 Secretary of the Treasury, and in consultation with
19 the Secretary of Housing and Urban Development—

20 (A) determines—

21 (i) for a second exercise of authority
22 under subsection (a), that a second exer-
23 cise of authority under subsection (a) is
24 necessary; or

1 (ii) for a third exercise of authority
2 under subsection (a), by an affirmative
3 vote of the Director of Ginnie Mae and an
4 affirmative vote of $\frac{2}{3}$ or more of the
5 Board of Governors of the Federal Reserve
6 System then serving, that a third exercise
7 of authority under this section is nec-
8 essary; and

9 (B) provides notice to Congress, as pro-
10 vided under subsection (e).

11 (2) ORDER OF EXERCISE OF AUTHORITY.—Any
12 additional exercise of authority under this subsection
13 may occur consecutively or non-consecutively.

14 (g) LIMITATION.—The authority granted to Ginnie
15 Mae under this section may not be exercised more than
16 3 times in any given 3-year period, which 3-year period
17 shall commence upon the initial exercise of authority
18 under subsection (a).

19 (h) NORMALIZATION AND REDUCTION OF RISK.—
20 Following any exercise of authority under this section,
21 Ginnie Mae shall—

22 (1) establish a timeline for approved entities to
23 meet the approval standards set forth in this Act;
24 and

1 (2) in a manner and pursuant to a timeline
2 that will minimize losses to the Fund, establish a
3 program to either—

4 (A) sell, in whole or in part, the first loss
5 position on securities described in this section
6 to private market holders; or

7 (B) transfer for value to approved entities,
8 or work with approved entities to sell, in whole
9 or in part, the first lost position on securities
10 described in this section.

11 (i) **AUTHORITY TO RESPOND TO SUSTAINED NA-**
12 **TIONAL HOME PRICE DECLINE.—**

13 (1) **AUTHORITY.—**In the event of a significant
14 decline of national home prices, in at least 2 con-
15 secutive calendar quarters, Ginnie Mae may for a
16 period of 6 months permit the transfer of guarantees
17 of eligible mortgage loans that secure securities
18 issued under this Act if such eligible mortgage loans
19 are refinanced, regardless of the value of the under-
20 lying collateral securing such eligible mortgage
21 loans.

22 (2) **ADDITIONAL EXERCISE OF AUTHORITY.—**
23 The authority granted to Ginnie Mae under para-
24 graph (1) may be exercised for additional 6-month
25 periods.

1 (3) LIMITATION.—Ginnie Mae shall not provide
2 insurance under this Act to any security issued
3 under this Act that includes mortgage loans that do
4 not meet the definition of an eligible mortgage loan,
5 except for mortgage loans refinanced from eligible
6 mortgage loans in securities issued under this Act.

7 (4) RULE OF CONSTRUCTION.—No provision in
8 this section shall be construed as permitting Ginnie
9 Mae to lower any other requirement related to the
10 requirements set forth under the definition of an eli-
11 gible mortgage loan.

12 **SEC. 204. SERVICING RIGHTS; REPRESENTATIONS AND**
13 **WARRANTIES.**

14 (a) SERVICING RIGHTS.—The servicing rights for
15 mortgage-backed securities issued by the Issuing Platform
16 shall be controlled by—

17 (1) the reinsurance company reinsuring the
18 first 5 percent loss position on such securities; or

19 (2) in the case of securities that do not have a
20 reinsurance company reinsuring the first 5 percent
21 loss position or with respect to which the such rein-
22 surance company is insolvent, Ginnie Mae.

23 (b) ADVANCING OF PAYMENTS.—The party control-
24 ling the servicing rights described under subsection (a)
25 shall also control the advancing of payments.

1 (c) REPRESENTATIONS AND WARRANTIES.—

2 (1) COLLATERAL MANAGER.—With respect to
3 each pool securitized by the Issuing Platform, there
4 shall be a collateral manager who shall—

5 (A) oversee representations and warran-
6 ties;

7 (B) act for the benefit of investors; and

8 (C) in the case of a mortgage loan that is
9 in breach of the representations and warranties,
10 facilitate the repurchase or replacement of such
11 mortgage loan with a mortgage loan that is in
12 compliance with representations and warranties.

13 (2) FIDUCIARY DUTIES WITH RESPECT TO PRI-
14 VATE LABEL SECURITIES.—

15 (A) IN GENERAL.—All contracts for pri-
16 vate label securities issued after the date of the
17 enactment of this Act shall include the following
18 provisions:

19 (i) The qualification, responsibilities,
20 and duties of trustees, including require-
21 ments set forth in the indenture or pooling
22 and servicing agreement, or any applicable
23 provisions of the Trust Indenture Act of
24 1939 (15 U.S.C. 77aaa et seq.).

1 (ii) Trustees of private label securities
2 shall have a fiduciary duty to protect the
3 financial interests of investors of such se-
4 curities.

5 (B) TRUSTEE'S FIDUCIARY DUTY DE-
6 FINED.—For purposes of this paragraph, a
7 trustee's fiduciary duty means that a trustee
8 shall at all times oversee, monitor, and manage
9 the trust that owns the mortgage loans securing
10 the private label securities in the financial inter-
11 ests of the trust and its investors, with the
12 same degree of care and skill that a prudent
13 person would exercise or use under the cir-
14 cumstances in the conduct of such person's own
15 affairs. In determining financial interests, the
16 trustee's fiduciary duty shall consider all inves-
17 tors in a securitization, rather than the inter-
18 ests of any particular class of investors. A
19 trustee that is deemed to be acting in accord-
20 ance with its fiduciary duty to the trust shall
21 not be liable to any investor, and shall not be
22 subject to any injunction, stay, or other equi-
23 table relief sought by such investor, based solely
24 upon such actions.

1 (C) INCLUSION OF FIDUCIARY DUTY.—The
2 governing documents of any private label secu-
3 rities issued after the date of the enactment of
4 this Act shall automatically be deemed to in-
5 clude a trustee’s fiduciary duty. The trustee’s
6 fiduciary duty may not be abrogated or altered
7 by the parties to such documents and may not
8 be amended by parties to contracts for private
9 label securities.

10 (D) RULE OF CONSTRUCTION.—Nothing in
11 this paragraph shall be construed to relieve any
12 party of its duties to participants and bene-
13 ficiaries of any employee benefit plan under the
14 Employee Retirement Income Security Act (29
15 U.S.C. 1101 et seq.).

16 (E) CONFLICTS WITH THE TRUST INDEN-
17 TURE ACT OF 1939.—To the extent that the pro-
18 visions of this paragraph conflict with any pro-
19 vision of the Trust Indenture Act of 1939, the
20 provisions of the Trust Indenture Act of 1939
21 shall apply, but only to the extent of the con-
22 flict.

23 (F) STUDY.—Not later than 3 years after
24 the date of enactment of this Act, Ginnie Mae
25 shall—

- 1 (i) conduct a study to evaluate—
- 2 (I) the structure of compensation
- 3 for trustees of private label securities;
- 4 (II) any changes to such com-
- 5 pensation attributable to the imposi-
- 6 tion of the fiduciary duty required
- 7 under this paragraph; and
- 8 (III) any effects of the imposition
- 9 of such fiduciary duty on liquidity in
- 10 the market for private label securities;
- 11 (ii) not later than 1 year after the
- 12 commencement of the study required under
- 13 clause (i), submit a report to Congress de-
- 14 scribing any findings and conclusions of
- 15 such study;
- 16 (iii) conduct a study to evaluate any
- 17 effects of the imposition of the fiduciary
- 18 duty required under this paragraph upon
- 19 borrowers, including if the imposition of
- 20 such fiduciary duty results in additional
- 21 costs and expenses to borrowers; and
- 22 (iv) not later than 1 year after the
- 23 commencement of the study required under
- 24 clause (iii), submit a report to Congress

1 describing any findings and conclusions of
2 such study.

