

114TH CONGRESS
1ST SESSION

H. R. 1491

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

IN THE HOUSE OF REPRESENTATIVES

MARCH 19, 2015

Mr. DELANEY (for himself, Mr. CARNEY, Mr. HIMES, Ms. SINEMA, Mr. HECK of Washington, Mr. MEEKS, Mr. MURPHY of Florida, Mr. POLIS, Mr. QUIGLEY, Mr. DAVID SCOTT of Georgia, and Mr. WELCH) 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 2015”.

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. Purpose.
- Sec. 3. 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.
- Sec. 307. Consultation.

TITLE IV—MULTIFAMILY HOUSING FINANCE

- Sec. 401. Establishment of multifamily subsidiaries.
- Sec. 402. Disposition of multifamily businesses.
- Sec. 403. Guarantee of multifamily securities.
- Sec. 404. Other forms of multifamily risk-sharing.
- Sec. 405. Ginnie Mae securitization of FHA risk-sharing loans.
- Sec. 406. Continuation of certain programs.

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. PURPOSE.**

2 The purpose of this Act is to facilitate a liquid, trans-
 3 parent, and resilient single-family and multifamily mort-
 4 gage credit market by supporting a robust secondary
 5 mortgage market, including as currently exists in the “to

1 be announced” or “TBA” market, and preserving the li-
2 quidity of all products (including structures such as 10-
3 , 15-, 20-, and 30-year fixed-rate mortgages) that are
4 presently eligible to trade in such TBA market, including
5 during the transition to the new housing finance system.

6 **SEC. 3. DEFINITIONS.**

7 For purposes of this Act:

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

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

14 (A) the date on which Ginnie Mae makes
15 the certification described under section 201(h);
16 and

17 (B) the date that is the end of the 2-year
18 period beginning on the date of the enactment
19 of this Act.

20 (3) **CHARTER ACT.**—The term “charter Act”
21 means—

22 (A) with respect to the Federal National
23 Mortgage Association, the Federal National
24 Mortgage Association Charter Act (12 U.S.C.
25 1716 et seq.); and

1 (B) with respect to the Federal Home
2 Loan Mortgage Corporation, the Federal Home
3 Loan Mortgage Corporation Act (12 U.S.C.
4 1451 et seq.).

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

9 (5) DIRECTOR.—The term “Director” means
10 the Director of Ginnie Mae, as such position is es-
11 tablished pursuant to the amendments made by sec-
12 tion 101(c)(1).

13 (6) ELIGIBLE MORTGAGE.—The term “eligible
14 mortgage” means a residential mortgage loan se-
15 cured by a property with 1 to 4 residential units
16 that—

17 (A) is a “qualified mortgage”, as such
18 term is defined under section 129C(b)(2)(A) of
19 the Truth in Lending Act (15 U.S.C. 1639c);

20 (B) satisfies standards related to estab-
21 lishing title or marketability of title, as may be
22 required by Ginnie Mae, which standards may
23 include the required purchase of title insurance
24 on the property securing the loan; and

1 (C) satisfies such other minimum stand-
2 ards as may be established by the Platform, to
3 ensure the quality of mortgages used to
4 collateralize mortgage-backed securities issued
5 by the Platform.

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

9 (A) secured by—

10 (i) multifamily housing; or

11 (ii) a property with 2 or more residen-
12 tial units, if the requirement under clause
13 (i) is waived by the Director for purposes
14 of carrying out a demonstration or pilot
15 program;

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

19 (C) the term of which may not be less than
20 5 years but not more than 40 years;

21 (D) that satisfies any additional under-
22 writing criteria established by the Director to
23 balance supporting access to capital with man-
24 aging credit risk to the Fund, including—

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

1 (ii) a minimum debt service coverage
2 ratio; and

3 (iii) considerations for restrictive or
4 special uses of a property, including non-
5 residential uses, properties for seniors,
6 manufactured housing, and affordability
7 restrictions, and the impact of such uses
8 on clauses (i) and (ii); and

9 (E) that satisfies any additional under-
10 writing criteria that may be established by the
11 Director.

12 (8) ENTERPRISE.—The term “enterprise”
13 means—

14 (A) the Federal National Mortgage Asso-
15 ciation and any affiliate thereof; and

16 (B) the Federal Home Loan Mortgage
17 Corporation and any affiliate thereof.

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

20 (10) GINNIE MAE.—The term “Ginnie Mae”
21 means the Government National Mortgage Associa-
22 tion.

23 (11) MARKET PARTICIPANT.—The term “mar-
24 ket participant” means any insurance company,
25 bank, saving association, credit union, or real estate

1 investment trust insuring or reinsuring any part of
2 a security issued by the Platform.

3 (12) MULTIFAMILY COVERED SECURITY.—The
4 term “multifamily covered security” means a secu-
5 rity that meets the requirements for guarantee by
6 Ginnie Mae pursuant to section 403.

7 (13) MULTIFAMILY HOUSING.—The term “mul-
8 tifamily housing” means a property having 5 or
9 more residential units.

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

15 (15) PLATFORM.—The term “Platform” means
16 the Issuing Platform established under section
17 201(a).

18 (16) REAL ESTATE INVESTMENT TRUST.—The
19 term “real estate investment trust” has the meaning
20 given such term under section 856(a) of the Internal
21 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; BOARD OF DIRECTORS.—

10 (1) IN GENERAL.—Section 308 of the National
11 Housing Act (12 U.S.C. 1723(a)) is amended by
12 striking subsection (a) and inserting the following
13 new subsection:

14 “(a) MANAGEMENT.—

15 “(1) BOARD OF DIRECTORS.—

16 “(A) NUMBER AND APPOINTMENT.—The
17 Association shall be governed by a Board of Di-
18 rectors consisting of 5 members, who shall be
19 appointed by the President, by and with the ad-
20 vice and consent of the Senate, from among in-
21 dividuals who—

22 “(i) are citizens of the United States,

23 and

24 “(ii) have demonstrated technical ex-
25 pertise in the mortgage market and one of

1 whom has technical expertise in the sec-
2 ondary mortgage market.

3 “(B) POLITICAL AFFILIATION.—Not more
4 than 3 members of the Board of Directors may
5 be members of the same political party.

6 “(C) TERMS.—

7 “(i) IN GENERAL.—Each member of
8 the Board of Directors shall be appointed
9 for a term of 5 years.

10 “(ii) INTERIM APPOINTMENTS.—Any
11 member appointed to fill a vacancy occur-
12 ring before the expiration of the term for
13 which such member’s predecessor was ap-
14 pointed shall be appointed only for the re-
15 mainder of such term.

16 “(iii) CONTINUATION OF SERVICE.—
17 The Director and each member may con-
18 tinue to serve after the expiration of the
19 term of office to which such member was
20 appointed until a successor has been ap-
21 pointed and qualified.

22 “(2) DIRECTOR; CHAIRPERSON.—

23 “(A) DESIGNATION; TERM.—One of the
24 members of the Board of Directors shall be des-
25 ignated by the President, at the time of ap-

1 pointment, to serve as Chairperson of the
2 Board of Directors and Director of the Associa-
3 tion for a term of 5 years, unless removed be-
4 fore the end of such term pursuant to subpara-
5 graph (C).

6 “(B) ADVICE.—The Board of Directors
7 shall advise the Director regarding overall strat-
8 egies and policies to carry out the duties and
9 purposes of this Act.

10 “(C) REMOVAL.—The President may re-
11 move the Director for inefficiency, neglect of
12 duty, or malfeasance in office.

13 “(3) OPERATIONS.—

14 “(A) BYLAWS.—Within the limitations of
15 law, the Board of Directors shall determine the
16 general policies which shall govern the oper-
17 ations of the Association, and shall have power
18 to adopt, amend and repeal bylaws governing
19 the performance of the powers and duties
20 granted to or imposed upon it by law.

21 “(B) REQUIRED VOTES.—At the first
22 meeting of the Board of Directors, the Board
23 shall determine by majority vote which actions
24 of the Association shall require a majority vote
25 of the Board.

