

112TH CONGRESS  
1ST SESSION

# H. R. 1859

To ensure the availability of reasonably priced conventional mortgages to borrowers in all economic cycles by encouraging private sector capital to support the secondary mortgage market, limiting the role of the Federal government and the exposure of taxpayers, and other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

MAY 12, 2011

Mr. CAMPBELL (for himself and Mr. PETERS) introduced the following bill;  
which was referred to the Committee on Financial Services

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## A BILL

To ensure the availability of reasonably priced conventional mortgages to borrowers in all economic cycles by encouraging private sector capital to support the secondary mortgage market, limiting the role of the Federal government and the exposure of taxpayers, and 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.**

4 This Act may be cited as the “Housing Finance Re-  
5 form Act of 2011”.

6 **SEC. 2. STATEMENT OF PURPOSES.**

7 The purposes of this Act are to—

1           (1) ensure the availability of reasonably priced  
2 conventional residential mortgages to qualified bor-  
3 rowers in all economic cycles;

4           (2) provide incentives for private sector capital  
5 to support the secondary market for residential  
6 mortgages;

7           (3) limit the role of the Federal Government in  
8 the secondary market for residential mortgages and  
9 the exposure of taxpayers to the operations of the  
10 secondary markets for residential mortgages; and

11           (4) provide for the orderly wind down of the  
12 Federal National Mortgage Association and the Fed-  
13 eral Home Loan Mortgage Corporation.

14 **SEC. 3. ESTABLISHMENT, OPERATION, SUPERVISION, AND**  
15 **REGULATION OF HOUSING FINANCE GUAR-**  
16 **ANTY ASSOCIATIONS.**

17       The Federal Housing Enterprises Financial Safety  
18 and Soundness Act of 1992 (12 U.S.C. 4501 et seq.) is  
19 amended by inserting the following new subtitle D, and  
20 designating the existing subtitles D and E as subtitles E  
21 and F, respectively, and renumbering the sections of those  
22 subtitles accordingly:

1 **“Subtitle D—Establishment, Oper-**  
2 **ation, Supervision, and Regula-**  
3 **tion of Housing Finance Guar-**  
4 **antee Associations**

5 **“SEC. 1381. DEFINITIONS.**

6 “For purposes of this subtitle, the following defini-  
7 tions shall apply:

8 “(1) ASSOCIATION.—The term ‘association’  
9 means a housing finance guarantee association char-  
10 tered by the Director pursuant to section 1382.

11 “(2) ASSOCIATION-AFFILIATED PARTY.—The  
12 term ‘association-affiliated party’ means—

13 “(A) any director, officer, employee, or  
14 controlling stockholder of, or agent for, an asso-  
15 ciation;

16 “(B) any shareholder, affiliate, consultant,  
17 or joint venture partner of an association, and  
18 any other person, as determined by the Director  
19 (by regulation or on a case-by-case basis) that  
20 participates in the conduct of the affairs of an  
21 association;

22 “(C) any independent contractor for an as-  
23 sociation (including any attorney, appraiser, or  
24 accountant), if—

1 “(i) the independent contractor know-  
2 ingly or recklessly participates in—

3 “(I) any violation of any law or  
4 regulation;

5 “(II) any breach of fiduciary  
6 duty; or

7 “(III) any unsafe or unsound  
8 practice; and

9 “(ii) such violation, breach, or prac-  
10 tice caused, or is likely to cause, more than  
11 a minimal financial loss to, or a significant  
12 adverse effect on, the association.

13 “(3) CONVENTIONAL MORTGAGE.—The term  
14 ‘conventional mortgage’ means a mortgage loan as  
15 defined in section 1390(e)(2).

16 “(4) FEDERAL HOUSING FINANCE AGENCY SE-  
17 CURITY.—The term ‘Federal Housing Finance Agen-  
18 cy security’ means a security issued by an associa-  
19 tion through the Office of Securitization that con-  
20 forms to the terms and conditions of section 1387.

21 “(5) LIMITED-LIFE ASSOCIATION.—The term  
22 ‘limited-life association’ means, with respect to an  
23 association in default or in danger of default, an en-  
24 tity organized by the Agency under section 1367(i)  
25 with respect to such association.

1           “(6) OFFICE OF SECURITIZATION.—The term  
2           ‘Office of Securitization’ means the Office estab-  
3           lished by section 1386.

4           “(7) ORGANIZER.—The term ‘organizer’ means  
5           the person or group of persons seeking to organize  
6           an association.

7           “(8) PERSON.—The term ‘person’ means any  
8           natural person or business entity.

9           **“SEC. 1382. ESTABLISHMENT OF HOUSING FINANCE GUAR-  
10            ANTY ASSOCIATIONS.**

11          “(a) DIRECTOR’S AUTHORITY.—The Director is au-  
12          thorized, under such regulations as the Director may pre-  
13          scribe, to provide for the organization, incorporation, ex-  
14          amination, operation, and regulation of housing finance  
15          guaranty associations, and to issue charters for such enti-  
16          ties.

17          “(b) FORMATION OF ASSOCIATIONS; ARTICLES OF  
18          ASSOCIATION.—Subject to the terms of this Act and regu-  
19          lations issued by the Director, an organizer may file an  
20          application with the Director to establish an association.  
21          The association may be chartered as a corporation, mutual  
22          association, partnership, limited liability corporation, co-  
23          operative, or any other organizational form that the orga-  
24          nizer may deem appropriate. The Director may not require  
25          the organizer to adopt any particular organizational form.

1       “(c) CONTENTS OF THE APPLICATION.—An applica-  
2 tion for establishment of an association shall include—

3               “(1) the proposed articles of association;

4               “(2) a statement of the general object and pur-  
5 poses of the association;

6               “(3) the proposed capitalization and business  
7 plan for the association;

8               “(4) information on the financial resources of  
9 the organizers;

10              “(5) a statement of the relevant housing fi-  
11 nance experience of the organizers;

12              “(6) identification of the proposed senior man-  
13 agers of the association and the relevant experience  
14 of such individuals; and

15              “(7) any other information the Director deter-  
16 mines may be necessary to evaluate the background,  
17 experience, and integrity of the organizers and the  
18 proposed senior managers, or information otherwise  
19 necessary to determine the likely success of the pro-  
20 posed association.

21       “(d) ISSUANCE OF CHARTERS AND CHARTERING  
22 CRITERIA.—

23              “(1) IN GENERAL.—The Director may issue a  
24 charter for an association to commence business if  
25 the Director determines that the proposed associa-

1       tion would be consistent with the purposes of this  
2       Act and the Housing Finance Reform Act of 2011,  
3       and that the association would have the managerial  
4       and financial resources to succeed.