3 (G) PRIVATE LABEL SECURITY DE-
4 FINED.—For purposes of this paragraph, the
5 term “private label security” means a mort-
6 gage-backed security that is not issued by the
7 Platform.

8 (d) MANDATORY ARBITRATION.—Disputes between
9 parties to a security issued by the Issuing Platform shall
10 be subject to mandatory arbitration.

11 **SEC. 205. FEDERAL HOME LOAN BANKS.**

12 (a) MEMBERSHIP OF LENDERS.—Section 4 of the
13 Federal Home Loan Bank Act (12 U.S.C. 1424) is
14 amended by adding at the end the following:

15 “(d) LENDERS.—

16 “(1) IN GENERAL.—Any lender that satisfies
17 the requirements of subparagraphs (A) and (C) of
18 subsection (a)(1) shall be eligible to become a mem-
19 ber of a Federal Home Loan Bank.

20 “(2) STOCK REQUIREMENT.—Ginnie Mae shall
21 issue regulations specifying that a separate class of
22 stock shall be issued by Federal Home Loan Banks
23 to lenders who become a member of a Federal Home
24 Loan Bank pursuant to this subsection, and Ginnie

1 Mae shall determine the applicable restrictions and
2 requirements for such stock.”.

3 (b) POOLING SERVICES FOR ELIGIBLE MORT-
4 GAGES.—Section 11 of the Federal Home Loan Bank Act
5 (12 U.S.C. 1431) is amended by adding at the end the
6 following:

7 “(m) POOLING SERVICES FOR ELIGIBLE MORT-
8 GAGES.—

9 “(1) POOLING SERVICES.—Each Federal Home
10 Loan Bank shall provide pooling services to both
11 members and non-members who wish to pool eligible
12 mortgages for purposes of securitizing such mort-
13 gages through the Issuing Platform established by
14 title II of the Partnership to Strengthen Homeown-
15 ership Act of 2014.

16 “(2) ELIGIBLE MORTGAGES DEFINED.—For
17 purposes of this subsection, the term ‘eligible mort-
18 gage’ has the meaning given that term under section
19 2 of the Partnership to Strengthen Homeownership
20 Act of 2014.”.

1 **TITLE III—WIND DOWN OF**
2 **FANNIE MAE AND FREDDIE MAC**

3 **SEC. 301. LIMITATION ON BUSINESS.**

4 The Director of the Government National Mortgage
5 Association shall provide that, after the certification
6 date—

7 (1) the enterprises may not issue, guarantee, or
8 purchase any security backed by mortgages on 1- to
9 4-family residences except as specifically authorized
10 by this Act;

11 (2) an enterprise may act as a participating
12 aggregator of eligible mortgages for securitization
13 pursuant to section 201 if such eligible mortgages
14 are originated by originators whose volume of such
15 business is insufficient to allow for such originators
16 to aggregate and securitize such mortgages, until
17 the earlier of—

18 (A) such time as the Director determines
19 that any other qualified entity or entities pro-
20 vide sufficient market access to such originators
21 under competitive rates and terms and requires
22 the enterprises to cease such business; or

23 (B) the commencement of the receivership
24 under section 304(a); and

1 (3) an enterprise may act as a reinsurer for a
2 mortgage-backed security in accordance with the re-
3 quirements under section 202(b) until the com-
4 mencement of the receivership under section 304(a).

5 **SEC. 302. RISK-SHARING PILOT PROGRAMS.**

6 Not later than the expiration of the 12-month period
7 beginning on the date of the enactment of this Act, each
8 enterprise shall establish a risk-sharing pilot program to
9 develop private sector first-loss positions on mortgage-
10 backed securities. Such first-loss positions shall be a per-
11 centage of the principal or face value of a mortgage-
12 backed security, as determined from time-to-time by the
13 Director, taking into consideration market conditions and
14 the capability of the private sector to assume credit risk.

15 **SEC. 303. CONTINUED CONSERVATORSHIP.**

16 (a) **TIMING.**—The conservatorships of the enterprises
17 in effect upon the enactment of this Act shall continue
18 in effect until the commencement of the receivership of
19 the enterprises pursuant to subsection (d), subject to the
20 transfer under section 102(a)(1)(B).

21 (b) **ALIGNING PURPOSES OF CONSERVATORSHIP.**—
22 Notwithstanding section 1367(b)(2)(D) of the Federal
23 Housing Enterprises Financial Safety and Soundness Act
24 of 1992 (12 U.S.C. 4617(b)(2)(D)), after the date of the
25 enactment of this Act, the Director shall, as conservator

1 of each enterprise, take such actions as are necessary to
2 manage the affairs, assets, and obligations of each enter-
3 prise, and to operate each enterprise, in compliance with
4 this section.

5 (c) RETURN OF ENTERPRISES TO PRIVATE MAR-
6 KET.—During the term of the conservatorships of the en-
7 terprises, the Director shall—

8 (1) carry out the conservatorship in a manner
9 that furthers achievement of the goals and terms of
10 the mandatory receiverships under subsection (d)(2);

11 (2) identify any assets of the enterprises nec-
12 essary for Ginnie Mae to carry out its functions and
13 responsibilities under sections 201, 202, and 401 of
14 this Act; and

15 (3) prepare for the transfer of the multifamily
16 housing finance business of the enterprises in ac-
17 cordance with section 401 of this Act.

18 **SEC. 304. MANDATORY RECEIVERSHIP.**

19 (a) COMMENCEMENT.—The Director shall, with re-
20 spect to each enterprise, immediately appoint the Ginnie
21 Mae as receiver under section 1367 of the Federal Hous-
22 ing Enterprises Financial Safety and Soundness Act of
23 1992 (12 U.S.C. 4617) upon the later of the following:

24 (1) 5-YEAR PERIOD.—The expiration of the 60-
25 month period beginning on the date of the enact-

1 ment of this Act, as the duration of such period may
2 be adjusted pursuant to subsection (c).

3 (2) PLATFORM CERTIFIED AS FUNCTIONAL;
4 COMPETITIVE ACCESS FOR SMALL LENDERS; FHLB
5 CAPACITY.—The certification date has occurred and
6 the Director has determined that—

7 (A) a competitive private housing finance
8 market has been established;

9 (B) competitive and equitable access to the
10 Platform for smaller mortgage lenders is avail-
11 able;

12 (C) the pooling services offered by Federal
13 Home Loan Banks pursuant to section 11(m)
14 of the Federal Home Loan Bank Act are com-
15 petitive with services made available by the en-
16 terprises before the certification date;

17 (D) the Federal Home Loan Banks are ca-
18 pable of meeting the cash window needs of cred-
19 it unions, community and mid-sized depository
20 institutions, and non-depository mortgage origi-
21 nators with competitive rates and terms; and

22 (E) the Federal Home Loan Banks have
23 created a “to be announced” market that is via-
24 ble in all economic cycles.

1 (b) GOALS AND TERMS.—Ginnie Mae shall carry out
2 the receivership referred to in subsection (a) for the enter-
3 prise under the authority of such section 1367, subject
4 to the following requirements:

5 (1) GOALS.—In carrying out the receivership of
6 each enterprise, Ginnie Mae shall strive to achieve
7 both of the following goals:

8 (A) RETURN TO TAXPAYERS.—Obtaining
9 an adequate return of taxpayer investment in
10 the enterprise, taking into consideration the
11 total cost to the taxpayers, the value provided
12 to the enterprise, and the risk and exposure to
13 the Federal Government involved, together with
14 interest on such investment at a rate deter-
15 mined by the Director, in consultation with the
16 Board of Governors of the Federal Reserve Sys-
17 tem and the Secretary of the Treasury.