1 “(4) OFFICERS.—The Director shall select and
2 effect the appointment of qualified persons to fill
3 such offices of the Association as may be provided
4 for in the bylaws. Persons appointed under the pre-
5 ceding sentence shall perform such executive func-
6 tions, powers, and duties as may be prescribed by
7 the bylaws or by the Board of Directors, and such
8 persons shall be executive officers of the Association
9 and shall discharge all such executive functions,
10 powers, and duties.”.

11 (2) COMPENSATION.—

12 (A) DIRECTOR.—Section 5314 of title 5,
13 United States Code, is amended by adding at
14 the end the following new item:

15 “Director, Government National Mortgage Associa-
16 tion.”.

17 (B) MEMBERS OF BOARD OF DIREC-
18 TORS.—Section 5314 of title 5, United States
19 Code, is amended—

20 (i) by striking the item relating to the
21 President of the Government National
22 Mortgage Association, Department of
23 Housing and Urban Development; and

24 (ii) by adding at the end the following
25 new item:

1 “Members, Board of Directors of the Government
2 National Mortgage Association.”.

3 (d) MEMBERSHIP ON FSOC.—The Dodd-Frank Wall
4 Street Reform and Consumer Protection Act is amend-
5 ed—

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

8 “(E) the Government National Mortgage
9 Association, with respect to—

10 “(i) the Mortgage Insurance Fund es-
11 tablished under section 202(g) of the Part-
12 nership to Strengthen Homeownership Act
13 of 2015; and

14 “(ii) the Federal Home Loan Banks
15 or the Federal Home Loan Bank Sys-
16 tem.”; and

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

21 (e) PERSONNEL.—Subsection (d) of section 309 of
22 the National Housing Act (12 U.S.C. 1723a(d)) is amend-
23 ed by striking “(d)(1)” and all that follows through the
24 end of paragraph (1) and inserting the following:

25 “(d) PERSONNEL.—

1 “(1) GINNIE MAE.—

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

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

23 “(C) COMPARABILITY OF COMPENSATION
24 WITH FEDERAL BANKING AGENCIES.—In fixing
25 and directing compensation under subpara-

1 graph (A), the Director of the Association shall
2 consult with, and maintain comparability with,
3 compensation of officers and employees of the
4 Office of the Comptroller of the Currency, the
5 Board of Governors of the Federal Reserve Sys-
6 tem, and the Federal Deposit Insurance Cor-
7 poration.

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

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

22 (f) TRANSITIONAL PROVISION.—Notwithstanding
23 this section and the amendments made by this section,
24 during the period beginning on the date of the enactment
25 of this Act, and ending on the date on which the Director

1 of the Government National Mortgage Association is ap-
 2 pointed and confirmed pursuant to section 308 of the Na-
 3 tional Housing Act, as amended by this section, the person
 4 serving as the President of the Government National
 5 Mortgage Association on that effective date shall act for
 6 all purposes as, and with the full powers of, the Director
 7 of the Association.

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

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

17 (a) POWERS AND DUTIES TRANSFERRED.—

18 (1) FEDERAL HOME LOAN BANK FUNCTIONS
 19 TRANSFERRED.—

20 (A) TRANSFER OF FUNCTIONS.—There are
 21 transferred to Ginnie Mae and the Director of
 22 Ginnie Mae all functions of the Federal Hous-
 23 ing Finance Agency and the Director of the
 24 Federal Housing Finance Agency, respectively.

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

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

17 (2) CONTINUATION AND COORDINATION OF
18 CERTAIN ACTIONS.—

19 (A) IN GENERAL.—All regulations, orders,
20 determinations, and resolutions described under
21 subparagraph (B) shall remain in effect accord-
22 ing to the terms of such regulations, orders, de-
23 terminations, and resolutions, and shall be en-
24 forceable by or against Ginnie Mae until modi-
25 fied, terminated, set aside, or superseded in ac-

1 cordance with applicable law by Ginnie Mae,
2 any court of competent jurisdiction, or oper-
3 ation of law.

4 (B) APPLICABILITY.—A regulation, order,
5 determination, or resolution is described under
6 this subparagraph if it—

7 (i) was issued, made, prescribed, or
8 allowed to become effective by—

9 (I) the Federal Housing Finance
10 Agency; or

11 (II) a court of competent juris-
12 diction, and relates to functions trans-
13 ferred by this subsection;

14 (ii) relates to the performance of func-
15 tions that are transferred by this sub-
16 section; and

17 (iii) is in effect on the transfer date
18 under paragraph (1)(C).

19 (3) DISPOSITION OF AFFAIRS.—During the pe-
20 riod preceding the transfer date under paragraph
21 (1)(C), the Director of the Federal Housing Finance
22 Agency, for the purpose of winding up the affairs of
23 the Federal Housing Finance Agency in connection
24 with the performance of functions that are trans-
25 ferred by this section—

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

5 (B) may take any other action necessary
6 for the purpose of winding up the affairs of the
7 Office.

8 (4) USE OF PROPERTY AND SERVICES.—

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

18 (B) AGENCY SERVICES.—Any agency, de-
19 partment, or other instrumentality of the
20 United States, and any successor to any such
21 agency, department, or instrumentality, that
22 was providing supporting services to the Agency
23 before the transfer date in connection with
24 functions that are transferred to Ginnie Mae
25 shall—

1 (i) continue to provide such services,
2 on a reimbursable basis, until the transfer
3 of such functions is complete; and

4 (ii) consult with any such agency to
5 coordinate and facilitate a prompt and rea-
6 sonable transition.

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

16 (6) SAVINGS PROVISIONS.—

17 (A) EXISTING RIGHTS, DUTIES, AND OBLI-
18 GATIONS NOT AFFECTED.—Paragraph (1) and
19 subsection (c) shall not affect the validity of
20 any right, duty, or obligation of the United
21 States, the Director of the Federal Housing Fi-
22 nance Agency, the Federal Housing Finance
23 Agency, or any other person, that existed on
24 the day before the transfer date under para-
25 graph (1)(C).

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

11 (b) TRANSFER AND RIGHTS OF EMPLOYEES OF
12 FHFA.—

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

22 (2) STATUS OF EMPLOYEES.—The transfer of
23 functions under this section, and the abolishment of
24 the Federal Housing Finance Agency under sub-
25 section (c), may not be construed to affect the status

1 of any transferred employee as an employee of an
2 agency of the United States for purposes of any
3 other provision of law.

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

9 (4) APPOINTMENT AUTHORITY FOR EXCEPTED
10 EMPLOYEES.—

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

18 (B) DECLINE OF TRANSFER.—Ginnie Mae
19 may decline a transfer of authority under sub-
20 paragraph (A), to the extent that such author-
21 ity relates to a position excepted from the com-
22 petitive service because of its confidential, pol-
23 icy-making, policy-determining, or policy-advoc-
24 ating character.

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

9 (6) EMPLOYEE BENEFIT PROGRAMS.—

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

20 (i) the employee does not elect to give
21 up the benefit or membership in the pro-
22 gram; and

23 (ii) the benefit or program is contin-
24 ued by Ginnie Mae.

25 (B) COST DIFFERENTIAL.—

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

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

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

20 (d) TRANSFER OF PROPERTY AND FACILITIES.—Ef-
21 fective upon the transfer date under subsection (a)(1)(C),
22 all property of the Federal Housing Finance Agency shall
23 transfer to Ginnie Mae.

24 (e) REFERENCES IN FEDERAL LAW.—On and after
25 the transfer date under subsection (a)(1)(C), any ref-

1 erence in Federal law to the Director of the Federal Hous-
2 ing Finance Agency or the Federal Housing Finance
3 Agency, in connection with any function of the Director
4 of the Federal Housing Finance Agency or the Federal
5 Housing Finance Agency transferred under subsection (a),
6 shall be deemed a reference to the Director of the Govern-
7 ment National Mortgage Association or the Government
8 National Mortgage Association, as appropriate and con-
9 sistent with the amendments made by this Act.