5               “(2) CHARTERING CRITERIA.—In making the  
6       determination under paragraph (1), the Director  
7       shall consider the competence, experience, and integ-  
8       rity of the organizer and proposed senior managers  
9       of the association, and the financial resources and  
10      future prospects of the proposed association. The  
11      Director may not issue a charter if the organizer  
12      fails to—

13               “(A) comply with all applicable formation  
14      requirements;

15               “(B) provide all information requested by  
16      the Director;

17               “(C) demonstrate the competence, experi-  
18      ence, and integrity necessary to operate the as-  
19      sociation in a safe or sound manner;

20               “(D) demonstrate sufficient financial re-  
21      sources necessary to operate the association in  
22      a safe or sound manner; or

23               “(E) provide the Director with assurances  
24      that the association will make available to the  
25      Director, on an on-going basis, such informa-

1           tion on the operations or activities of the asso-  
2           ciation, or any affiliate of the association, that  
3           the Director deems necessary to ensure the safe  
4           and sound operation of the association and to  
5           enforce compliance with this Act.

6           “(3) EXPLANATION FOR DENIAL.—Within 30  
7           days of denying any application for the issuance of  
8           a charter under this section, the Director shall pro-  
9           vide the organizer with a written explanation of the  
10          basis for the denial.

11          “(e) SPECIAL PURPOSE ASSOCIATIONS.—

12           “(1) IN GENERAL.—The Director may issue a  
13           special purpose charter to the organizer of an asso-  
14           ciation if the operations of the proposed association  
15           would be limited to serving a particular mortgage  
16           market, such as multifamily housing, or a particular  
17           category of mortgage lenders, such as community  
18           banks. All provisions of this Act that apply to asso-  
19           ciations shall apply to special purpose associations,  
20           including the criteria for obtaining a charter.

21           “(2) NONDISCRIMINATION.—The operation of a  
22           special purpose association shall not be considered  
23           discriminatory for purposes of section 1385(a)(9).

24           “(f) INVESTMENTS BY BANKING ORGANIZATIONS.—  
25          A national bank, State bank, trust company, Federal or



1 State credit union, or other banking organization, includ-  
2 ing a bank holding company and a savings and loan hold-  
3 ing company, may acquire an interest in an association,  
4 and hold or dispose of such interest, subject to the provi-  
5 sions of this Act, and subject to the approval by the appro-  
6 priate Federal banking agency for such institution.

7 **“SEC. 1383. GENERAL POWERS OF ASSOCIATIONS.**

8 “An association may—

9 “(1) adopt and use a corporate seal;

10 “(2) adopt, amend, and repeal by-laws;

11 “(3) sue or be sued;

12 “(4) make contracts and guarantees, incur li-  
13 abilities, borrow money, issue notes, bonds, and  
14 other obligations;

15 “(5) purchase, receive, hold, and use real and  
16 personal property and other assets necessary for the  
17 conduct of its operations;

18 “(6) lend money;

19 “(7) invest, and reinvest funds, subject to the  
20 limitations of sections 1384 and 1385;

21 “(8) elect or appoint directors, officers, employ-  
22 ees, and agents; and

23 “(9) issue securities, membership certificates,  
24 and other forms of ownership interests.

1 **“SEC. 1384. HOUSING FINANCE RELATED POWERS OF ASSO-**  
2 **CIATIONS.**

3 “In addition to its general powers under section  
4 1383, an association may—

5 “(1) purchase, hold, sell, and otherwise deal in  
6 conventional mortgages only for the purpose of—

7 “(A) creating a secondary market for such  
8 mortgages, including new conventional mort-  
9 gage products;

10 “(B) facilitating the securitization of con-  
11 ventional mortgages; and

12 “(C) supporting multifamily housing;

13 “(2) issue, through the Office of Securitization,  
14 Federal Housing Finance Agency securities;

15 “(3) establish a trust or similar entity that  
16 shall not be subject to the claims made by creditors  
17 of the association in order to provide for the sale of  
18 beneficial interests in pools of mortgage loans or the  
19 right to receive interest and principal from such  
20 pools;

21 “(4) guarantee the timely payment of principal  
22 and interest on Federal Housing Finance Agency se-  
23 curities and charge a fee for such guarantee;

24 “(5) ensure that Federal Housing Finance  
25 Agency securities are properly serviced, which shall  
26 include the right to remove a mortgage servicer in

1 the event the association determines that such  
2 servicer fails to perform contractual servicing obliga-  
3 tions or other legal requirements imposed on mort-  
4 gage servicers; and

5 “(6) hedge credit, interest rate and other risks  
6 associated with the purchase and sale of conven-  
7 tional mortgages.

8 **“SEC. 1385. PROHIBITED ACTIVITIES.**

9 “(a) IN GENERAL.—An association may not—

10 “(1) originate a mortgage;

11 “(2) service a mortgage;

12 “(3) guarantee timely payment of principal or  
13 interest on any mortgage-related security other than  
14 a Federal Housing Finance Agency security;

15 “(4) invest in securities other than Federal  
16 Housing Finance Agency securities, securities issued  
17 by the Federal Government or any agency of the  
18 Federal Government, and any other securities  
19 deemed appropriate by the Director;

20 “(5) speculate on credit, interest rate, and  
21 other risks;

22 “(6) underwrite, offer, sell, or solicit any form  
23 of insurance;

24 “(7) purchase any mortgage from an institution  
25 that holds a voting interest in the association;

1           “(8) purchase a conventional mortgage secured  
2           by a property comprised of one-to-four family dwell-  
3           ing units if the outstanding principal balance of the  
4           mortgage at the time of purchase exceeds 80 percent  
5           of the value of the property securing the mortgage,  
6           unless—

7                   “(A) the seller retains a participation of  
8                   not less than 10 percent in the mortgage;

9                   “(B) for such period and under such cir-  
10                  cumstances as the Director may require, the  
11                  seller agrees to repurchase or replace the mort-  
12                  gage upon demand of the association in the  
13                  event that the mortgage is in default; or

14                  “(C) that portion of the unpaid principal  
15                  balance of the mortgage which is in excess of  
16                  such 80 percent is guaranteed or insured by a  
17                  qualified insurer, as determined by the Direc-  
18                  tor.