18 (B) COMPETITIVE PRIVATE HOUSING FI-
19 NANCE MARKET.—Removing barriers to private
20 sector competition in the housing finance mar-
21 ket by providing for the transfer of the assets
22 of the enterprise into the private sector to com-
23 pete in a functioning housing finance market.

24 (2) FULL PRIVATIZATION.—Any entities emerg-
25 ing from such receivership shall be fully private and

1 any obligations and securities of such entities shall
2 not constitute a debt or obligation of the United
3 States nor or any agency or instrumentality thereof.

4 (3) MULTIFAMILY HOUSING BUSINESS.—The
5 receivership shall provide, notwithstanding any other
6 provision of this Act, for the transfer of the multi-
7 family housing mortgage guarantee business of the
8 enterprises in accordance with section 401 of this
9 Act.

10 (4) AVAILABILITY OF ASSETS.—The receiver-
11 ship shall provide for—

12 (A) the identification of any assets of the
13 enterprise that are not necessary for the oper-
14 ation of the limited-life entities established pur-
15 suant to paragraph (6); and

16 (B) making such assets available at auc-
17 tion for acquisition by any private entities,
18 which shall include the private entities estab-
19 lished pursuant to paragraph (6)(C).

20 (5) RESTRUCTURING OF SPSPA.—The receiver-
21 ship shall provide for the restructuring of the Senior
22 Preferred Stock Purchase Agreements entered into
23 between the Department of the Treasury and the en-
24 terprise on September 26, 2008, as amended and re-
25 stated thereafter, to—

1 (A) permit the redemption of senior pre-
2 ferred shares of the Department of the Treas-
3 ury;

4 (B) provide for the cancellation of the war-
5 rants for the purchase of common stock of the
6 enterprises issued to the Department of the
7 Treasury; and

8 (C) provide for the appropriate level of
9 compensation to the Federal Government for
10 the financial support and commitment provided
11 to the enterprise.

12 (6) WIND-DOWN; LIMITED-LIFE ENTERPRISES;
13 RESTRUCTURING.—Under the receivership—

14 (A) the receiver shall organize a limited-life
15 regulated entity for the enterprise in accordance
16 with section 1367(i) of the Federal Housing
17 Enterprises Financial Safety and Soundness
18 Act of 1992 (12 U.S.C. 4617(i)), except that—

19 (i) any assets and liabilities of the en-
20 terprise that the receiver determines are
21 necessary to allow the limited-life regulated
22 entity to operate independent from the res-
23 olution of the enterprise shall be trans-
24 ferred to the limited-life regulated entity;
25 and

1 (ii) in winding up the affairs of the
2 limited-life regulated entity, the remaining
3 assets of the limited-life regulated entity
4 shall be made available to the successor en-
5 tities established pursuant to subparagraph
6 (C) of this paragraph and to other private
7 guarantors engaged in providing insurance
8 for eligible mortgage-backed securities in
9 accordance with section 202;

10 (B) the charter of the enterprise shall be
11 repealed pursuant to section 1367(k) of the
12 Federal Housing Enterprises Financial Safety
13 and Soundness Act of 1992 (12 U.S.C.
14 4617(k)), as amended by section 305; and

15 (C) the receiver shall provide for reorga-
16 nization and chartering of the successor entity
17 to the limited life regulated entity for the enter-
18 prise as an entity established to operate as an
19 insurer under section 202(b)(2)(A) of this Act
20 or a participating aggregator of eligible mort-
21 gages for securitization pursuant to section 201
22 if such eligible mortgages are originated by
23 originators whose volume of such business is in-
24 sufficient to allow for such originators to aggre-
25 gate and securitize such mortgages.

1 (c) ADJUSTMENT OF TIMING.—Ginnie Mae may ad-
2 just the duration of the period referred to in subsection
3 (a)(1) by establishing requirements to be met by market
4 participants before such period may be considered to be
5 concluded. Such requirements may include requirements
6 regarding—

7 (1) ensuring that there is an adequate level of
8 private capital available for efficient financing of sin-
9 gle-family and multifamily housing mortgages
10 through—

11 (A) the market for initial public offerings;

12 and

13 (B) retained earnings of market partici-
14 pants; and

15 (2) ensuring that any anticompetitive liquidity
16 advantages in mortgage-backed securities are ade-
17 quately protected against.

18 **SEC. 305. REPEAL OF ENTERPRISE CHARTERS.**

19 Section 1367 of the Federal Housing Enterprises Fi-
20 nancial Safety and Soundness Act of 1992 (12 U.S.C.
21 4617) is amended by striking subsection (k) and inserting
22 the following new subsection:

23 “(k) REPEAL OF ENTERPRISE CHARTERS.—

24 “(1) FANNIE MAE.—Effective upon the certifi-
25 cation date (as such term is defined in section 2 of

1 the Partnership to Strengthen Homeownership Act
2 of 2014), the charter of the Federal National Mort-
3 gage Association is repealed and the Federal Na-
4 tional Mortgage Association shall have no authority
5 to conduct new business under such charter, except
6 that the provisions of such charter in effect imme-
7 diately before such repeal shall continue to apply
8 with respect to the rights and obligations of any
9 holders of—

10 “(A) outstanding debt obligations of the
11 Federal National Mortgage Association, includ-
12 ing any—

13 “(i) bonds, debentures, notes, or other
14 similar instruments;

15 “(ii) capital lease obligations; or

16 “(iii) obligations in respect of letters
17 of credit, bankers’ acceptances, or other
18 similar instruments; or

19 “(B) mortgage-backed securities guaran-
20 teed by the Federal National Mortgage Associa-
21 tion that are not eligible mortgage-backed secu-
22 rities insured by Ginnie Mae pursuant to sec-
23 tion 202 of the Partnership to Strengthen
24 Homeownership Act of 2014.

1 “(2) FREDDIE MAC.—Effective upon the certifi-
2 cation date, the charter of the Federal Home Loan
3 Mortgage Corporation is repealed and the Federal
4 Home Loan Mortgage Corporation shall have no au-
5 thority to conduct new business under such charter,
6 except that the provisions of such charter in effect
7 immediately before such repeal shall continue to
8 apply with respect to the rights and obligations of
9 any holders of—

10 “(A) outstanding debt obligations of the
11 Federal Home Loan Mortgage Corporation, in-
12 cluding any—

13 “(i) bonds, debentures, notes, or other
14 similar instruments;

15 “(ii) capital lease obligations; or

16 “(iii) obligations in respect of letters
17 of credit, bankers’ acceptances, or other
18 similar instruments; or

19 “(B) mortgage-backed securities guaran-
20 teed by the Federal Home Loan Mortgage Cor-
21 poration that are not eligible mortgage-backed
22 securities insured by Ginnie Mae pursuant to
23 section 202 of the Partnership to Strengthen
24 Homeownership Act of 2014.

25 “(3) EXISTING GUARANTEE OBLIGATIONS.—

1 “(A) EXPLICIT GUARANTEE.—The full
2 faith and credit of the United States is pledged
3 to the payment of all amounts which may be re-
4 quired to be paid under any obligation de-
5 scribed in paragraph (1) or (2).