10 **SEC. 103. REGULATION OF MARKET PARTICIPANTS AND**
11 **AGGREGATORS.**

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

17 (b) **GENERAL SUPERVISORY AND REGULATORY AU-**
18 **THORITY.**—Pursuant to the authority under subsection
19 (a):

20 (1) **IN GENERAL.**—All market participants and
21 participating aggregators shall, to the extent pro-
22 vided in this section, be subject to the supervision
23 and regulation of the Director.

24 (2) **AUTHORITY OVER MARKET PARTICIPANTS**
25 **AND PARTICIPATING AGGREGATORS.**—Ginnie Mae

1 shall have general regulatory authority over each
2 market participant and participating aggregator and
3 shall exercise such general regulatory authority to
4 ensure that the purposes of this section are carried
5 out.

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

8 (1) to oversee the prudential operations of each
9 market participant and participating aggregator;
10 and

11 (2) to ensure that—

12 (A) each market participant and partici-
13 pating aggregator operates in a safe and sound
14 manner, including maintenance of adequate
15 capital and internal controls; and

16 (B) each market participant and partici-
17 pating aggregator complies with this section
18 and the rules, regulations, guidelines, and or-
19 ders issued under this section.

20 (d) PRUDENTIAL MANAGEMENT AND OPERATIONS
21 STANDARDS.—

22 (1) ESTABLISHMENT.—The Director shall es-
23 tablish prudential standards, by regulation or guide-
24 line, for market participants and participating
25 aggregators to—

- 1 (A) ensure—
- 2 (i) the safety and soundness of mar-
- 3 ket participants and participating
- 4 aggregators; and
- 5 (ii) the maintenance of approval
- 6 standards by market participants and par-
- 7 ticipating aggregators; and
- 8 (B) minimize the risk presented to the
- 9 Fund.

10 (2) RECOGNITION OF DISTINCTIONS.—In car-

11 rying out the requirement under paragraph (1), the

12 Director shall distinguish between prudential stand-

13 ards for market participants and such standards for

14 participating aggregators.

15 (e) AUTHORITY TO REQUIRE REPORTS.—

16 (1) REGULAR REPORTS.—The Director may re-

17 quire, by general or specific orders, a market partici-

18 pant or participating aggregator to submit regular

19 reports, including financial statements determined

20 on a fair value basis, on the condition (including fi-

21 nancial condition), management, activities, or oper-

22 ations of the market participant or participating

23 aggregator, as the Director considers appropriate.

24 (2) SPECIAL REPORTS.—The Director may re-

25 quire, by general or specific orders, a market partici-

1 pant or participating aggregator to submit special
2 reports on any of the topics specified in paragraph
3 (1) or any other relevant topics, if, in the judgment
4 of the Director, such reports are necessary to carry
5 out the purposes of this Act.

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

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

21 (h) STRESS TESTS FOR SUFFICIENT CAPITAL; CAP-
22 ITAL STANDARDS.—

23 (1) IN GENERAL.—The Director, in consulta-
24 tion with the Board of Governors of the Federal Re-
25 serve, shall—

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

9 (B) establish capital standards for market
10 participants and participating aggregators
11 based on such tests, which shall include the fol-
12 lowing classifications: well capitalized, ade-
13 quately capitalized, undercapitalized, signifi-
14 cantly undercapitalized, and critically under-
15 capitalized.

16 (2) CAPITAL STANDARD REQUIREMENTS.—In
17 establishing capital standards under paragraph
18 (1)(B), the Director shall—

19 (A) ensure that such standards are tailored
20 to each type of entity; and

21 (B) provide that any securities insured by
22 Ginnie Mae under this Act should be given a
23 risk-weight of zero.

24 (i) ENFORCEMENT.—The Corporation shall have the
25 authority to enforce the provisions of this Act with respect

1 to market participants and participating aggregators, in
2 the same manner and to the same extent as the Federal
3 Deposit Insurance Corporation has with respect to insured
4 depository institutions under the provisions of subsections
5 (b) through (n) of section 8 of the Federal Deposit Insur-
6 ance Act (12 U.S.C. 1818).

7 (j) REQUIREMENT TO MAINTAIN APPROVED STA-
8 TUS.—

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

16 (A) suspend or revoke the status of the
17 market participant or participating aggregator
18 as approved to utilize the Platform; or

19 (B) take any other action with respect to
20 such market participant or a participating
21 aggregator as may be authorized under this
22 Act.

23 (2) RULE OF CONSTRUCTION.—The suspension
24 or revocation of the approved status of a market
25 participant or a participating aggregator under this

1 section shall have no effect on the status as an in-
2 sured security of any security collateralized by eligi-
3 ble mortgages and insured prior to the suspension or
4 revocation.

5 (3) PUBLICATION.—The Director shall—

6 (A) promptly publish a notice in the Fed-
7 eral Register upon suspension or revocation of
8 the approval of any market participant or a
9 participating aggregator; and

10 (B) maintain an updated list of such ap-
11 proved market participants and participating
12 aggregators on the website of Ginnie Mae.

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

18 (k) RESOLUTION AUTHORITY.—

19 (1) IN GENERAL.—Notwithstanding any other
20 provision of Federal law, the law of any State, or the
21 constitution of any State, the Director shall—

22 (A) have the authority to act, in the same
23 manner and to the same extent, with respect to
24 a market participant or participating
25 aggregator that the Director determines pursu-

1 ant to is classified as critically undercapitalized
2 pursuant to subsection (h)(2), as the Federal
3 Deposit Insurance Corporation has with respect
4 to insured depository institutions under sub-
5 sections (c) through (s) of section 11 of the
6 Federal Deposit Insurance Act (12 U.S.C.
7 1821), section 12 of the Federal Deposit Insur-
8 ance Act (12 U.S.C. 1822), and section 13 of
9 the Federal Deposit Insurance Act (12 U.S.C.
10 1823), while tailoring such actions to the spe-
11 cific business model of the market participant
12 or participating aggregator, as the case may be,
13 as may be necessary to properly exercise such
14 authority under this subsection;

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

23 (C) consistent with the authorities pro-
24 vided in subparagraph (A), immediately place

1 an insolvent market participant or participating
2 aggregator into receivership.

3 (2) RULE OF CONSTRUCTION.—Notwith-
4 standing paragraph (1), if an insolvent participating
5 aggregator is an insured depository institution or an
6 affiliate of an insured depository institution, the Di-
7 rector shall recommend, in writing, to such partici-
8 pating aggregator’s appropriate Federal banking
9 agency or State banking regulator to resolve such
10 participating aggregator pursuant to section 11(c) of
11 the Federal Deposit Insurance Act (12 U.S.C.
12 1821(c)) and other appropriate sections of the Fed-
13 eral Deposit Insurance Act (12 U.S.C. 1811 et seq.)
14 or appropriate Federal or State law, as applicable.

15 (3) LEAST-COST RESOLUTION REQUIRED.—The
16 Director may not exercise any authority under para-
17 graph (1) with respect to any market participant or
18 any participating aggregator that is not an insured
19 depository institution or an affiliate of an insured
20 depository institution, unless—

21 (A) the Director determines that the exer-
22 cise of such authority is necessary to ensure
23 proper and continued functioning of the sec-
24 ondary mortgage market; and

1 (B) the total amount of the expenditures
2 by the Director and obligations incurred by the
3 Director in connection with the exercise of any
4 such authority with respect to such market par-
5 ticipant or participating aggregator is the least
6 costly to the Fund, consistent with the least
7 cost approach specified in the Federal Deposit
8 Insurance Act (12 U.S.C. 1811 et seq.), of all
9 possible methods for meeting Ginnie Mae's obli-
10 gations under this Act and expeditiously con-
11 cluding its resolution activities.

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

21 **SEC. 104. REGULATORY CONSULTATION AND COORDINA-**
22 **TION.**

23 (a) CONSULTATION PERMITTED.—The Director may,
24 in carrying out any duty, responsibility, requirement, or
25 action authorized under this Act, consult with the Federal

1 regulatory agencies, any individual Federal regulatory
2 agency, the Secretary of the Treasury, any State banking
3 regulator, any State insurance regulator, and any other
4 State agency, as the Director necessary and appropriate.