19           “(9) discriminate against, or provide a pref-  
20           erence to, any mortgage originator on the basis of  
21           the charter or license of such originator, the asset  
22           size of the originator, or the existence any ownership  
23           interest in the association by the originator; or

24           “(10) engage in any activity that is not author-  
25           ized by this Act.

1       “(b) RULE OF CONSTRUCTION.—Subsection (a)(8)  
2 shall not be construed to prevent an association from set-  
3 ting standards related to the financial condition of origina-  
4 tors from which it may acquire a conventional mortgage  
5 or prevent an association from setting guarantee fees  
6 based upon the volume of mortgages an originator sells  
7 to the association.

8 **“SEC. 1386. OFFICE OF SECURITIZATION.**

9       “(a) IN GENERAL.—The Director shall establish an  
10 Office of Securitization within the Agency to facilitate the  
11 securitization of conventional mortgages.

12       “(b) FUNCTIONS OF OFFICE.—The Office of  
13 Securitization shall—

14               “(1) subject to section 1387, create and label  
15 Federal Housing Finance Agency securities;

16               “(2) take such actions as may be necessary to  
17 issue the catastrophic federal guarantee described in  
18 section 1388 with respect to Federal Housing Fi-  
19 nance Agency securities;

20               “(3) impose and collect the fee for the cata-  
21 strophic federal guarantee;

22               “(4) administer and service Federal Housing  
23 Finance Agency securities, including acting as trust-  
24 ee for any trust established by an association for

1 purposes of facilitating the securitization of conven-  
2 tional mortgages; and

3 “(5) engage in such other activities the Director  
4 determines to be incidental to the securitization of  
5 conventional mortgages.

6 “(c) MANAGEMENT OF THE OFFICE.—The Office of  
7 Securitization shall be managed by the Deputy Director  
8 of the Agency for Housing Finance Guarantee Associa-  
9 tion, who shall be designated by the Director in accord-  
10 ance with section 1391 and shall be subject to the direc-  
11 tion and control of the Director.

12 “(d) NO ECONOMIC INTEREST.—In the performance  
13 of its functions, the Office of Securitization shall not as-  
14 sume any economic interest in the securities issued by an  
15 association.

16 “(e) CONTRACTING AUTHORITY.—The Director may  
17 contract with the Government National Mortgage Associa-  
18 tion to perform any or all of the functions of the Office  
19 of Securitization specified in subsection (b).

20 **“SEC. 1387. FEDERAL HOUSING FINANCE AGENCY SECURI-**  
21 **TIES.**

22 “(a) IN GENERAL.—The Director shall establish, by  
23 regulation, one or more standard forms for Federal Hous-  
24 ing Finance Agency securities issued by associations.

1       “(b) COMMON LABEL; STANDARD TERMS AND CON-  
2     DITIONS.—The forms required by subsection (a) shall—

3               “(1) identify the securities as Federal Housing  
4     Finance Agency securities;

5               “(2) set forth the terms and conditions for the  
6     payment of interest and principal on such securities;

7               “(3) state that such securities are guaranteed  
8     by the full faith and credit of the United States,  
9     subject to the limitations of section 1388(b);

10              “(4) address the servicing of Federal Housing  
11     Finance Agency securities; and

12              “(5) include such other standardized terms and  
13     conditions that the Director deems appropriate to  
14     enhance the liquidity of the securities, and shall in-  
15     clude a representation and warranty certifying that  
16     a policy of a title insurance be in place to transfer  
17     title-related risks to State licensed title insurance  
18     companies for all conventional mortgages  
19     collateralizing a Federal Housing Finance Agency  
20     security.

21       “(c) LIMITATION.—The forms established by the Di-  
22     rector pursuant to subsection (a) shall not prevent Federal  
23     Housing Finance Agency securities to vary based upon—

24              “(1) the maturity of the securities;

25              “(2) the yield of the securities;

1           “(3) the type of conventional mortgages that  
2           serve as collateral for the securities; or

3           “(4) such other terms and conditions that the  
4           Director deems appropriate.

5           “(d) TEMPORARY REGULATION OF GUARANTEE  
6 FEES.—

7           “(1) GAO STUDY.—Not later than the expira-  
8           tion of the 12-month period beginning upon the date  
9           of the enactment of the Housing Finance Reform  
10          Act of 2011, the Comptroller General of the United  
11          States shall conduct a study to determine the mar-  
12          ket value of the catastrophic guarantee under sec-  
13          tion 1388 and submit to the Director a report set-  
14          ting forth the findings of such study.

15          “(2) AMOUNT.—Taking into consideration the  
16          findings of the study pursuant to paragraph (1), the  
17          Director shall establish a pricing structure for guar-  
18          antee fees by associations that provides for a reason-  
19          able rate of return to associations.

20          “(3) QUARTERLY ADJUSTMENT.—After initially  
21          establishing the pricing structure pursuant to para-  
22          graph (2), the Director shall, on a calendar quar-  
23          terly basis, review such prices and adjust the pricing  
24          structure as appropriate.



1           “(4) EMERGENCY ADJUSTMENT.—The Director  
2           may, at any time, adjust the prices and pricing  
3           structure under this subsection if the Director deter-  
4           mines that market conditions or other factors re-  
5           quire such adjustment.

6           “(5) TERMINATION OF PRICING STRUCTURE.—  
7           The Director shall monitor competition between as-  
8           sociations to determine the first time at which both  
9           are the following conditions exist:

10                   “(A) There is sufficient competition be-  
11                   tween the associations.

12                   “(B) The associations, individually and col-  
13                   lectively, are stable and sufficient to serve the  
14                   market.

15           Upon such a determination, the Director shall pro-  
16           vide for the termination of the applicability and ad-  
17           justment of pricing structure under this subsection  
18           upon a date certain and shall terminate the pricing  
19           structure on such date. On and after such date, each  
20           association shall establish guarantee fees to be  
21           charged by the association.

22           “(e) DISCLOSURE REQUIREMENT.—

23                   “(1) IN GENERAL.—Federal Housing Finance  
24                   Agency securities shall not be registered securities  
25                   under the terms of the Securities Act of 1933 (15

1 U.S.C. 77a et seq.) and shall be exempt securities  
2 for purposes of the Securities Exchange Act of 1934  
3 (15 U.S.C. 78a et seq.).

4 “(2) DISCLOSURE REGULATION.—Notwith-  
5 standing paragraph (1), the Director shall, by regu-  
6 lation, ensure transparency of Federal Housing Fi-  
7 nance Agency securities by requiring each associa-  
8 tion to publicly disclose information about the com-  
9 position of each pool of mortgages backing the secu-  
10 rity, including the average loan-to-value ratio, the  
11 average debt-to-income ratio, the average payment  
12 history of the mortgagors, the number and value of  
13 mortgages from each State, the distribution of mort-  
14 gage coupon rates, and whether the mortgages were  
15 originated in broker or non-broker channels.