6 “(B) CONTINUED DIVIDEND PAYMENTS.—
7 Notwithstanding any other provision of law,
8 provision 2(a) (relating to Dividend Payment
9 Dates and Dividend Periods) and provision 2(c)
10 (relating to Dividend Rates and Dividend
11 Amount) of the Senior Preferred Stock Pur-
12 chase Agreement, or any provision of any cer-
13 tificate in connection with such Agreement cre-
14 ating or designating the terms, powers, pref-
15 erences, privileges, limitations, or any other
16 conditions of the Variable Liquidation Pref-
17 erence Senior Preferred Stock of an enterprise
18 issued pursuant to such Agreement—

19 “(i) shall not be amended, restated, or
20 otherwise changed to reduce the rate or
21 amount of dividends in effect pursuant to
22 such Agreement as of the Third Amend-
23 ment to such Agreement dated August 17,
24 2012, except that any amendment to such

1 Agreement to facilitate the sale of assets of
2 the enterprises shall be permitted; and

3 “(ii) shall remain in effect until the
4 guarantee obligations described under
5 paragraphs (1)(B) and (2)(B) of this sub-
6 section are fully extinguished.

7 “(C) APPLICABILITY.—All guarantee fee
8 amounts derived from the single-family mort-
9 gage guarantee business of the enterprises in
10 existence as of the certification date shall be
11 subject to the Senior Preferred Stock Purchase
12 Agreement.

13 “(D) SENIOR PREFERRED STOCK PUR-
14 CHASE AGREEMENT.—For purposes of this
15 paragraph, the term ‘Senior Preferred Stock
16 Purchase Agreement’ means—

17 “(i) the Amended and Restated Senior
18 Preferred Stock Purchase Agreement,
19 dated September 26, 2008, as such Agree-
20 ment has been amended on May 6, 2009,
21 December 24, 2009, and August 17, 2012,
22 respectively, and as such Agreement may
23 be further amended and restated, entered
24 into between the Department of the Treas-
25 ury and each enterprise, as applicable; and

1 “(ii) any provision of any certificate in
2 connection with such Agreement creating
3 or designating the terms, powers, pref-
4 erences, privileges, limitations, or any
5 other conditions of the Variable Liquida-
6 tion Preference Senior Preferred Stock of
7 an enterprise issued or sold pursuant to
8 such Agreement.

9 “(4) SWAP OPTION FOR NEW SECURITIES.—
10 Notwithstanding any other provision of this sub-
11 section, Ginnie Mae shall provide that during the
12 30-year period beginning upon the certification date,
13 any securities described in paragraph (1)(B) or
14 (2)(B) may be exchanged, at the request of the hold-
15 er of such security, for securities insured under sec-
16 tion 202 of the Partnership to Strengthen Home-
17 ownership Act of 2014, and Ginnie Mae shall ensure
18 fungibility between such securities exchanged. Ginnie
19 Mae may establish such terms and conditions for
20 such exchanges as Ginnie Mae considers appro-
21 priate, except that Ginnie Mae shall provide that in
22 such exchanges such securities described in para-
23 graph (1)(B) or (2)(B) shall receive a risk weight of
24 zero.”.

1 **SEC. 306. GINNIE MAE AUTHORITY REGARDING TIMING.**

2 (a) **AUTHORITY.**—The Director may extend any
3 deadline referred to in section 301, 303(a), 304(a), or the
4 provisions amended by section 305, as provided in such
5 subsection (b) of this section, but only if the Director—

6 (1) makes a determination, after consultation
7 with the Board of Governors of the Federal Reserve
8 System, that such deadline is posing significant risk
9 to the housing market; and

10 (2) causes notice of such determination to be
11 published in the Federal Register.

12 (b) **EXTENSIONS.**—

13 (1) **FIRST EXTENSION.**—The first extension of
14 any deadline pursuant to subsection (a) shall be for
15 a period of an additional 2 years.

16 (2) **SECOND EXTENSION.**—If, after the expira-
17 tion of a first extension of a deadline of 2 years, the
18 Director makes a determination as provided in sub-
19 section (a)(1), the Director may extend the deadline
20 an additional 2 years.

21 (3) **ADDITIONAL EXTENSIONS.**—If, after the ex-
22 piration of the second extension of a deadline of 2
23 years, the Director makes a determination as pro-
24 vided in subsection (a)(1), the Director may, upon
25 the written agreement of the Chairman of the Board
26 of Governors of the Federal Reserve System and the

1 Secretary of the Treasury, and in consultation with
2 the Secretary of the Housing and Urban Develop-
3 ment, extend the deadline an additional year, and
4 annually thereafter utilizing the same process de-
5 scribed in this paragraph until such time as the Di-
6 rector makes a determination that such deadline
7 does not pose a significant risk to the housing mar-
8 ket.

9 (c) REPORTS.—If the Director extends any deadline
10 period pursuant to the authority under subsection (a), the
11 Director shall thereafter, until the expiration of the peri-
12 ods referred to in paragraphs (1) and (2) of section
13 1367(k) of the Federal Housing Enterprises Financial
14 Safety and Soundness Act of 1992 (as such period may
15 be extended pursuant to this section), submit a report to
16 the Congress on a monthly basis regarding the transition
17 of the enterprises pursuant to this section, the status of
18 the business of the enterprises, and the market share of
19 the enterprises.

20 **TITLE IV—MULTIFAMILY**
21 **HOUSING FINANCE**

22 **SEC. 401. ESTABLISHMENT OF MULTIFAMILY SUBSIDI-**
23 **ARIES.**

24 (a) FORMATION AND GOVERNANCE OF MULTIFAMILY
25 SUBSIDIARIES.—

1 (1) FEDERAL NATIONAL MORTGAGE ASSOCIA-
2 TION.—

3 (A) MULTIFAMILY SUBSIDIARY PLAN.—

4 The Director of Ginnie Mae, in consultation
5 with the Secretary of the Treasury, shall direct
6 the Federal National Mortgage Association to
7 develop a plan, not later than 180 days after
8 the date of enactment of this Act, to establish
9 a multifamily subsidiary for purposes of expedi-
10 tiously—

11 (i) providing sufficient multifamily fi-
12 nancing in the primary, secondary, and
13 tertiary geographical markets, including in
14 rural markets and through a diversity of
15 experienced multifamily lenders; and

16 (ii) establishing a competitive multi-
17 family market for multifamily housing
18 guarantors engaging in multifamily covered
19 securities.

20 (B) ESTABLISHMENT OF MULTIFAMILY
21 SUBSIDIARY.—The Director shall direct the
22 Federal National Mortgage Association to es-
23 tablish a multifamily subsidiary not later than
24 1 year after the date of enactment of this Act.

1 (2) FEDERAL HOME LOAN MORTGAGE COR-
2 PORATION.—

3 (A) MULTIFAMILY SUBSIDIARY PLAN.—

4 The Director, in consultation with the Secretary
5 of the Treasury, shall direct the Federal Home
6 Loan Mortgage Corporation to develop a plan,
7 not later than 180 days after the date of enact-
8 ment of this Act, to establish a multifamily sub-
9 sidiary for purposes of expeditiously—

10 (i) providing sufficient multifamily fi-
11 nancing in the primary, secondary, and
12 tertiary geographical markets, including in
13 rural markets and through a diversity of
14 experienced multifamily lenders; and

15 (ii) establishing a competitive multi-
16 family market for multifamily housing
17 guarantors engaging in multifamily covered
18 securities.

19 (B) ESTABLISHMENT OF MULTIFAMILY
20 SUBSIDIARY.—The Director shall direct the
21 Federal Home Loan Mortgage Corporation to
22 establish a multifamily subsidiary not later than
23 1 year after the date of enactment of this Act.