5 (b) COORDINATION REQUIRED.—

6 (1) REQUIREMENT.—The Director shall, as ap-
7 propriate, in carrying out any duty, responsibility,
8 requirement, or action authorized under this Act, co-
9 ordinate with the Federal regulatory agencies, any
10 individual Federal regulatory agency, the Secretary
11 of the Treasury, any State banking regulator, any
12 State insurance regulator, any other State agency.

13 (2) MEDIATION WITH FEDERAL AGENCIES.—To
14 the extent that the head of any Federal agency de-
15 termines that any rule, directive, or guidance of
16 Ginnie Mae conflicts with a rule, directive, or guid-
17 ance of such agency and notifies the Director of
18 such conflict, the Director shall enter into consulta-
19 tion with such agency to ensure coordination re-
20 quired under paragraph (1) of this subsection and
21 compliance with subsection (c)(1)(C).

22 (c) AVOIDANCE OF DUPLICATION.—

23 (1) IN GENERAL.—To the fullest extent pos-
24 sible, the Director shall—

1 (A) avoid duplication of examination activi-
2 ties, reporting requirements, and requests for
3 information;

4 (B) rely on examination reports made by
5 other Federal or State regulatory agencies re-
6 lating to an approved entity and its subsidi-
7 aries, if any; and

8 (C) ensure that market participants and
9 participating aggregators are not subject to
10 conflicting supervisory demands by Ginnie Mae
11 and other Federal regulatory agencies.

12 (2) LIMITATION.—The authority of Ginnie Mae
13 under this Act and the amendments made by this
14 Act to operate the Platform, issue securities, regu-
15 late market participants and participating
16 aggregators (including with respect to safety and
17 soundness as provided in section 103), and ensure
18 the functioning and liquidity of the mortgage market
19 may not be construed to authorize Ginnie Mae to
20 generally regulate with respect to consumer protec-
21 tion.

22 (d) PROTECTION OF PRIVILEGES.—

23 (1) IN GENERAL.—Pursuant to the authorities
24 provided under subsections (a) and (b), to facilitate
25 the consultative process and coordination, the Direc-

1 tor may share information with the Federal regu-
2 latory agencies, any individual Federal regulatory
3 agency, the Secretary of the Treasury, any State
4 bank supervisor, any State insurance regulator, any
5 other State agency, or any foreign banking author-
6 ity, on a one-time, regular, or periodic basis, as de-
7 termined by the Director, regarding the capital as-
8 sets and liabilities, financial condition, risk manage-
9 ment practices, or any other practice of any market
10 participant or participating aggregator.

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

20 (3) RULE OF CONSTRUCTION.—No provision of
21 this subsection may be construed as implying or es-
22 tablishing that—

23 (A) any person waives any privilege appli-
24 cable to information that is shared or trans-

1 ferred under any circumstance to which this
2 subsection does not apply; or

3 (B) any person would waive any privilege
4 applicable to any information by submitting the
5 information directly to the Federal regulatory
6 agencies, any individual Federal regulatory
7 agency, any State bank supervisor, any State
8 insurance regulator, any other State agency, or
9 any foreign banking authority, but for this sub-
10 section.

11 (e) FEDERAL AGENCY AUTHORITY PRESERVED.—
12 Unless otherwise expressly provided by this section, no
13 provision of this section shall limit or be construed to
14 limit, in any way, the existing authority of any Federal
15 agency.

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

1 **TITLE II—SECURITIZATION AND**
2 **INSURANCE**

3 **SEC. 201. ISSUING PLATFORM.**

4 (a) ESTABLISHMENT.—

5 (1) IN GENERAL.—There is established within
6 Ginnie Mae an entity to be known as the Issuing
7 Platform (the “Platform”), which shall issue stand-
8 ardized mortgage-backed securities to increase ho-
9 mogeneity in the eligible securities market.

10 (2) AUTHORITIES.—The Platform may—

11 (A) make contracts, incur liabilities, and
12 borrow money;

13 (B) purchase, sell, receive, hold, and use
14 real and personal property;

15 (C) create, execute, and administer trusts;
16 and

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

20 (b) DELIVERY OF POOL TO THE PLATFORM.—A
21 mortgage originator or aggregator that wishes to make use
22 of the Platform and have Ginnie Mae insure the securities
23 issued by the Platform shall deliver to the Platform a pool
24 of eligible mortgage loans.

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

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

5 (2) transfer the standardized mortgage-backed
6 securities to the mortgage originator or aggregator
7 from which the Platform received the pool of eligible
8 mortgages that are collateralizing the securities or
9 the designee of such originator or aggregator.

10 (d) STANDARDIZED CRITERIA FOR SECURITIES.—In
11 issuing securities under this section, the Platform shall es-
12 tablish standardized criteria for such securities, includ-
13 ing—

14 (1) uniform loan delivery, servicing, and pooling
15 requirements;

16 (2) remittance requirements;

17 (3) underwriting guidelines and refinance pro-
18 grams;

19 (4) the credit quality of the guarantee provided
20 to each security;

21 (5) servicing standards and loan repurchase
22 policies;

23 (6) disclosure policies;

24 (7) security terms and features; and

1 (8) standards for the appropriate minimum
2 level of diversification for the mortgage loans that
3 collateralize such securities, in order to reduce the
4 credit risk such securities could pose to the Fund.

5 (e) SECURITIZATION FEE.—The Platform shall
6 charge a fee for securitization services provided under this
7 section. Such fee shall be set by the Director and shall
8 be in an amount sufficient to offset the costs to the Plat-
9 form of carrying out this section.

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

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

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

20 (3) MAXIMUM LIMITS.—

21 (A) IN GENERAL.—Except as provided in
22 subparagraph (B), the maximum limitation
23 amount under this paragraph shall not exceed
24 \$417,000 for a mortgage loan secured by a 1-
25 family residence, for a mortgage loan secured

1 by a 2-family residence the limit shall equal 128
2 percent of the limit for a mortgage loan secured
3 by a 1-family residence, for a mortgage loan se-
4 cured by a 3-family residence the limit shall
5 equal 155 percent of the limit for a mortgage
6 loan secured by a 1-family residence, and for a
7 mortgage loan secured by a 4-family residence
8 the limit shall equal 192 percent of the limit for
9 a mortgage loan secured by a 1-family resi-
10 dence, except that such maximum limitations
11 shall be adjusted effective January 1 of each
12 year beginning after the effective date of this
13 Act, subject to the limitations in this sub-
14 section. Each adjustment shall be made by add-
15 ing to each such amount (as it may have been
16 previously adjusted) a percentage thereof equal
17 to the percentage increase, during the most re-
18 cent 12-month or 4-quarter period ending be-
19 fore the time of determining such annual ad-
20 justment, in the housing price index maintained
21 by the Director of the Federal Housing Finance
22 Agency pursuant to section 1322 of the Federal
23 Housing Enterprises Financial Safety and
24 Soundness Act of 1992 (12 U.S.C. 4542). If
25 the change in such housing price index during

1 the most recent 12-month or 4-quarter period
2 ending before the time of determining such an-
3 nual adjustment is a decrease, then no adjust-
4 ment shall be made for the next year, and the
5 next upward adjustment shall take into account
6 prior declines in the house price index, so that
7 any adjustment shall reflect the net change in
8 the house price index since the last adjustment.
9 Declines in the house price index shall be accu-
10 mulated and then reduce increases until subse-
11 quent increases exceed prior declines.

12 (B) HIGH-COST AREA LIMITS.—The limita-
13 tions set forth in subparagraph (A) may be in-
14 creased by not more than 50 percent with re-
15 spect to properties located in Alaska, Guam,
16 Hawaii, and the Virgin Islands.

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

23 (h) CERTIFICATION.—Ginnie Mae shall, upon a de-
24 termination that the Platform is able to efficiently carry
25 out the issuance of standardized mortgage-backed securi-

1 ties, that there exists a sufficient number of market par-
2 ticipants to serve as insurers and reinsurers under section
3 202, and that the secondary mortgage market has suffi-
4 cient liquidity to implement the provisions of this Act (and
5 the amendments made by this Act) that will take effect
6 upon this determination, certify to the Congress that such
7 determination has been made.