16 **“SEC. 1388. CATASTROPHIC FEDERAL GUARANTEE.**

17 “(a) AUTHORIZATION.—Subject to the limitations in  
18 subsection (b), and such other terms and conditions that  
19 the Director deems appropriate, the Director shall guar-  
20 antee the timely payment of the principal and interest of  
21 Federal Housing Finance Agency securities, and the full  
22 faith and credit of the United States is hereby pledged  
23 to the payment of all amounts which may be required to  
24 be paid as a result of such guarantee.

1       “(b) LIMITATIONS.—A guarantee under this section  
2 shall apply only if—

3               “(1) the association that issued the securities  
4 has been placed into conservatorship or receivership  
5 by the Director; and

6               “(2) the Reserve Fund established by section  
7 1389 lacks sufficient funds to make the required  
8 principal and interest payments.

9       “(c) FEE.—

10               “(1) ESTABLISHMENT.—The Director shall es-  
11 tablish, on an annual basis, a fee to be paid by asso-  
12 ciations for a guarantee issued under this section in  
13 connection with Federal Housing Finance Agency  
14 securities issued by such associations.

15               “(2) ADMINISTRATION.—The Director shall im-  
16 pose and collect such fee through the Office of  
17 Securitization.

18               “(3) AMOUNT.—The Director shall establish  
19 the fee at a level to ensure that amounts in the Re-  
20 serve Fund are sufficient to cover potential claims  
21 on such Fund, taking into consideration—

22                       “(A) general economic conditions;

23                       “(B) trends in housing prices; and

24                       “(C) such other factors that the Director  
25 deems appropriate.

1       “(d) SPECIAL ASSESSMENT TO REPAY COST OF  
2 FEDERAL GUARANTEE.—

3               “(1) IN GENERAL.—If the Director is required  
4 to make payments pursuant to the catastrophic Fed-  
5 eral guarantee authorized under subsection (a) in  
6 excess of the amounts in the Reserve Fund, the Di-  
7 rector shall impose a special assessment on associa-  
8 tions to recoup all costs associated with the guar-  
9 antee.

10              “(2) CRITERIA.—The Director, by regulation,  
11 shall establish criteria for the imposition of a special  
12 assessment. Such criteria shall—

13                      “(A) apportion the assessment equally  
14 among all associations; and

15                      “(B) to the extent feasible and prudent,  
16 permit associations to pay the assessment over  
17 a period of time so that the assessment does  
18 not cause an association to be undercapitalized  
19 or otherwise materially impair the operations of  
20 an association.

21       “(e) NO FEDERAL SUPPORT FOR OTHER SECURI-  
22 TIES OR OBLIGATIONS OF ASSOCIATIONS.—This Act may  
23 not be construed to authorize or provide any guarantee  
24 of any security or obligation of an association by the  
25 United States or any agency or instrumentality of the

1 United States, other than Federal Housing Finance Agen-  
2 cy securities issued by an association.

3 **“SEC. 1389. RESERVE FUND.**

4 “(a) ESTABLISHMENT; CREDITS.—The Director shall  
5 establish a Reserve Fund, which shall be credited with all  
6 fees imposed and collected pursuant to section 1388(c).

7 “(b) ORGANIZATION.—The Reserve Fund shall be  
8 maintained with a Federal Reserve Bank or with a deposi-  
9 tory institution designated as a depository or fiscal agent  
10 of the United States.

11 “(c) USE.—Amounts in the Reserve Fund shall be  
12 used by the Director, through the Office of Securitization,  
13 to make principal and interest payments to the owners of  
14 Federal Housing Finance Agency securities issued by an  
15 association that has been placed into conservatorship or  
16 receivership—

17 “(1) for payment under guarantees issued  
18 under subsection (a) of section 1388 only under the  
19 terms provided in subsection (b) of such section; and

20 “(2) to the extent such amounts are not other-  
21 wise needed, for investment in obligations of the  
22 United States or in obligations guaranteed as to  
23 principal and interest by the United States.

24 “(d) TREASURY ADVANCE.—

1           “(1) IN GENERAL.—If amounts in the Reserve  
2 Fund are insufficient to satisfy the liabilities of the  
3 Fund, the Secretary of the Treasury shall advance  
4 to the Fund such amounts as may be necessary to  
5 meet the obligations of the Fund, as determined by  
6 the Director and the Secretary, and the Director  
7 shall agree to repay such advance on such terms and  
8 conditions as required by the Secretary.

9           “(2) AUTHORIZATION OF APPROPRIATIONS.—  
10 There are authorized to be appropriated to the Sec-  
11 retary, without fiscal year limitation, such sums as  
12 may be necessary to carry out this subsection.

13 **“SEC. 1390. SUPERVISION OF ASSOCIATIONS.**

14           “(a) GENERAL SUPERVISORY AUTHORITY OF DIREC-  
15 TOR.—

16           “(1) IN GENERAL.—The Director shall have su-  
17 pervisory authority over associations, and may issue  
18 such regulations, orders, and interpretations as the  
19 Director determines necessary to ensure that an as-  
20 sociation operates in a safe and sound manner.

21           “(2) USE OF EXISTING AUTHORITY.—Except as  
22 provided in this section, an association, an associa-  
23 tion-affiliated party, and a limited-life association  
24 shall be subject to the same supervisory and enforce-  
25 ment powers of the Director to the same extent as

1 if an association was a regulated entity, the associa-  
2 tion-affiliated party was an entity-affiliated party,  
3 and the limited-life association was a limited-life en-  
4 tity, including—

5 “(A) the enforcement powers under sec-  
6 tions 1371 through 1379 (12 U.S.C. 4631–9);

7 “(B) authority to reclassify a capital clas-  
8 sification (as established pursuant to subsection  
9 (h)(2) of this section) as provided in section  
10 1364(c) (12 U.S.C. 4614(c));

11 “(C) authority to restrict capital distribu-  
12 tions in accordance with section 1364(e) (12  
13 U.S.C. 4614(e));

14 “(D) authority to take prompt corrective  
15 supervisory actions in response to capital classi-  
16 fications as provided for in sections 1365 and  
17 1366 (12 U.S.C. 4615, 4616); and

18 “(E) authority to appoint the Agency as  
19 the conservator or a receiver in accordance with  
20 section 1367 (12 U.S.C. 4617).