24 (b) TRANSFER OF FUNCTIONS.—

25 (1) FANNIE MAE MULTIFAMILY SUBSIDIARY.—

1 (A) IN GENERAL.—Notwithstanding the
2 provisions under title III or any other provision
3 of law, effective on the date on which the multi-
4 family subsidiary is established under sub-
5 section (a)(1)(B), all employees, functions, ac-
6 tivities, infrastructure, property, including the
7 Delegated Underwriting and Servicing Lender
8 Program and other intellectual property, plat-
9 forms, technology, or any other object or service
10 of the Federal National Mortgage Association
11 necessary to the support, maintenance, and op-
12 eration of the multifamily business of the Fed-
13 eral National Mortgage Association shall be
14 transferred and contributed, without cost, to
15 the multifamily subsidiary.

16 (B) CAPITAL CONTRIBUTION.—In connec-
17 tion with the transfer required under subpara-
18 graph (A), the Federal National Mortgage As-
19 sociation shall contribute, in any form or man-
20 ner the Director may determine, subject to the
21 approval right of the Secretary of the Treasury
22 in the Senior Preferred Stock Purchase Agree-
23 ment, any capital necessary to ensure that the
24 multifamily subsidiary established under sub-
25 section (a)(1)(B) has, in the determination of

1 the Director, sufficient capital to carry out its
2 multifamily business, including the ability to ob-
3 tain warehouse lines of credit.

4 (C) ENSURING CONTINUATION OF ONGO-
5 ING OPERATION OF MULTIFAMILY BUSINESS.—

6 (i) IN GENERAL.—In carrying out the
7 multifamily business transferred pursuant
8 to subparagraph (A), the multifamily sub-
9 sidiary established under subsection
10 (a)(1)(B) shall ensure that any such busi-
11 ness continues to operate, as applicable,
12 consistent with—

13 (I) the Delegated Underwriting
14 and Servicing Lender Program estab-
15 lished by the Federal National Mort-
16 gage Association;

17 (II) any other programs, activi-
18 ties, and contractual agreements of
19 the enterprises that support the enter-
20 prises' provision of liquidity to the
21 multifamily housing market; and

22 (III) the provisions of this title.

23 (2) FREDDIE MAC MULTIFAMILY SUBSIDIARY.—

24 (A) IN GENERAL.—Notwithstanding the
25 provisions under title VI or any other provision

1 of law, effective on the date on which the multi-
2 family subsidiary is established under sub-
3 section (a)(2)(B), all employees, functions, ac-
4 tivities, infrastructure, property, including the
5 Capital Market Execution Program Series K
6 Structured 2Pass-Through Certificates origi-
7 nated and offered under the Program Plus
8 Lender Program and other intellectual prop-
9 erty, platforms, technology, or any other object
10 or service of the Federal Home Loan Mortgage
11 Corporation necessary to the support, mainte-
12 nance, and operation of the multifamily busi-
13 ness of the Federal Home Loan Mortgage Cor-
14 poration shall be transferred and contributed,
15 without cost, to the multifamily subsidiary.

16 (B) CAPITAL CONTRIBUTION.—In connec-
17 tion with the transfer required under subpara-
18 graph (A), the Federal Home Loan Mortgage
19 Corporation shall contribute, in any form or
20 manner the Director may determine, subject to
21 the approval right of the Secretary of the
22 Treasury in the Senior Preferred Stock Pur-
23 chase Agreement, any capital necessary to en-
24 sure that the multifamily subsidiary established
25 under subsection (a)(2)(B) has, in the deter-

1 mination of the Director, sufficient capital to
2 carry out its multifamily business, including the
3 ability to obtain warehouse lines of credit.

4 (C) ENSURING CONTINUATION OF ONGO-
5 ING OPERATION OF MULTIFAMILY BUSINESS.—

6 (i) IN GENERAL.—In carrying out the
7 multifamily business transferred pursuant
8 to subparagraph (A), the multifamily sub-
9 sidiary established under subsection
10 (a)(2)(B) shall ensure that any such busi-
11 ness continues to operate, as applicable,
12 consistent with—

13 (I) the Capital Market Execution
14 Program Series K Structured 2Pass-
15 Through Certificates originated and
16 offered under the Program Plus
17 Lender Program established by the
18 Federal Home Loan Mortgage Cor-
19 poration;

20 (II) any other programs, activi-
21 ties, and contractual agreements of
22 the enterprises that support the enter-
23 prises' provision of liquidity to the
24 multifamily housing market; and

25 (III) the provisions of this title.

1 (c) MULTIFAMILY SUBSIDIARIES.—

2 (1) IN GENERAL.—The multifamily subsidiaries
3 established by the Federal National Mortgage Asso-
4 ciation and the Federal Home Loan Mortgage Cor-
5 poration under subsection (a) may retain a limited
6 multifamily mortgage loan portfolio to—

7 (A) aggregate mortgage loans for pooled
8 securities executions;

9 (B) implement pilot mortgage loan pro-
10 grams and other risk-sharing transactions and
11 product modification testing;

12 (C) engage in the financing of properties
13 with rent-regulatory restrictions, off-campus
14 student housing, and senior and assisted living
15 developments; and

16 (D) perform additional activities as may be
17 established by the Director for the purpose of
18 facilitating the continuation of existing multi-
19 family activities.

20 (2) PORTFOLIO REDUCTION APPLICABILITY.—

21 For purposes of expeditiously meeting the criteria
22 under clauses (i) and (ii) of paragraphs (1)(A) and
23 (2)(A) of subsection (a), the multifamily subsidiaries
24 established under subsection (a) shall not be subject
25 to any portfolio reduction required under title III.

1 **SEC. 402. DISPOSITION OF MULTIFAMILY BUSINESSES.**

2 (a) **AUTHORITY TO MANAGE DISPOSITION OF MUL-**
3 **TIFAMILY BUSINESSES.**—Notwithstanding any provision
4 of title III or any other provision of law, the Director may,
5 on or before the certification date, manage the sale, trans-
6 fer, or disposition for value of property, including intellec-
7 tual property, technology, platforms, and legacy systems,
8 infrastructure and processes of an enterprise relating to
9 the operation and maintenance of the multifamily business
10 of an enterprise.

11 (b) **REQUIRED ESTABLISHMENT OF WELL-FUNC-**
12 **TIONING MULTIFAMILY COVERED SECURITY MARKET.**—
13 In exercising the authority in subsection (a), the Director
14 shall manage any disposition of the multifamily business
15 of an enterprise in a manner consistent with—

16 (1) the establishment of a well-functioning mul-
17 tifamily covered security market;

18 (2) the provision of broad access to multifamily
19 financing; and

20 (3) facilitating competition in the multifamily
21 covered security market by—

22 (A) providing open access to performance
23 information on the legacy multifamily business
24 of an enterprise;

1 (B) providing for reasonable licensing of
2 the multifamily proprietary systems of an enter-
3 prise; and

4 (C) setting market share limitations, fees,
5 or additional capital standards on multifamily
6 business assets that were sold, transferred, or
7 disposed.

8 **SEC. 403. APPROVAL AND SUPERVISION OF MULTIFAMILY**
9 **GUARANTORS.**

10 (a) IN GENERAL.—The Director shall develop, adopt,
11 publish, and enforce standards for the approval by the Di-
12 rector of multifamily guarantors to—

13 (1) issue securities collateralized by eligible
14 multifamily mortgage loans; and

15 (2) guarantee the timely payment of principal
16 and interest on such securities collateralized by eligi-
17 ble multifamily mortgage loans and insured by
18 Ginnie Mae.

19 (b) REQUIRED STANDARDS.—The standards required
20 under paragraph (1) shall include standards sufficient to
21 ensure that—

22 (1) each multifamily guarantor is well-capital-
23 ized; and

24 (2) credit risk-sharing levels under any such
25 guarantees are commensurate with such levels under

1 the Delegated Underwriting and Servicing Lender
2 Program of the Federal National Mortgage Associa-
3 tion and the Capital Market Execution Program Se-
4 ries K Structured 2Pass-Through Certificates origi-
5 nated and offered under the Program Plus Lender
6 Program of the Federal Home Loan Mortgage Cor-
7 poration.