8 (i) DUTY TO SERVE ALL MARKETS.—

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

15 (A) regions;

16 (B) localities;

17 (C) institutions;

18 (D) property types, including housing serv-
19 ing renters; and

20 (E) borrowers.

21 (2) REPORT TO CONGRESS.—Ginnie Mae shall,
22 quarterly during the 5-year period following the cer-
23 tification date and semiannually thereafter, issue a
24 report to the Congress on—

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

3 (B) the extent to which the provisions of
4 this title and the programs carried out pursu-
5 ant to this title are benefitting underserved
6 communities.

7 (j) EXEMPTION FROM SEC LAWS AND REGULA-
8 TIONS.—Standardized mortgage-backed securities issued
9 by the Platform shall be exempt from the Federal securi-
10 ties laws (as defined under section 3(a) of the Securities
11 Exchange Act of 1934) and all regulations issued pursu-
12 ant to such laws.

13 (k) AUTHORITY TO USE OTHER ENTITIES IN CASE
14 OF PROBLEMS.—During and after the establishment of
15 the Platform, if Ginnie Mae determines that operational
16 or other problems with the Platform do not permit the
17 Platform to operate in a manner that allows the Platform
18 to achieve the purposes and obligations of the Platform
19 under this section, Ginnie Mae shall have the authority
20 to permit the Platform to use other entities other than
21 the Platform, including the infrastructure of Fannie Mae
22 and Freddie Mac, to perform issuance functions required
23 to be performed by the Platform and that are necessary
24 for the proper functioning of the secondary mortgage mar-

1 ket, until Ginnie Mae deems the Platform fully oper-
2 ational.

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 or both of the programs described under para-
9 graphs (1) and (2). In selecting which program to estab-
10 lish, or whether both should be established, Ginnie Mae
11 shall determine whether a program is an efficient way to
12 operate the insurance requirements under this Act by in-
13 corporating private sector pricing, would optimize risk
14 pricing, and would maximize capital positions based upon
15 the state of the economy.

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

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

1 (B) FORWARD CONTRACT FOR LAST 95
2 PERCENT LOSS.—Prior to any particular quar-
3 ter (or such other time period determined by
4 Ginnie Mae), Ginnie Mae shall sign—

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

9 (ii) a retrocession contract with each
10 such market participant under which
11 Ginnie Mae will agree to offer
12 retrocessional reinsurance to reinsure up to
13 90 percent of the 95 percent described
14 under clause (i) on a pari passu basis.

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

17 (A) FIRST LOSS REQUIREMENT.—The
18 mortgage originator or aggregator that wishes
19 to deliver a pool of eligible mortgage loans to
20 the Platform for securitization shall, prior to
21 delivering such pool, contract directly with a
22 market participant to insure the first 5 percent
23 of loss on all securities issued by the Platform
24 that are securitized by such pool of eligible
25 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
10 retrocessional reinsurance to reinsure up to
11 90 percent of the 95 percent described
12 under clause (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
3 charged by Ginnie Mae for providing insurance
4 shall reflect expected losses and the market risk
5 premium necessary to obtain reinsurance and in
6 the absence of such market shall reflect the de-
7 fault risk associated with the mortgage collat-
8 eral underlying Ginnie Mae’s insurance.

9 (B) ADJUSTMENT FOR PERFORMANCE.—
10 Ginnie Mae may adjust the fee computed under
11 subparagraph (A) after periodic review subject
12 to its credit analysis, but such adjustment may
13 not be based on volume. Such credit analysis
14 shall be based on forecasting models assuming
15 current economic data and shall be back-tested
16 against historical adverse economic scenarios.

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

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

23 (B) shall be adjusted based on market con-
24 ditions, on a period to be determined by the Di-
25 rector.

1 (4) EXPERTISE.—Ginnie Mae shall retain per-
2 sonnel with expertise in pricing conventional mort-
3 gages prior to charging insurance fees under this
4 section. Such expertise shall include credit risk anal-
5 ysis of mortgages, default management, and loss
6 mitigation.

7 (e) STANDARDS FOR MARKET PARTICIPANTS.—

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

12 (2) CAPITAL STANDARDS FOR MARKET PARTICI-
13 PANTS.—

14 (A) IN GENERAL.—For market partici-
15 pants described under subsection (b), Ginnie
16 Mae shall establish, by regulation, capital
17 standards and related solvency standards nec-
18 essary to implement the provisions of this Act.

19 (B) DEFINITIONS.—

20 (i) IN GENERAL.—The regulations re-
21 quired under this paragraph shall define
22 all such terms as are necessary to carry
23 out the purposes of this paragraph.

24 (ii) CONSIDERATIONS IN DEFINING
25 INSTRUMENTS AND CONTRACTS THAT

1 QUALIFY AS CAPITAL.—In defining instru-
2 ments and contracts that qualify as capital
3 pursuant to subparagraph (A), Ginnie
4 Mae—

5 (I) shall include such instruments
6 and contracts that will absorb losses
7 before the Fund; and

8 (II) may assign significance to
9 those instruments and contracts based
10 on the nature and risks of such in-
11 struments and contracts.

12 (iii) CONSIDERATIONS IN DEFINING
13 CAPITAL RATIOS.—Solely for the purposes
14 of calculating a capital ratio appropriate to
15 the business model of a market participant
16 pursuant to subparagraph (A), Ginnie Mae
17 shall consider for the denominator—

18 (I) total assets;

19 (II) total liabilities;

20 (III) risk in force; or

21 (IV) unpaid principal balance.

22 (C) DESIGNED TO ENSURE SAFETY AND
23 SOUNDNESS.—The capital and related solvency
24 standards established under this paragraph
25 shall be designed to—

1 (i) ensure the safety and soundness of
2 a market participant;

3 (ii) minimize the risk of loss to the
4 Fund;

5 (iii) in consultation and coordination
6 with the Board of Governors of the Fed-
7 eral Reserve System, the Federal Deposit
8 Insurance Corporation, and the Office of
9 the Comptroller of the Currency, reduce
10 the potential for regulatory arbitrage be-
11 tween capital standards for market partici-
12 pants and capital standards promulgated
13 by Federal regulatory agencies for insured
14 depository institutions and their affiliates;
15 and

16 (iv) be specifically tailored to accom-
17 modate a diverse range of business models
18 that may be employed by market partici-
19 pants.

20 (D) SUPPLEMENTAL CAPITAL REQUIRE-
21 MENTS.—

22 (i) IN GENERAL.—In order to prevent
23 or mitigate risks to the secondary mort-
24 gage market of the United States that
25 could arise from the material financial dis-

1 tress or failure, or ongoing activities, of
2 large market participants that insure secu-
3 rities under this Act, Ginnie Mae, by regu-
4 lation—

5 (I) shall establish supplemental
6 capital requirements for such large
7 market participants; and

8 (II) may establish such other
9 standards that Ginnie Mae determines
10 necessary or appropriate.

11 (ii) LARGE MARKET PARTICIPANT DE-
12 FINED.—For purposes of this subpara-
13 graph, Ginnie Mae shall define the term
14 “large market participant”.

15 (E) USE OF CERTAIN CAPITAL MARKETS
16 TRANSACTIONS.—Ginnie Mae shall allow mar-
17 ket participants to prudently reduce the re-
18 quired capital requirements through the use of
19 capital markets transactions that pre-fund the
20 risk (such as credit-linked notes). Any funds de-
21 rived from such transactions may only be used
22 for the purpose of loss protection.

23 (3) NON-ORIGINATOR REQUIREMENT.—A mar-
24 ket participant may not originate eligible mortgages
25 and may not be affiliated with a person that actively

1 engages in the business of originating eligible mort-
2 gages.

3 (4) LIMITATIONS ON REINSURANCE.—A market
4 participant may reinsure any transaction entered
5 into under subsection (b), but may not contract for
6 reinsurance with another market participant.

7 (f) CONFLICT OF INTERESTS.—Ginnie Mae shall
8 issue regulations to prevent conflicts of interest by market
9 participants contracting with Ginnie Mae under this sec-
10 tion.