21 “(b) EXAMINATIONS.—The Director shall conduct a  
22 full-scope examination of an association not less frequently  
23 than once every 12 months, and shall have real-time access  
24 to all data and information related to the activities and  
25 operations of an association.

1 “(c) CAPITAL STANDARDS.—

2 “(1) ESTABLISHMENT.—The Director shall es-  
3 tablish, by regulation, risk-based and leverage cap-  
4 ital standards for associations.

5 “(2) CRITERIA.—In setting the capital stand-  
6 ards required by paragraph (1), the Director shall  
7 take into consideration—

8 “(A) the risk associated with conventional  
9 mortgages;

10 “(B) underwriting standards that apply to  
11 conventional mortgages; and

12 “(C) such other factors as the Director  
13 deems appropriate.

14 “(d) MANAGEMENT AND OPERATIONAL STAND-  
15 ARDS.—The Director shall establish, by regulation, stand-  
16 ards for the management and operations of associations,  
17 including standards related to—

18 “(1) adequacy of internal controls and informa-  
19 tion systems taking into account the nature and  
20 scale of business operations;

21 “(2) independence and adequacy of internal  
22 audit systems;

23 “(3) management of interest rate risk exposure;

24 “(4) management of market risk, including  
25 standards that provide for systems that accurately



1 measure, monitor, and control market risks and, as  
2 warranted, that establish limitations on market risk;

3 “(5) adequacy and maintenance of liquidity and  
4 reserves;

5 “(6) management of asset growth;

6 “(7) investments and acquisitions of assets con-  
7 sistent with this Act;

8 “(8) overall risk management processes, includ-  
9 ing adequacy of oversight by senior management and  
10 the board of directors and of processes and policies  
11 to identify, measure, monitor, and control material  
12 risks, including reputational risks, and for adequate,  
13 well-tested business resumption plans for all major  
14 systems with remote site facilities to protect against  
15 disruptive events;

16 “(9) management of credit and counterparty  
17 risk, including systems to identify concentrations of  
18 credit risk and prudential limits to restrict exposure  
19 of the association to a single counterparty or groups  
20 of related counterparties;

21 “(10) maintenance of adequate records, in ac-  
22 cordance with consistent accounting policies and  
23 practices that enable the Director to evaluate the fi-  
24 nancial condition of the association; and

1           “(11) such other operational and management  
2 standards as the Director determines to be appro-  
3 priate.

4           “(e) UNDERWRITING STANDARDS FOR CONVEN-  
5 TIONAL MORTGAGES.—

6           “(1) REGULATION REQUIRED.—The Director  
7 shall establish, by regulation, underwriting stand-  
8 ards for conventional mortgage purchased by an as-  
9 sociation. Such standards shall be the same as the  
10 standards established by the Bureau for Consumer  
11 Financial Protection of the Federal Reserve System  
12 for qualified mortgages pursuant to section 129C(b)  
13 of the Truth in Lending Act (15 U.S.C. 1639c(b);  
14 as added by section 1412 of the Dodd-Frank Wall  
15 Street Reform and Consumer Protection Act (124  
16 Stat. 2145)).

17           “(2) DEFINITION.—For purposes of this sub-  
18 section, the term ‘conventional mortgage’ means a  
19 loan that—

20                   “(A) is secured by a mortgage, lien, or  
21 other security interest on a—

22                           “(i) a one-to-four family residence  
23 that is the principal residence of the mort-  
24 gator,

1           “(ii) a property comprising five or  
2 more family dwelling units;

3           “(iii) a manufactured home that is the  
4 principal residence of the mortgagor; or

5           “(iv) the stock or membership interest  
6 or certificate issued to a tenant-stockholder  
7 or resident-member of a cooperative hous-  
8 ing corporation, as defined in section 216  
9 of the Internal Revenue Code of 1986, and  
10 in the proprietary lease, occupancy agree-  
11 ment, or right of tenancy in the dwelling  
12 union of the tenant-stockholder or resi-  
13 dent-member in such cooperative housing  
14 corporation;

15           “(B) is a subordinate mortgage or lien  
16 on—

17           “(i) a one-to-four family residence  
18 that is the principal residence of the mort-  
19 gage; or

20           “(ii) a property that comprises five or  
21 more family dwelling units:

22           “(C) is not insured or guaranteed under—

23           “(i) the National Housing Act (12  
24 U.S.C. 1701 et seq.);

1 “(ii) title V of the Housing Act of  
2 1949 (42 U.S.C. 1471 et seq.);

3 “(iii) chapter 37 of title 38, United  
4 States Code; or

5 “(D) meets the underwriting standards set  
6 by the Director pursuant to paragraph (1).

7 “(f) LIMITATION ON MAXIMUM ORIGINAL PRINCIPAL  
8 AMOUNT.—The Director shall prohibit any association  
9 from purchasing any conventional mortgage for which the  
10 maximum original principal obligation exceeds the greater  
11 of—

12 “(1) 150 percent of the average home price in  
13 the United States for a residence having the same  
14 number of dwelling units as the residence subject to  
15 the mortgage; or

16 “(2) 150 percent of the median price, for the  
17 area in which the residence subject the mortgage is  
18 located for a residence having the same number of  
19 dwelling units as the residence subject to the mort-  
20 gage.

21 “(g) REPORTING REQUIREMENTS.—

22 “(1) IN GENERAL.—An association shall submit  
23 to the Director such reports, containing such infor-  
24 mation and in such form and at such times, as the

1 Director deems necessary to assess the condition,  
2 operations and activities of the association.

3 “(2) INFORMATION REGARDING AREAS AND  
4 MARKETS SERVED.—

5 “(A) SUBMISSION OF INFORMATION.—The  
6 Director shall require each association to sub-  
7 mit data annually to the Director that the Di-  
8 rector determines is sufficient to indicate the  
9 geographic areas and market segments being  
10 served by the association.

11 “(B) PUBLIC AVAILABILITY.—Upon re-  
12 ceipt of information submitted pursuant to sub-  
13 paragraph (A), the Director shall make such in-  
14 formation available to the public in a form and  
15 manner determined appropriate by the Director.

16 “(h) PROMPT CORRECTIVE ACTIONS.—

17 “(1) ESTABLISHMENT AND CRITERIA.—The Di-  
18 rector, by regulation, shall—

19 “(A) establish the capital classifications  
20 specified under paragraph (2) for associations;

21 “(B) establish criteria for each such cap-  
22 ital classification based upon the amount and  
23 types of capital held by an association; and

24 “(C) classify each association according to  
25 such capital classifications.