8 (c) PRICING.—Ginnie Mae shall charge a guarantee
9 fee for guarantees provided pursuant to this section and
10 such fee shall be determined by Ginnie Mae—

11 (1) in the same manner and using the same
12 procedures used pursuant to title II to determine
13 guarantee fees for securities backed by single-family
14 housing mortgages, with such changes as Ginnie
15 Mae determines to be necessary to account for the
16 differences between the single-family guarantee busi-
17 ness and the multifamily guarantee business; and

18 (2) taking into account the differences between
19 the guarantee fees structures of the Federal Na-
20 tional Mortgage Association and the Federal Home
21 Loan Mortgage Corporation.

22 (d) DISTINCTIONS.—The Director shall take into ac-
23 count, in carrying out this section, in providing any
24 issuing platform, and in establishing any requirements re-
25 lating to the guarantee of securities collateralized by eligi-

1 ble multifamily mortgage loans, the particular nature and
2 characteristics of such securities and loans, as distin-
3 guished from eligible mortgages and securities guaranteed
4 pursuant to title II, and as may be necessary to accommo-
5 date the multifamily housing financing market.

6 **SEC. 404. OTHER FORMS OF MULTIFAMILY RISK-SHARING.**

7 The Director may establish such other methods and
8 manner of risk-sharing and risk transfer relating eligible
9 multifamily mortgage loans, in addition to the methods
10 and manners authorized under this title, as may be appro-
11 priate taking into consideration the particular nature and
12 characteristics of the multifamily housing finance market,
13 which may include any risk-sharing activities of the Fed-
14 eral National Mortgage Association and the Federal Home
15 Loan Mortgage Corporation relating to the multifamily
16 housing business.

17 **SEC. 405. GINNIE MAE SECURITIZATION OF FHA RISK-SHAR-**
18 **ING LOANS.**

19 (a) **QUALIFIED PARTICIPATING ENTITIES RISK-**
20 **SHARING PROGRAM.**—Paragraph (8) of section 542(b) of
21 the Housing and Community Development Act of 1992
22 (12 U.S.C. 1715z–22(b)(8)) is amended to read as follows:

23 “(8) **GINNIE MAE SECURITIZATION.**—

24 “(A) **PROHIBITION.**—The Government Na-
25 tional Mortgage Association shall not securitize

1 any multifamily loans insured or reinsured
2 under this subsection, except as provided in
3 subparagraph (B).

4 “(B) AUTHORITY.—The Government Na-
5 tional Mortgage Association may, at the discre-
6 tion of the Director of Ginnie Mae, securitize
7 any multifamily loan, provided that—

8 “(i) the Federal Housing Administra-
9 tion provides mortgage insurance based on
10 the unpaid principal balance of the loan, as
11 shall be described in the risk-sharing
12 agreement;

13 “(ii) the Federal Housing Administra-
14 tion shall not require an assignment fee for
15 mortgage insurance claims related to the
16 securitized mortgages; and

17 “(iii) any successors and assigns of
18 the risk-sharing partner (including the
19 holders of credit instruments issued under
20 a trust mortgage or deed of trust pursuant
21 to which such holders act by and through
22 a trustee therein named) shall not assume
23 any obligation under the risk-sharing
24 agreement and may assign any defaulted
25 loan to the Federal Housing Administra-

1 tion in exchange for payment of the mort-
2 gage insurance claim.

3 The risk-sharing agreement shall provide for re-
4 imbursement to Ginnie Mae by the risk-sharing
5 partner or partners for either all or a portion
6 of the losses incurred on the loans insured.”.

7 (b) AUTHORITY.—Paragraph (6) of section 542(c) of
8 the Housing and Community Development Act of 1992
9 (12 U.S.C. 1715z-22(c)) is amended to read as follows:

10 “(6) GINNIE MAE SECURITIZATION.—The Gov-
11 ernment National Mortgage Association may, at the
12 discretion of the Director of Ginnie Mae, securitize
13 any multifamily loan insured under this subsection,
14 provided that—

15 “(A) the Federal Housing Administration
16 provides mortgage insurance based on the un-
17 paid principal balance of the loan, as shall be
18 described by regulation;

19 “(B) the Federal Housing Administration
20 shall not require an assignment fee for mort-
21 gage insurance claims related to the securitized
22 mortgages; and

23 “(C) any successors and assigns of the
24 risk-sharing partner (including the holders of
25 credit instruments issued under a trust mort-

1 gage or deed of trust pursuant to which such
2 holders act by and through a trustee therein
3 named) shall not assume any obligation under
4 the risk-sharing agreement and may assign any
5 defaulted loan to the Federal Housing Adminis-
6 tration in exchange for payment of the mort-
7 gage insurance claim.

8 The risk-sharing agreement shall provide for reim-
9 bursement to Ginnie Mae by the risk-sharing part-
10 ner or partners for either all or a portion of the
11 losses incurred on the loans insured.”.

12 (c) AMENDMENT TO GINNIE MAE CHARTER ACT.—
13 Clause (ii) of the first sentence of section 306(g)(1) of
14 the National Housing Act (12 U.S.C. 1721(g)(1)) is
15 amended—

16 (1) by striking the semicolon and inserting a
17 comma; and

18 (2) by inserting before the period at the end the
19 following: “, or which are insured under subsection
20 (b) or (c) of section 542 of the Housing and Com-
21 munity Development Act of 1992 (12 U.S.C. 1715z-
22 22), subject to the terms of paragraph (8) or (6), re-
23 spectively, of such subsection”.

1 **TITLE V—AFFORDABLE**
2 **HOUSING**

3 **SEC. 501. AFFORDABLE HOUSING ALLOCATIONS.**

4 (a) **FEE AND ALLOCATION OF AMOUNTS.**—In addi-
5 tion to any fees for the provision of insurance established
6 in accordance with title II, in each fiscal year the Platform
7 shall—

8 (1) charge and collect a fee in an amount equal
9 to 10 basis points for each dollar of the outstanding
10 principal balance of—

11 (A) all eligible mortgage loans that
12 collateralize securities insured under this Act;
13 and

14 (B) all other mortgage loans that
15 collateralize securities on which Ginnie Mae
16 guarantees the timely payment of principal and
17 interest pursuant to title III of the National
18 Housing Act (12 U.S.C. 1716 et seq.); and

19 (2) allocate or otherwise transfer, on an annual
20 basis—

21 (A) 75 percent of such fee amounts to the
22 Secretary of Housing and Urban Development
23 to fund the Housing Trust Fund established
24 under section 1338 of the Safety and Sound-
25 ness Act (12 U.S.C. 4568);

1 (B) 15 percent of such fee amounts to the
2 Secretary of the Treasury to fund the Capital
3 Magnet Fund established under section 1339 of
4 the Safety and Soundness Act (12 U.S.C.
5 4569); and

6 (C) 10 percent of such fee amounts to the
7 Ginnie Mae to fund the Market Access Fund
8 established under section 504 of this Act.

9 (b) CONTINUING OBLIGATION.—The fee required to
10 be charged under subsection (a) shall be collected for the
11 life of the security.

