

113TH CONGRESS
1ST SESSION

S. 1375

To require a portion of closing costs to be paid by the enterprises with respect to certain refinanced mortgage loans, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JULY 25, 2013

Mr. MERKLEY introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

A BILL

To require a portion of closing costs to be paid by the enterprises with respect to certain refinanced mortgage loans, 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.**

4 This Act may be cited as the “Rebuilding Equity Act
5 of 2013”.

6 **SEC. 2. REBUILDING EQUITY PROGRAM.**

7 (a) ESTABLISHMENT OF VOLUNTARY PROGRAM.—

8 (1) ESTABLISHMENT.—

9 (A) PAYMENT OF CLOSING COSTS.—The
10 Federal National Mortgage Association and the

1 Federal Home Loan Mortgage Corporation (in
2 this Act referred to as the “enterprises”) shall
3 each establish a voluntary program for bor-
4 rowers described in paragraph (2), under which
5 the enterprises shall pay \$1,000 toward the
6 closing costs associated with applying for and
7 receiving the refinancing when the borrower
8 agrees to refinance into a fully amortizing loan
9 with a term of not longer than 20 years.

10 (B) FIRST YEAR OF PROGRAM.—During
11 the 12-month period that begins on the date of
12 enactment of this Act, the amount of the clos-
13 ing costs that each enterprise shall pay under
14 the program shall not vary based on the term
15 of the mortgage that the borrower agrees to re-
16 finance into.

17 (C) SUBSEQUENT YEARS.—

18 (i) ANNUAL RECALCULATION OF
19 CLOSING COSTS PAYMENT.—Upon the ex-
20 piration of the 12-month period set forth
21 under subparagraph (B), and for each of
22 the next two 12-month periods thereafter,
23 the Director of the Federal Housing Fi-
24 nance Agency—

1 (I) shall adjust the amount of the
2 portion of the closing costs that each
3 enterprise will pay under the pro-
4 gram—

5 (aa) by an amount that re-
6 sults in such program being rev-
7 enue neutral for such 12-month
8 period; and

9 (bb) based on economic con-
10 ditions generally affecting the
11 mortgage and housing markets;
12 and

13 (II) may adjust the amount of
14 the closing costs that each enterprise
15 will pay under the program based on
16 the term of the mortgage that the
17 borrower agrees to refinance into.

18 (ii) REPORT.—The Director of the
19 Federal Housing Finance Agency shall re-
20 port any adjustments made pursuant to
21 the requirements of clause (i) to the Chair
22 and Ranking Member of the Committee on
23 Banking, Housing, and Urban Affairs of
24 the Senate and the Committee on Finan-

1 cial Services of the House of Representa-
2 tives.

3 (2) ELIGIBLE BORROWERS.—The program re-
4 quired by paragraph (1) shall be for any borrower—

5 (A) who qualifies for the Home Affordable
6 Refinance Program carried out by the enter-
7 prises;

8 (B) whose subject property has a loan-to-
9 value ratio of not less than 105 percent; and

10 (C) who refinances from a loan with an
11 original term of 30 years to a loan with a term
12 of 20 years or less.

13 (b) SUNSET.—Each voluntary program under this
14 section shall terminate on the date that is 3 years after
15 the date of establishment of such program.

16 (c) DEFINITIONS.—As used in this section, the fol-
17 lowing definitions shall apply:

18 (1) LOAN-TO-VALUE RATIO.—The term “loan-
19 to-value ratio” means the ratio of the amount of the
20 primary mortgage on a property to the value of that
21 property.

22 (2) CLOSING COSTS.—The term “closing
23 costs”—

1 (A) means all reasonable and actual costs
2 charged to the borrower by a third party to the
3 refinancing transaction;

4 (B) includes—

5 (i) appraisal and inspection fees;

6 (ii) fees associated with obtaining a
7 borrower's credit report;

8 (iii) title insurance and title examina-
9 tion costs;

10 (iv) attorneys' fees associated with
11 closing the transaction, other than attor-
12 neys' fees associated with disputes arising
13 out of the transaction or otherwise ancil-
14 lary to closing the transaction;

15 (v) document preparation costs, if
16 completed by a third party not controlled
17 by the lender;

18 (vi) transfer stamps, recording fees,
19 courier fees, wire transfer fees, and re-
20 conveyance fees; and

21 (vii) test and certification fees; and

22 (C) does not include any costs charged to
23 the borrower by the lender, including—

24 (i) lender application fees; and

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(ii) lender origination fees.

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