1           “(2) CAPITAL CLASSIFICATIONS.—The capital  
2           classifications specified under this paragraph are—

3                   “(A) adequately capitalized;

4                   “(B) undercapitalized;

5                   “(C) significantly undercapitalized; and

6                   “(D) critically undercapitalized.

7           “(i) CONSERVATORSHIP AND RECEIVERSHIP.—

8                   “(1) ADDITIONAL GROUNDS FOR APPOINT-  
9           MENT.—In addition to the grounds for the appoint-  
10          ment of conservator or receiver under section  
11          1367(a)(3) (12 U.S.C. 4617(a)(3)), the Director  
12          shall appoint the Agency as the conservator or re-  
13          ceiver of an association if the association fails to  
14          make a timely payment of principal or interest on a  
15          Federal Housing Finance Agency security issued by  
16          the association.

17                   “(2) LIMITED-LIFE ASSOCIATION.—If the Agen-  
18          cy is appointed as receiver for an association, the  
19          Agency, as receiver, may organize a limited life asso-  
20          ciation to assume the assets and purchase the liabil-  
21          ities of the association subject to the same provisions  
22          applicable under section 1367(i) to a limited-life reg-  
23          ulated entity appointed for a regulated entity, and  
24          such limited-life association shall, by operation of  
25          law and immediately upon its organization, succeed

1 to the charter of the association and operate in ac-  
2 cordance with such charter, this Act, and any other  
3 provision of law to which the association is subject.

4 **“SEC. 1391. AGENCY OPERATIONS.**

5 “(a) APPLICATIONS PROCESSING DIVISION.—The  
6 Director shall establish a division within the Agency to  
7 accept and process applications for the formation of asso-  
8 ciations, and shall employ accountants, financial analysts,  
9 lawyers, and such other personnel as the Director deter-  
10 mines necessary to evaluate the qualifications of the orga-  
11 nizer or organizers and the financial prospects of a pro-  
12 posed association.

13 “(b) AUDITING DIVISION.—The Director shall estab-  
14 lish a division within the Agency to conduct regular audits  
15 of the processes and systems used by associations. Such  
16 audits shall include a review of loan files and systems for  
17 tracking loan documents.

18 “(c) DEPUTY DIRECTOR FOR HOUSING FINANCE  
19 GUARANTEE ASSOCIATIONS.—

20 “(1) IN GENERAL.—The Agency shall have a  
21 Deputy Director for Housing Finance Guarantee As-  
22 sociations, who shall be designated by the Director  
23 from among individuals with demonstrated under-  
24 standing of housing markets and housing finance.

1           “(2) FUNCTIONS.—The Deputy Director for  
2           Housing Finance Guarantee Associations shall have  
3           such functions, powers, and duties with respect to  
4           the formation, regulation, and supervision of associa-  
5           tions and the operations of the Office of  
6           Securitization as the Director shall prescribe.

7           “(3) LIMITATIONS.—The Deputy Director for  
8           Housing Finance Guarantee Associations may not—

9                   “(A) have any direct or indirect financial  
10                  interest in any association or regulated entity;

11                  “(B) hold any office, position, or employ-  
12                  ment in any association or regulated entity; or

13                  “(C) have served as an executive officer or  
14                  director of any association or regulated entity  
15                  at any time during the 3-year period preceding  
16                  the date of the designation of such individual by  
17                  the Director.

18           “(d) ANNUAL ASSESSMENT OF AGENCY OPER-  
19           ATIONS.—In addition to the general authority of the Fed-  
20           eral Housing Finance Oversight Board provided under  
21           section 1313A (12 U.S.C. 4513a), the Board, annually,  
22           shall—

23                   “(1) conduct an assessment of the operations  
24                  and resources of the Agency to determine whether  
25                  the Director and the Agency have the powers, sys-



1       tems, personnel, and other resources necessary to  
2       charter, supervise, and regulate associations;

3           “(2) make recommendations to the Director  
4       based upon the assessment required in paragraph  
5       (1); and

6           “(3) report the results of the assessment under  
7       this subsection and any recommendations pursuant  
8       to such assessment to the Congress.

9       “(e) **ASSESSMENTS AND OTHER FEES.**—The Direc-  
10      tor shall establish, by regulation, such assessments and  
11      fees the Director deems necessary to cover the Agency’s  
12      direct and indirect costs for chartering, supervising, and  
13      regulating associations under this subtitle, including all  
14      costs associated with the establishment and operation of  
15      the Office of Securitization.

16      **“SEC. 1392. APPLICABLE LAW.**

17       “(a) **IN GENERAL.**—All authorized activities of an as-  
18      sociation shall be governed by Federal law and subject to  
19      exclusive regulation and supervision by the Agency. No  
20      State may prevent or restrict an association from engag-  
21      ing directly or indirectly in any activity authorized under  
22      or pursuant to this subtitle.

23       “(b) **LIMITATION.**—Subsection (a) may not be con-  
24      strued to prevent the application of nondiscriminatory

1 State laws that apply to all businesses operating in a  
2 State, including criminal, tax, and zoning laws.

3 **“SEC. 1393. JUDICIAL REVIEW.**

4 “(a) IN GENERAL.—An association affected by an ac-  
5 tion of the Director may seek review of such action in an  
6 appropriate Federal court.

7 “(b) PRIVATE RIGHTS OF ACTION.—Nothing in this  
8 Act may be construed to create a private right of action  
9 on behalf of any person against an association, or any offi-  
10 cer or director of an association.

11 **“SEC. 1394. BUDGET NEUTRALITY.**

12 “The Director shall exercise the authority provided  
13 in this subtitle over the formation, regulation, and super-  
14 vision of associations and the operations of the Office of  
15 Securitization so as to ensure that associations and the  
16 Office of Securitization operate in a manner that does not  
17 increase the budget deficit, or debt, of the Federal Govern-  
18 ment.”.

19 **SEC. 4. TRANSITION.**

20 (a) TRANSITION PLAN.—Not later than six months  
21 after the date of the enactment of this Act, the Director  
22 of the Federal Housing Finance Agency shall submit to  
23 the Congress a plan that provides for—

24 (1) the winding down of the enterprises; and

1           (2) the formation, supervision, and regulation  
2 of associations as provided in subtitle D of the Fed-  
3 eral Housing Enterprises Financial Safety and  
4 Soundness Act of 1992, as added by the amendment  
5 made by section 3 of this Act.