12 (c) SUSPENSION OF CONTRIBUTIONS.—The Director
13 may temporarily suspend, for an initial period of one year,
14 allocations under subsection (a)(2) upon the submission
15 by the Director to the Committee on Banking, Housing,
16 and Urban Affairs of the Senate and the Committee on
17 Financial Services of the House of Representatives of a
18 written determination by the Director that such alloca-
19 tions are contributing, or would contribute, to the finan-
20 cial instability of the insurance Fund established under
21 section 202(g). The Director may continue such suspen-
22 sion for additional periods, each up to one year in length,
23 pursuant to the same submission and determination re-
24 quirements.

1 (d) RULE OF CONSTRUCTION.—The cost of the fee
2 required to be charged under subsection (a) shall not be
3 borne by eligible borrowers.

4 **SEC. 502. HOUSING TRUST FUND.**

5 Section 1338 of the Safety and Soundness Act (12
6 U.S.C. 4568) is amended—

7 (1) in subsection (a)(1)—

8 (A) in the first sentence, by inserting “or
9 pursuant to section 501 of the Partnership to
10 Strengthen Homeownership Act of 2014” after
11 “section 1337”; and

12 (B) in the second sentence, by inserting
13 “federally-recognized tribes and” after “grants
14 to”;

15 (2) by striking subsection (b) and inserting the
16 following:

17 “(b) [Reserved.]”;

18 (3) in subsection (c)—

19 (A) in paragraph (1), by striking “Except
20 as provided in subsection (b), the” and insert-
21 ing “The”;

22 (B) in paragraph (2)—

23 (i) by striking “(as such term is de-
24 fined in section 4 of the Native American

1 Housing Assistance and Self-Determina-
2 tion Act of 1997 (25 U.S.C. 4103))”; and

3 (ii) by adding at the end the fol-
4 lowing: “An Indian tribe receiving grant
5 amounts under this subsection may des-
6 ignate a federally recognized tribe or a
7 tribally designated housing entity to re-
8 ceive such grant amounts. Nothing in this
9 subsection shall limit or be construed to
10 limit the ability of an Indian tribe or a
11 tribally designated housing entity from
12 being a permissible designated recipient of
13 grant amounts provided by a State under
14 this section.”;

15 (C) in paragraph (3)—

16 (i) in the heading, by inserting “IN-
17 DIAN TRIBES AND” before “STATES”;

18 (ii) in subparagraph (A), by striking
19 “The Secretary shall” and insert the fol-
20 lowing:

21 “(i) MINIMUM TRIBAL DISTRIBUTIONS.—
22

23 “(I) IN GENERAL.—The Sec-
24 retary, acting through the Office of
25 Native American Programs, shall dis-

1 tribute via competitive grants the
2 amounts determined under subclause
3 (II) and made available under this
4 subsection to federally recognized
5 tribes and tribally designated housing
6 entities.

7 “(II) AMOUNTS.—The total
8 amount required to be distributed
9 under this subclause for a fiscal year
10 shall be the greater of \$20,000,000,
11 or 2 percent of the total amount of
12 amounts allocated for the Housing
13 Trust Fund under this section.

14 “(III) USE OF AMOUNTS.—Com-
15 petitive grant amounts received by a
16 federally recognized tribe or a tribally
17 designated housing entity under this
18 clause may be used, or committed to
19 use, only for those activities that are
20 identified as eligible affordable hous-
21 ing activities under section 202 of the
22 Native American Housing Assistance
23 and Self-Determination Act of 1996
24 (25 U.S.C. 4132).

1 “(IV) EVALUATION OF APPLICA-
2 TIONS.—

3 “(aa) IN GENERAL.—In
4 evaluating any application for the
5 receipt of competitive grant
6 amounts authorized under this
7 clause, the Secretary, acting
8 through the Office of Native
9 American Programs, shall con-
10 sider with respect to the federally
11 recognized tribe applicant or trib-
12 ally designated housing entity ap-
13 plicant and to Indian reserva-
14 tions and other Indian areas as-
15 sociated with the federally recog-
16 nized tribe applicant or served by
17 the tribally designated housing
18 entity applicant evaluation cri-
19 teria, including the following:

20 “(AA) Level of poverty
21 on the Indian reservation or
22 in the Indian area.

23 “(BB) Level of unem-
24 ployment on the Indian res-

1 ervation or in the Indian
2 area.

3 “(CC) Condition of
4 housing stock on the Indian
5 reservation or in the Indian
6 area.

7 “(DD) Level of over-
8 crowded housing on the In-
9 dian reservation or in the
10 Indian area, as measured by
11 the number of households in
12 which the number of persons
13 per room is greater than
14 one.

15 “(EE) Presence and
16 prevalence of black mold on
17 the Indian reservation or in
18 the Indian area.

19 “(FF) Demonstrated
20 experience, capacity, and
21 ability of the applicant to
22 manage affordable housing
23 programs, including multi-
24 family rental housing pro-
25 grams, homeownership pro-

1 grams, and programs to as-
2 sist purchasers with down
3 payments, closing costs, or
4 interest rate buy-downs.

5 “(GG) Demonstrated
6 ability of the applicant to
7 meet the requirements under
8 the Native American Hous-
9 ing Assistance and Self-De-
10 termination Act of 1996 (25
11 U.S.C. 4101 et seq.), includ-
12 ing the timely and efficient
13 expenditure of funds.

14 “(HH) Such other cri-
15 teria as may be specified by
16 the Secretary in order to
17 evaluate the overall quality
18 of the proposed project, the
19 feasibility of the proposed
20 project, and whether the
21 proposed project will address
22 the housing needs on the In-
23 dian reservation or in the
24 Indian area.

1 “(bb) REVIEW OF DATA.—In
2 evaluating any application for the
3 receipt of competitive grant
4 amounts authorized under this
5 clause, the Secretary, acting
6 through the Office of Native
7 American Programs, shall permit
8 a federally recognized tribe appli-
9 cant or a tribally designated
10 housing entity applicant to sup-
11 plement or replace, in whole or in
12 part, any data compiled and pro-
13 duced by the Bureau of the Cen-
14 sus and upon which the Sec-
15 retary, acting through the Office
16 of Native American Program, re-
17 lies, provided such tribally-col-
18 lected data meets the Depart-
19 ment of Housing and Urban De-
20 velopment’s standards for accu-
21 racy.

22 “(V) TREATMENT OF FUNDS.—
23 Notwithstanding any other provision
24 of law, competitive grant amounts re-
25 ceived under this clause shall not be

1 considered Federal funds for purposes
2 of matching other Federal sources of
3 funds.

4 “(VI) RULE OF CONSTRUCTION.—The requirements under
5 TION.—The requirements under
6 clause (ii), subparagraphs (B) and (C)
7 of this paragraph, and paragraphs (4)
8 through (8) and paragraph (10)(A) of
9 this subsection shall not apply to any
10 amounts distributed under this clause
11 to a federally recognized tribe or a
12 tribally designated housing entity.

13 “(ii) STATE DISTRIBUTIONS.—From
14 any amounts remaining in the Housing
15 Trust Fund after the distribution of the
16 amounts required under clause (i), the Sec-
17 retary shall”;

18 (iii) in subparagraph (B), by striking
19 “subparagraph (A)” and inserting “sub-
20 paragraph (A)(ii)”; and

21 (iv) in subparagraph (C), by striking
22 “subparagraph (A)” and inserting “sub-
23 paragraph (A)(ii)”;

24 (D) in paragraph (4)—

1 (i) in subparagraph (B), by striking
2 “other than fiscal year 2009”; and

3 (ii) by striking subparagraph (C), and
4 inserting the following:

5 “(C) MINIMUM STATE ALLOCATIONS.—

6 “(i) IN GENERAL.—Except as pro-
7 vided in clause (ii), if the formula amount
8 determined under paragraph (3) for a fis-
9 cal year would allocate less than
10 \$10,000,000 to any of the 50 States of the
11 United States or the District of Columbia,
12 the allocation for such State of the United
13 States or the District of Columbia shall be
14 the greater of \$10,000,000, or 1 percent of
15 the total amount of amounts allocated for
16 the Housing Trust Fund under this section
17 and the increase in any such allocation
18 shall be deducted pro rata from the alloca-
19 tions made to all other of the States (as
20 such term is defined in section 1303).