11 (g) INSURANCE FUND.—

12 (1) ESTABLISHMENT.—There is established an
13 insurance fund (the “Fund”), which Ginnie Mae
14 shall—

15 (A) maintain and administer; and

16 (B) use to cover losses incurred under this
17 section with respect to mortgage-backed securi-
18 ties and for such other housing-related purposes
19 as Ginnie Mae determines appropriate.

20 (2) FUND GOAL.—

21 (A) IN GENERAL.—Ginnie Mae shall en-
22 deavor to ensure that the Fund attains a re-
23 serve balance—

24 (i) of 1.25 percent of the sum of the
25 outstanding principal balance of the securi-

1 ties for which insurance is being provided
2 under this Act within 5 years of the date
3 on which the Director determines that the
4 Platform is fully functioning, and to strive
5 to maintain such ratio thereafter, subject
6 to clause (ii); and

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

15 (B) ADJUSTMENT OF FEES.—Notwith-
16 standing subsection (d), Ginnie Mae may raise
17 or lower the fee charged for insurance under
18 this section in order to maintain the reserve
19 balance described under subparagraph (A).

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

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

1 (A) standardized mortgage-backed security
2 insured under this Act; or

3 (B) mortgage-backed security issued by the
4 enterprises.

5 (5) FULL FAITH AND CREDIT.—The full faith
6 and credit of the United States is pledged to the
7 payment of all amounts which may be required to be
8 paid under any insurance provided under this sec-
9 tion.

10 (6) PROHIBITIONS AND EXEMPTIONS.—

11 (A) EXEMPTION FROM APPORTIONMENT.—
12 Notwithstanding any other provision of law,
13 amounts in the Fund shall not be subject to ap-
14 portionment for the purposes of chapter 15 of
15 title 31, United States Code, or under any
16 other authority.

17 (B) NOT GOVERNMENT FUNDS.—Amounts
18 in the Fund shall not be construed to be Gov-
19 ernment or public funds or appropriated money.

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

22 (a) IN GENERAL.—If Ginnie Mae, by a majority vote
23 of its Board of Directors, or the Financial Stability Over-
24 sight Council (“FSOC”), by a majority vote of its voting
25 members, determines that unusual and exigent cir-

1 cumstances have created or threaten to create an anoma-
2 lous lack of mortgage credit availability within the single-
3 family housing market, multifamily housing market, or en-
4 tire United States housing market that could materially
5 and severely disrupt the functioning of the housing finance
6 system of the United States, Ginnie Mae or the FSOC
7 may, for as such time as either deems necessary—

8 (1) modify or waive the reinsurance require-
9 ments under section 202(b);

10 (2) establish provisional standards for approved
11 entities; and

12 (3) temporarily increase loan limits under sec-
13 tion 201(f).

14 (b) CONSIDERATIONS.—In exercising the authority
15 granted under subsection (a), Ginnie Mae and the FSOC
16 shall consider the severity of the conditions present in the
17 housing markets and the risks presented to the Fund in
18 exercising such authority.

19 (c) TERMS AND CONDITIONS.—Insurance provided
20 under subsection (a) shall be subject to such additional
21 or different limitations, restrictions, and regulations as
22 Ginnie Mae or the FSOC may prescribe.

23 (d) BAILOUT STRICTLY PROHIBITED.—In exercising
24 the authority granted under subsection (a), Ginnie Mae
25 and the FSOC may not—

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

5 (2) provide aid for the purpose of assisting a
6 single and specific company avoid bankruptcy or any
7 other Federal or State insolvency proceeding; or

8 (3) rescind any contracts entered into by Ginnie
9 Mae or the FSOC.

10 (e) NOTICE.—Not later than 7 days after authorizing
11 insurance or establishing provisional standards under sub-
12 section (a), Ginnie Mae or the FSOC, as appropriate, shall
13 submit to the Committee on Banking, Housing, and
14 Urban Affairs of the Senate and the Committee on Finan-
15 cial Services of the House of Representatives a report that
16 includes—

17 (1) the justification for the exercise of authority
18 to provide such insurance or establish such provi-
19 sional standards;

20 (2) evidence that unusual and exigent cir-
21 cumstances have created or threatened to create an
22 anomalous lack of mortgage credit availability within
23 the single-family housing market, multifamily hous-
24 ing market, or entire United States housing market
25 that could materially and severely disrupt the func-

1 tioning of the housing finance system of the United
2 States; and

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

6 (f) LIMITATION.—The authority granted to Ginnie
7 Mae and the FSOC under this section may not be exer-
8 cised more than 3 times in any given 3-year period, which
9 3-year period shall commence upon the initial exercise of
10 authority under subsection (a).

11 (g) NORMALIZATION AND REDUCTION OF RISK.—
12 Following any exercise of authority under this section,
13 Ginnie Mae and the FSOC shall—

14 (1) establish a timeline for approved entities to
15 meet the approval standards set forth in this Act;
16 and

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

20 (A) sell, in whole or in part, the first loss
21 position on securities described in this section
22 to private market holders; or

23 (B) transfer for value to approved entities,
24 or work with approved entities to sell, in whole

1 or in part, the first lost position on securities
2 described in this section.

3 (h) AUTHORITY TO RESPOND TO SUSTAINED NA-
4 TIONAL HOME PRICE DECLINE.—

5 (1) AUTHORITY.—In the event of a significant
6 decline of national home prices, in at least 2 con-
7 secutive calendar quarters, Ginnie Mae or the FSOC
8 may for a period of 6 months permit the transfer of
9 guarantees of eligible mortgage loans that secure se-
10 curities issued under this Act if such eligible mort-
11 gage loans are refinanced, regardless of the value of
12 the underlying collateral securing such eligible mort-
13 gage loans.

14 (2) ADDITIONAL EXERCISE OF AUTHORITY.—
15 The authority granted to Ginnie Mae and the FSOC
16 under paragraph (1) may be exercised for additional
17 6-month periods.

18 (3) LIMITATION.—Ginnie Mae and the FSOC
19 shall not provide insurance under this Act to any se-
20 curity issued under this Act that includes mortgage
21 loans that do not meet the definition of an eligible
22 mortgage loan, except for mortgage loans refinanced
23 from eligible mortgage loans in securities issued
24 under this Act.

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

2 (C) in the case of a mortgage loan that is
3 in breach of the representations and warranties,
4 facilitate the repurchase or replacement of such
5 mortgage loan with a mortgage loan that is in
6 compliance with representations and warranties.

7 (2) FIDUCIARY DUTY STUDY.—

8 (A) IN GENERAL.—Ginnie Mae and the
9 Secretary of the Treasury shall, jointly, conduct
10 a study to determine—

11 (i) the proper roles and responsibil-
12 ities with respect to fiduciary duty for each
13 participant in a private label security;

14 (ii) the appropriate compensation for
15 such a fiduciary duty; and

16 (iii) the proper placement for such a
17 fiduciary duty role.

18 (B) STAKEHOLDER EFFORTS.—In carrying
19 out the study required under subparagraph (A),
20 Ginnie Mae and the Secretary shall take into
21 account stakeholder efforts to conclude which
22 party (if any) should have a fiduciary duty at-
23 tached to it.

24 (C) REPORT.—Upon completion of the
25 study required under subparagraph (A), Ginnie

1 Mae and the Secretary shall issue a report to
2 the Congress containing all findings and deter-
3 minations made in carrying out such study.

4 (d) MANDATORY ARBITRATION.—Disputes between
5 parties to a security issued by the Issuing Platform shall
6 be subject to mandatory arbitration.

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

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

11 “(d) LENDERS.—

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

16 “(2) STOCK REQUIREMENT.—Ginnie Mae shall
17 issue regulations specifying that a separate class of
18 stock shall be issued by Federal Home Loan Banks
19 to lenders who become a member of a Federal Home
20 Loan Bank pursuant to this subsection, and Ginnie
21 Mae shall determine the applicable restrictions and
22 requirements for such stock.”.