6           (b) CONTENTS OF PLAN.—The plan required by sub-  
7 section (a) shall provide for—

8           (1) measures to ensure the continued operation  
9 of the enterprises during the transition period, in-  
10 cluding the retention of qualified personnel;

11           (2) the transfer of qualified personnel and sys-  
12 tems from the enterprises to associations;

13           (3) the implementation of the transitional ac-  
14 tions required by subsections (b) through (m) of this  
15 section; and

16           (4) such other matters as the Director deems  
17 appropriate.

18           (c) REPEAL OF AFFORDABLE HOUSING GOALS.—

19           (1) REPEAL.—The Federal Housing Enter-  
20 prises Financial Safety and Soundness Act of 1992  
21 is amended by striking sections 1331 through 1336  
22 (12 U.S.C. 4561–6).

23           (2) CONFORMING AMENDMENTS.—Federal  
24 Housing Enterprises Financial Safety and Sound-  
25 ness Act of 1992 is amended—

1 (A) in section 1303(28) (12 U.S.C.  
2 4502(28)), by striking “and, for the purposes”  
3 and all that follows through “designated dis-  
4 aster areas”;

5 (B) in section 1324(b)(1)(A) (12 U.S.C.  
6 4544(b)(1)(A))—

7 (i) by striking clauses (i), (ii), and  
8 (iv);

9 (ii) in clause (iii), by inserting “and”  
10 after the semicolon at the end; and

11 (iii) by redesignating clauses (iii) and  
12 (v) as clauses (i) and (ii), respectively;

13 (C) in section 1338(c)(10) (12 U.S.C.  
14 4568(c)(10)), by striking subparagraph (E);

15 (D) in section 1339(h) (12 U.S.C. 4569),  
16 by striking paragraph (7);

17 (E) in section 1341 (12 U.S.C. 4581)—

18 (i) in subsection (a)—

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

21 (II) in paragraph (2), by striking  
22 the semicolon at the end and inserting  
23 a period; and

24 (III) by striking paragraphs (3)  
25 and (4); and

1 (ii) in subsection (b)(2)—

2 (I) in subparagraph (A), by in-  
3 serting “or” after the semicolon at the  
4 end;

5 (II) by striking subparagraphs  
6 (B) and (C); and

7 (III) by redesignating subpara-  
8 graph (D) as subparagraph (B);

9 (F) in section 1345(a) (12 U.S.C.  
10 4585(a))—

11 (i) in paragraph (1), by inserting “or”  
12 after the semicolon at the end;

13 (ii) in paragraph (2), by striking the  
14 semicolon at the end and inserting a pe-  
15 riod; and

16 (iii) by striking paragraphs (3) and  
17 (4); and

18 (G) in section 1371(a)(2) (12 U.S.C.  
19 4631(a)(2))—

20 (i) by striking “with any housing goal  
21 established under subpart B of part 2 of  
22 subtitle A of this title,”; and

23 (ii) by striking “section 1336 or”.

24 (d) REQUIREMENT FOR ENTERPRISES TO PAY  
25 STATE AND LOCAL TAXES.—

1           (1) FANNIE MAE.—Effective on the date of the  
2           enactment of this Act, paragraph (2) of section  
3           309(c) of the Federal National Mortgage Association  
4           Charter Act (12 U.S.C. 1723a(c)(2)) is amended—

5                   (A) by striking “shall be exempt from”  
6                   and inserting “shall be subject to”; and

7                   (B) by striking “except that any” and in-  
8                   serting “and any”.

9           (2) FREDDIE MAC.—Effective on the date of  
10          the enactment of this Act, section 303(e) of the Fed-  
11          eral Home Loan Mortgage Corporation Act (12  
12          U.S.C. 1452(e)) is amended—

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

15                   (B) by striking “except that any” and in-  
16                   serting “and any”.

17          (e) DESIGNATION OF DEPUTY DIRECTOR FOR HOUS-  
18          ING FINANCE GUARANTEE ASSOCIATIONS.—Not later  
19          than six months after the date of the enactment of this  
20          Act, the Director shall designate the Deputy Director for  
21          Housing Finance Guarantee Associations authorized by  
22          section 1391(e) of the Federal Housing Enterprises Fi-  
23          nancial Safety and Soundness Act of 1992, as added by  
24          the amendment made by section 3 of this Act.

1 (f) ESTABLISHMENT OF OFFICE OF SECURITIZATION  
2 AND CREATION OF STANDARDIZED MORTGAGE SECUR-  
3 RITY.—Not later than 12 months after the date of the  
4 enactment of this Act, the Director shall—

5 (1) provide for the establishment of the Office  
6 of Securitization, as authorized by section 1386 of  
7 the Federal Housing Enterprises Financial Safety  
8 and Soundness Act of 1992, as added by the amend-  
9 ment made by section 3 of this Act;

10 (2) create the standardized mortgage security  
11 forms required by section 1387 of the Federal Hous-  
12 ing Enterprises Financial Safety and Soundness Act  
13 of 1992, as added by the amendment made by sec-  
14 tion 3 of this Act; and

15 (3) require, in a manner that does not disrupt  
16 or impair trading in existing mortgage securities  
17 issued by the enterprises, that the enterprises use  
18 the standardized mortgage security forms when  
19 issuing new mortgage securities.

20 (g) REDUCTION IN MORTGAGE ASSET PORTFOLIOS  
21 OF ENTERPRISES.—

22 (1) IN GENERAL.—Not later than 12 months  
23 after the date of enactment of this Act, the Director  
24 shall publish, in final form, a regulation that re-  
25 quires each enterprise to reduce its total mortgage

1 assets to not more than \$250,000,000,000, within 5  
2 years of the date of the enactment of this Act.

3 (2) DEFINITION.—For purposes of this para-  
4 graph, the term “total mortgage assets” means, with  
5 respect to an enterprise, mortgages, mortgage loans,  
6 mortgage-related securities, participation certificates,  
7 mortgage-backed commercial paper, obligations of  
8 real estate investment conduits and similar assets, in  
9 each case to the extent that such assets would ap-  
10 pear on the balance sheet of the enterprise in ac-  
11 cordance with generally accepted accounting prin-  
12 ciples in effect in the United States as of September  
13 7, 2008.

14 (h) INCREASE IN GUARANTEE FEES CHARGED BY  
15 ENTERPRISES.—

16 (1) IN GENERAL.—Not later than 12 months  
17 after the date of the enactment of this Act, the Di-  
18 rector shall, taking into consideration the study  
19 under section 1387(d)(1) of the Federal Housing  
20 Enterprises Financial Safety and Soundness Act of  
21 1992, as added by the amendment made by section  
22 3 of this Act, issue in final form a regulation that  
23 directs the enterprises to increase, over a three-year  
24 period, guarantee fees to more accurately reflect the  
25 risk assumed by the guarantee.