21 “(ii) EXCEPTION.—If the allocation to
22 the Housing Trust Fund under section
23 501(a)(2)(A) of the Partnership to
24 Strengthen Homeownership Act of 2014
25 for a fiscal year is less than

1 \$1,000,000,000, the minimum allocation to
2 any of the 50 States of the United States
3 or the District of Columbia shall be the
4 greater of \$5,000,000 or 1 percent of the
5 total amount of amounts allocated for the
6 Housing Trust Fund under this section
7 and the increase in any such allocation
8 shall be deducted pro rata from the alloca-
9 tions made to all other of the States (as
10 such term is defined in section 1303).”;

11 (E) in paragraph (7)(B)(iv), by striking
12 “section 132” and inserting “section 1132”;
13 and

14 (F) by adding at the end the following:

15 “(11) RULE OF CONSTRUCTION.—Nothing in
16 this subsection shall be construed to limit the ability
17 of a federally recognized tribe or a tribally des-
18 ignated housing entity from receiving grant amounts
19 provided by a State under this section.”; and

20 (4) in subsection (f), by adding at the end the
21 following:

22 “(7) TRIBAL TERMS.—

23 “(A) IN GENERAL.—The terms ‘federally
24 recognized tribe’, ‘Indian area’, ‘Indian tribe’,
25 and ‘tribally designated housing entity’ have the

1 same meaning as in section 4 of the Native
2 American Housing Assistance and Self-Deter-
3 mination Act of 1996 (25 U.S.C. 4103).

4 “(B) INDIAN RESERVATION.—The term
5 ‘Indian reservation’ means land subject to the
6 jurisdiction of an Indian tribe.”.

7 **SEC. 503. CAPITAL MAGNET FUND.**

8 Section 1339 of the Safety and Soundness Act (12
9 U.S.C. 4569) is amended—

10 (1) in subsection (b)(1), by inserting “or sec-
11 tion 501 of the Partnership to Strengthen Home-
12 ownership Act of 2014” after “section 1337”;

13 (2) in subsection (c)(2), by inserting “and trib-
14 al” after “rural”; and

15 (3) in subsection (h)(2)(A), by inserting “and
16 tribal” after “rural”.

17 “(7) TRIBAL TERMS.—

18 “(A) IN GENERAL.—The terms ‘federally
19 recognized tribe’, ‘Indian area’, ‘Indian tribe’,
20 and ‘tribally designated housing entity’ have the
21 same meaning as in section 4 of the Native
22 American Housing Assistance and Self-Deter-
23 mination Act of 1996 (25 U.S.C. 4103).

1 “(B) INDIAN RESERVATION.—The term
2 ‘Indian reservation’ means land subject to the
3 jurisdiction of an Indian tribe.”.

4 **SEC. 504. MARKET ACCESS FUND.**

5 (a) ESTABLISHMENT.—Ginnie Mae shall establish a
6 fund, to be known as the “Market Access Fund”.

7 (b) DEPOSITS.—The Market Access Fund shall be
8 credited with—

9 (1) the share of the fee charged and collected
10 by the Platform under section 501(a)(1)(B)(iii); and

11 (2) such other amounts as may be appropriated
12 or transferred to the Market Access Fund.

13 (c) PURPOSE.—Amounts in the Market Access Fund
14 shall be eligible for use by grantees to address the home-
15 ownership and rental housing needs of extremely low-,
16 very low-, low-, and moderate-income and underserved or
17 hard-to-serve populations by—

18 (1) providing grants and loans for research, de-
19 velopment, and pilot testing of innovations in con-
20 sumer education, product design, underwriting, and
21 servicing;

22 (2) offering additional credit support for certain
23 eligible mortgage loans or pools of eligible mortgage
24 loans, such as by covering a portion of any capital
25 required to obtain insurance from the Ginnie Mae

1 under this Act, provided that amounts for such addi-
2 tional credit support do not replace borrower funds
3 required of an eligible mortgage loan;

4 (3) providing grants and loans, including
5 through the use of pilot programs of sufficient scale,
6 to support the research and development of sustain-
7 able homeownership and affordable rental programs,
8 which programs shall include manufactured homes
9 purchased through real estate and personal property
10 loans and manufactured homes used as rental hous-
11 ing, provided that such grant or loan amounts are
12 used only for the benefit of families whose income
13 does not exceed 120 percent of the median income
14 for the area as determined by Ginnie Mae, with ad-
15 justments for family size;

16 (4) providing limited credit enhancement, and
17 other forms of credit support, for product and serv-
18 ices that—

19 (A) will increase the rate of sustainable
20 homeownership and affordable rental housing,
21 including manufactured homes purchased
22 through real estate and personal property loans
23 and manufactured homes used as rental hous-
24 ing, by individuals or families whose income
25 does not exceed 120 percent of the area median

1 income as determined by Ginnie Mae, with ad-
2 justments for family size; and

3 (B) might not otherwise be offered or sup-
4 ported by a pilot program of sufficient scale to
5 determine the viability of such products and
6 services in the private market;

7 (5) providing housing counseling by a HUD-ap-
8 proved housing counseling agency; and

9 (6) providing incentives to achieve broader ac-
10 cess to credit.

11 (d) ANNUAL REPORT.—The Director of Ginnie Mae
12 shall, on an annual basis, report to Congress on the per-
13 formance and outcome of grants, loans, or credit support
14 programs funded by the Market Access Fund in accord-
15 ance with subsection (c), including an evaluation of how
16 each grant, loan, or credit support program—

17 (1) succeeded in meeting or failed to meet the
18 needs of certain populations, especially extremely
19 low-, very low-, low-, and moderate-income and un-
20 derserved or hard-to-serve populations; and

21 (2) succeeded in maximizing or failed to maxi-
22 mize the leverage of public investment made for each
23 such grant, loan, or credit support program.

1 **TITLE VI—GENERAL**
2 **PROVISIONS**

3 **SEC. 601. RULE OF CONSTRUCTION REGARDING SENIOR**
4 **PREFERRED STOCK PURCHASE AGREE-**
5 **MENTS.**

6 Nothing in this Act shall be construed to alter, super-
7 sede, or interfere with the final ruling of a court of com-
8 petent jurisdiction with respect to any provision of the
9 Senior Preferred Stock Purchase Agreement or amend-
10 ments thereof of an enterprise.

11 **SEC. 602. TREATMENT OF COMMUNITY DEVELOPMENT FI-**
12 **NANCIAL INSTITUTION.**

13 (a) **AMENDMENT.**—Section 10(a) of the Federal
14 Home Loan Bank Act (12 U.S.C. 1430(a)) is amended—

15 (1) in paragraph (2)(B), by inserting “or com-
16 munity development financial institution (as defined
17 in section 103 of the Riegle Community Develop-
18 ment and Regulatory Improvement Act of 1994 (12
19 U.S.C. 4702))” after “community financial institu-
20 tion”; and

21 (2) in paragraph (3)(E), by inserting “or com-
22 munity development financial institution (as defined
23 in section 103 of the Riegle Community Develop-
24 ment and Regulatory Improvement Act of 1994 (12

1 U.S.C. 4702))” after “community financial institu-
2 tion”.

3 (b) **EFFECTIVE DATE.**—The amendment made by
4 subsection (a) shall take effect on the certification date.

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