23 (b) POOLING SERVICES FOR ELIGIBLE MORT-
24 GAGES.—Section 11 of the Federal Home Loan Bank Act

1 (12 U.S.C. 1431) is amended by adding at the end the
2 following:

3 “(m) POOLING SERVICES FOR ELIGIBLE MORT-
4 GAGES.—

5 “(1) POOLING SERVICES.—

6 “(A) IN GENERAL.—Each Federal Home
7 Loan Bank shall provide pooling services to
8 both members and non-members who wish to
9 pool eligible mortgages for purposes of
10 securitizing such mortgages through the Issuing
11 Platform established by title II of the Partner-
12 ship to Strengthen Homeownership Act of
13 2015.

14 “(B) MULTI-LENDER REQUIREMENT.—
15 Pooling services described under subparagraph
16 (A) may only be offered for a pool of eligible
17 mortgages if the eligible mortgages in the pool
18 were made by more than one lender.

19 “(2) ELIGIBLE MORTGAGES DEFINED.—For
20 purposes of this subsection, the term ‘eligible mort-
21 gage’ has the meaning given that term under section
22 2 of the Partnership to Strengthen Homeownership
23 Act of 2015.’”.

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 businesses 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—

7 (A) that a competitive private housing fi-
8 nance market has been established;

9 (B) that competitive and equitable access
10 to the Platform for smaller mortgage lenders is
11 available;

12 (C) in consultation with relevant partici-
13 pants and stakeholders in the housing finance
14 market, that the Platform and the procedures
15 and structures established by title II have been
16 thoroughly and sufficiently tested and such
17 tests indicate that they will facilitate the contin-
18 ued functioning of the market for “to be an-
19 nounced” mortgage-backed securities;

20 (D) the pooling services offered by Federal
21 Home Loan Banks pursuant to section 11(m)
22 of the Federal Home Loan Bank Act are com-
23 petitive with services made available by the en-
24 terprises before the certification date; and

1 (E) the Federal Home Loan Banks are ca-
2 pable of meeting the cash window needs of cred-
3 it unions, community and mid-sized depository
4 institutions, and non-depository mortgage origi-
5 nators with competitive rates and terms.

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

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

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

23 (B) COMPETITIVE PRIVATE HOUSING FI-
24 NANCE MARKET.—Removing barriers to private
25 sector competition in the housing finance mar-

1 ket by providing for the transfer of the assets
2 of the enterprise into the private sector to com-
3 pete in a functioning housing finance market.

4 (2) FULL PRIVATIZATION.—Any entities emerg-
5 ing from such receivership shall be fully private and
6 any obligations and securities of such entities shall
7 not constitute a debt or obligation of the United
8 States nor or any agency or instrumentality thereof.

9 (3) MULTIFAMILY HOUSING BUSINESSES.—The
10 receivership shall provide, notwithstanding any other
11 provision of this Act, for the transfer of the multi-
12 family housing mortgage guarantee businesses of the
13 enterprises in accordance with section 401 of this
14 Act.

15 (4) AVAILABILITY OF ASSETS.—The receiver-
16 ship shall provide for—

17 (A) the identification of any assets of the
18 enterprise that are not necessary for the oper-
19 ation of the limited-life entities established pur-
20 suant to paragraph (6); and

21 (B) making such assets available at auc-
22 tion for acquisition at competitive rates by any
23 private entities, which shall include the private
24 entities established pursuant to paragraph
25 (6)(C).

1 (5) RESTRUCTURING OF SPSPA.—The receiver-
2 ship shall provide for the restructuring of the Senior
3 Preferred Stock Purchase Agreements entered into
4 between the Department of the Treasury and the en-
5 terprise on September 26, 2008, as amended and re-
6 stated thereafter, to—

7 (A) permit the redemption of senior pre-
8 ferred shares of the Department of the Treas-
9 ury;

10 (B) provide for the cancellation of the war-
11 rants for the purchase of common stock of the
12 enterprises issued to the Department of the
13 Treasury; and

14 (C) provide for the appropriate level of
15 compensation to the Federal Government for
16 the financial support and commitment provided
17 to the enterprise.

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

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

1 (i) any assets and liabilities of the en-
2 terprise that the receiver determines are
3 necessary to allow the limited-life regulated
4 entity to operate independent from the res-
5 olution of the enterprise shall be trans-
6 ferred to the limited-life regulated entity;
7 and

8 (ii) in winding up the affairs of the
9 limited-life regulated entity, the remaining
10 assets of the limited-life regulated entity
11 shall be made available to the successor en-
12 tities established pursuant to subparagraph
13 (C) of this paragraph and to other private
14 guarantors engaged in providing insurance
15 for eligible mortgage-backed securities in
16 accordance with section 202;

17 (B) the charter of the enterprise shall be
18 repealed pursuant to section 1367(k) of the
19 Federal Housing Enterprises Financial Safety
20 and Soundness Act of 1992 (12 U.S.C.
21 4617(k)), as amended by section 305; and

22 (C) the receiver shall provide for reorga-
23 nization and chartering of the successor entity
24 to the limited life regulated entity for the enter-
25 prise as an entity established to operate as an

1 insurer under section 202(b)(2)(A) of this Act
2 or a participating aggregator of eligible mort-
3 gages for securitization pursuant to section 201
4 if such eligible mortgages are originated by
5 originators whose volume of such business is in-
6 sufficient to allow for such originators to aggre-
7 gate and securitize such mortgages.

8 (c) ADJUSTMENT OF TIMING.—Ginnie Mae may ad-
9 just the duration of the period referred to in subsection
10 (a)(1) by establishing requirements to be met by market
11 participants before such period may be considered to be
12 concluded. Such requirements may include requirements
13 regarding—

14 (1) ensuring that there is an adequate level of
15 private capital available for efficient financing of sin-
16 gle-family and multifamily housing mortgages
17 through—

18 (A) the market for initial public offerings;

19 and

20 (B) retained earnings of market partici-
21 pants; and

22 (2) ensuring that any anticompetitive liquidity
23 advantages in mortgage-backed securities are ade-
24 quately protected against.

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

2 Section 1367 of the Federal Housing Enterprises Fi-
3 nancial Safety and Soundness Act of 1992 (12 U.S.C.
4 4617) is amended by striking subsection (k) and inserting
5 the following new subsection:

6 “(k) REPEAL OF ENTERPRISE CHARTERS.—

7 “(1) FANNIE MAE.—Effective upon the certifi-
8 cation date (as such term is defined in section 2 of
9 the Partnership to Strengthen Homeownership Act
10 of 2015), the charter of the Federal National Mort-
11 gage Association is repealed and the Federal Na-
12 tional Mortgage Association shall have no authority
13 to conduct new business under such charter, except
14 that the provisions of such charter in effect imme-
15 diately before such repeal shall continue to apply
16 with respect to the rights and obligations of any
17 holders of—

18 “(A) outstanding debt obligations of the
19 Federal National Mortgage Association, includ-
20 ing any—

21 “(i) bonds, debentures, notes, or other
22 similar instruments;

23 “(ii) capital lease obligations; or

24 “(iii) obligations in respect of letters
25 of credit, bankers’ acceptances, or other
26 similar instruments; or

1 “(B) mortgage-backed securities guaran-
2 teed by the Federal National Mortgage Associa-
3 tion that are not eligible mortgage-backed secu-
4 rities insured by Ginnie Mae pursuant to sec-
5 tion 202 of the Partnership to Strengthen
6 Homeownership Act of 2015.

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

16 “(A) outstanding debt obligations of the
17 Federal Home Loan Mortgage Corporation, in-
18 cluding any—

19 “(i) bonds, debentures, notes, or other
20 similar instruments;

21 “(ii) capital lease obligations; or

22 “(iii) obligations in respect of letters
23 of credit, bankers’ acceptances, or other
24 similar instruments; or

1 “(B) mortgage-backed securities guaran-
2 teed by the Federal Home Loan Mortgage Cor-
3 poration that are not eligible mortgage-backed
4 securities insured by Ginnie Mae pursuant to
5 section 202 of the Partnership to Strengthen
6 Homeownership Act of 2015.