1           (2) DEFINITION.—For purposes of this sub-  
2           section, the term “guarantee fee” means a fee  
3           charged by an enterprise in connection with any  
4           guarantee, issued by the enterprise, of the timely  
5           payment of principal and interest on securities,  
6           notes, and other obligations based on or backed by  
7           mortgages on residential real property. Such term  
8           includes—

9                   (A) the guarantee fee charged by the Fed-  
10                  eral National Mortgage Association with respect  
11                  to mortgage-backed securities; and

12                   (B) the management and guarantee fee  
13                  charged by the Federal Home Loan Mortgage  
14                  Corporation with respect to participation certifi-  
15                  cates.

16           (i) CONFORMING LOAN LIMITS.—Effective upon the  
17           date of the enactment of this Act, section 146 of the Con-  
18           tinuing Appropriations Act, 2011 (Public Law 111–242;  
19           124 Stat. 2615) is amended by adding at the end the fol-  
20           lowing new subsection:

21           “(c)       EXTENSION       UNTIL       END       OF  
22           CONSERVATORSHIPS.—Notwithstanding any provision of  
23           subsection (a) or (b), such subsections shall apply with  
24           respect to mortgages originated during the period that be-  
25           gins at the conclusion of fiscal year 2011 and ends upon

1 the termination of the conservatorship of the Federal Na-  
2 tional Mortgage Association or the Federal Home Loan  
3 Mortgage Corporation, as applicable, pursuant to section  
4 4(l) of the Housing Finance Reform Act of 2011.”.

5 (j) FINALIZATION OF REGULATIONS GOVERNING AS-  
6 SOCIATIONS, FORMATION THE APPLICATIONS AND AUDIT-  
7 ING DIVISIONS.—Not later than 12 months after the date  
8 of the enactment of this Act, the Director shall—

9 (1) issue, in final form regulations governing  
10 the chartering, operations, and supervision of asso-  
11 ciations, including required capital and other pru-  
12 dential standards; and

13 (2) establish the applications and auditing divi-  
14 sions required by section 1391 of the Federal Hous-  
15 ing Enterprises Financial Safety and Soundness Act  
16 of 1992, as added by the amendment made by sec-  
17 tion 3 of this Act.

18 (k) NOTIFICATION TO CONGRESS AND ACCEPTANCE  
19 OF CHARTER APPLICATIONS.—Following the completion  
20 of the actions required under subsection (j), the Director  
21 shall—

22 (1) notify the Congress that the Agency has  
23 taken all appropriate actions to begin the process of  
24 chartering, supervising and regulating associations,  
25 and

1           (2) may commence accepting, and acting upon,  
2           applications for the chartering of associations.

3           (1) MANDATORY RECEIVERSHIP.—The Director shall  
4           place the enterprises into receivership no later than one  
5           year after five or more associations, two of which are not  
6           special purpose associations, have been chartered.

7           (m) FEDERAL SUPPORT FOR EXISTING OBLIGATIONS  
8           OF FANNIE MAE AND FREDDIE MAC.—The full faith and  
9           credit of the United States is hereby pledged to the pay-  
10          ment of all debt obligations of the enterprises and all  
11          mortgage-backed securities issued by the enterprises, until  
12          such obligations and securities mature or are redeemed.

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

15               (1) AGENCY.—The term “Agency” means the  
16               Federal Housing Finance Agency.

17               (2) ASSOCIATION; CONVENTIONAL MORTGAGE;  
18               OFFICE OF SECURITIZATION; REGULATED ENTITY.—  
19               The terms “association”, “conventional mortgage”,  
20               “Office of Securitization”, and “regulated entity”  
21               have the meanings given such terms in section 1381  
22               of the Federal Housing Enterprises Financial Safety  
23               and Soundness Act of 1992.

24               (3) DIRECTOR.—The term “Director” means  
25               the Director of the Agency.

1           (4) ENTERPRISE.—The term “enterprise” has  
2           the meaning given such term in section 1303 of the  
3           Federal Housing Enterprises Financial Safety and  
4           Soundness Act of 1992 (12 U.S.C. 4502).

5           (5) TRANSITION PERIOD.—The term “transi-  
6           tion period” means the period that begins upon the  
7           date of the enactment of this Act and ends upon ap-  
8           pointment of receivers for both enterprises pursuant  
9           to subsection (m).

10 **SEC. 5. TECHNICAL AND CONFORMING AMENDMENTS.**

11           Federal Housing Enterprises Financial Safety and  
12           Soundness Act of 1992 is amended—

13           (1) in section 1303(28) (12 U.S.C. 4502(28)),  
14           by striking “and, for the purposes” and all that fol-  
15           lows through “designated disaster areas”;

16           (2) in section 1324(b)(1)(A) (12 U.S.C.  
17           4544(b)(1)(A))—

18                   (A) by striking clauses (i), (ii), and (iv);

19                   (B) in clause (iii), by inserting “and” after  
20           the semicolon at the end; and

21                   (C) by redesignating clauses (iii) and (v)  
22           as clauses (i) and (ii), respectively;

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

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

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

4           (A) in subsection (a)—

5           (i) in paragraph (1), by inserting “or”  
6 after the semicolon at the end;

7           (ii) in paragraph (2), by striking the  
8 semicolon at the end and inserting a pe-  
9 riod; and

10           (iii) by striking paragraphs (3) and  
11 (4); and

12           (B) in subsection (b)(2)—

13           (i) in subparagraph (A), by inserting  
14 “or” after the semicolon at the end;

15           (ii) by striking subparagraphs (B) and  
16 (C); and

17           (iii) by redesignating subparagraph  
18 (D) as subparagraph (B);

19           (6) in section 1345(a) (12 U.S.C. 4585(a))—

20           (A) in paragraph (1), by inserting “or”  
21 after the semicolon at the end;

22           (B) in paragraph (2), by striking the semi-  
23 colon at the end and inserting a period; and

24           (C) by striking paragraphs (3) and (4);  
25 and

1           (7) in section 1371(a)(2) (12 U.S.C.  
2           4631(a)(2))—

3                   (A) by striking “with any housing goal es-  
4                   tablished under subpart B of part 2 of subtitle  
5                   A of this title,”; and

6                   (B) by striking “section 1336 or”.

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