7 “(3) EXISTING GUARANTEE OBLIGATIONS.—

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

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

1 “(i) shall not be amended, restated, or
2 otherwise changed to reduce the rate or
3 amount of dividends in effect pursuant to
4 such Agreement as of the Third Amend-
5 ment to such Agreement dated August 17,
6 2012, except that any amendment to such
7 Agreement to facilitate the sale of assets of
8 the enterprises shall be permitted; and

9 “(ii) shall remain in effect until the
10 guarantee obligations described under
11 paragraphs (1)(B) and (2)(B) of this sub-
12 section are fully extinguished.

13 “(C) APPLICABILITY.—All guarantee fee
14 amounts derived from the single-family mort-
15 gage guarantee business of the enterprises in
16 existence as of the certification date shall be
17 subject to the Senior Preferred Stock Purchase
18 Agreement.

19 “(D) SENIOR PREFERRED STOCK PUR-
20 CHASE AGREEMENT.—For purposes of this
21 paragraph, the term ‘Senior Preferred Stock
22 Purchase Agreement’ means—

23 “(i) the Amended and Restated Senior
24 Preferred Stock Purchase Agreement,
25 dated September 26, 2008, as such Agree-

1 ment has been amended on May 6, 2009,
2 December 24, 2009, and August 17, 2012,
3 respectively, and as such Agreement may
4 be further amended and restated, entered
5 into between the Department of the Treas-
6 ury and each enterprise, as applicable; and

7 “(ii) any provision of any certificate in
8 connection with such Agreement creating
9 or designating the terms, powers, pref-
10 erences, privileges, limitations, or any
11 other conditions of the Variable Liquida-
12 tion Preference Senior Preferred Stock of
13 an enterprise issued or sold pursuant to
14 such Agreement.

15 “(4) SWAP OPTION FOR NEW SECURITIES.—

16 Notwithstanding any other provision of this sub-
17 section, Ginnie Mae shall provide that during the
18 30-year period beginning upon the certification date,
19 any securities described in paragraph (1)(B) or
20 (2)(B) may be exchanged, at the request of the hold-
21 er of such security, for securities insured under sec-
22 tion 202 of the Partnership to Strengthen Home-
23 ownership Act of 2015, and Ginnie Mae shall ensure
24 fungibility between such securities exchanged. Ginnie
25 Mae may establish such terms and conditions for

1 such exchanges as Ginnie Mae considers appro-
2 priate, except that Ginnie Mae shall provide that in
3 such exchanges such securities described in para-
4 graph (1)(B) or (2)(B) shall receive a risk weight of
5 zero.”.

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

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

11 (1) makes a determination, after consultation
12 with the Board of Governors of the Federal Reserve
13 System, that such deadline is posing significant risk
14 to the housing market; and

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

17 (b) **EXTENSIONS.**—

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

21 (2) **SECOND EXTENSION.**—If, after the expira-
22 tion of a first extension of a deadline of 2 years, the
23 Director makes a determination as provided in sub-
24 section (a)(1), the Director may extend the deadline
25 an additional 2 years.

1 (3) ADDITIONAL EXTENSIONS.—If, after the ex-
2 piration of the second extension of a deadline of 2
3 years, the Director makes a determination as pro-
4 vided in subsection (a)(1), the Director may, upon
5 the written agreement of the Chairman of the Board
6 of Governors of the Federal Reserve System and the
7 Secretary of the Treasury, and in consultation with
8 the Secretary of the Housing and Urban Develop-
9 ment, extend the deadline an additional year, and
10 annually thereafter utilizing the same process de-
11 scribed in this paragraph until such time as the Di-
12 rector makes a determination that such deadline
13 does not pose a significant risk to the housing mar-
14 ket.

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

1 **SEC. 307. CONSULTATION.**

2 Throughout the wind-down of the enterprises under
3 this title, the Director shall consult with relevant partici-
4 pants in the housing finance industry regarding—

5 (1) carrying out this title, including the appro-
6 priate level of regulatory discretion to be exercised
7 in carrying out this title; and

8 (2) maintaining consistency, to the extent fea-
9 sible, among mortgage-backed securities issued
10 through the various available platforms.

11 **TITLE IV—MULTIFAMILY**
12 **HOUSING FINANCE**

13 **SEC. 401. ESTABLISHMENT OF MULTIFAMILY SUBSIDI-**
14 **ARIES.**

15 (a) **FORMATION AND GOVERNANCE OF MULTIFAMILY**
16 **SUBSIDIARIES.—**

17 (1) **FEDERAL NATIONAL MORTGAGE ASSOCIA-**
18 **TION.—**

19 (A) **MULTIFAMILY SUBSIDIARY PLAN.—**

20 The Director of Ginnie Mae, in consultation
21 with the Secretary of the Treasury, shall direct
22 the Federal National Mortgage Association to
23 develop a plan, not later than 180 days after
24 the date of enactment of this Act, to establish
25 a multifamily subsidiary for purposes of expedi-
26 tiously—

1 (i) providing sufficient multifamily fi-
2 nancing in the primary, secondary, and
3 tertiary geographical markets, including in
4 rural markets and through a diversity of
5 experienced multifamily lenders; and

6 (ii) establishing a competitive multi-
7 family market for multifamily housing
8 guarantors engaging in multifamily covered
9 securities.

10 (B) ESTABLISHMENT OF MULTIFAMILY
11 SUBSIDIARY.—The Director shall direct the
12 Federal National Mortgage Association to es-
13 tablish a multifamily subsidiary not later than
14 1 year after the date of enactment of this Act.

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

17 (A) MULTIFAMILY SUBSIDIARY PLAN.—
18 The Director, in consultation with the Secretary
19 of the Treasury, shall direct the Federal Home
20 Loan Mortgage Corporation to develop a plan,
21 not later than 180 days after the date of enact-
22 ment of this Act, to establish a multifamily sub-
23 sidiary for purposes of expeditiously—

24 (i) providing sufficient multifamily fi-
25 nancing in the primary, secondary, and

1 tertiary geographical markets, including in
2 rural markets and through a diversity of
3 experienced multifamily lenders; and

4 (ii) establishing a competitive multi-
5 family market for multifamily housing
6 guarantors engaging in multifamily covered
7 securities.

8 (B) ESTABLISHMENT OF MULTIFAMILY
9 SUBSIDIARY.—The Director shall direct the
10 Federal Home Loan Mortgage Corporation to
11 establish a multifamily subsidiary not later than
12 1 year after the date of enactment of this Act.

13 (b) TRANSFER OF FUNCTIONS.—

14 (1) FANNIE MAE MULTIFAMILY SUBSIDIARY.—

15 (A) IN GENERAL.—Notwithstanding the
16 provisions under title III or any other provision
17 of law, effective on the date on which the multi-
18 family subsidiary is established under sub-
19 section (a)(1)(B), all employees, functions, ac-
20 tivities, infrastructure, property, including the
21 Delegated Underwriting and Servicing Lender
22 Program and other intellectual property, plat-
23 forms, technology, or any other object or service
24 of the Federal National Mortgage Association
25 necessary to the support, maintenance, and op-

1 eration of the multifamily business of the Fed-
2 eral National Mortgage Association shall be
3 transferred and contributed, without cost, to
4 the multifamily subsidiary.

5 (B) CAPITAL CONTRIBUTION.—In connec-
6 tion with the transfer required under subpara-
7 graph (A), the Federal National Mortgage As-
8 sociation shall contribute, in any form or man-
9 ner the Director may determine, subject to the
10 approval right of the Secretary of the Treasury
11 in the Senior Preferred Stock Purchase Agree-
12 ment, any capital necessary to ensure that the
13 multifamily subsidiary established under sub-
14 section (a)(1)(B) has, in the determination of
15 the Director, sufficient capital to carry out its
16 multifamily business, including the ability to ob-
17 tain warehouse lines of credit.

18 (C) ENSURING CONTINUATION OF ONGO-
19 ING OPERATION OF MULTIFAMILY BUSINESS.—

20 (i) IN GENERAL.—In carrying out the
21 multifamily business transferred pursuant
22 to subparagraph (A), the multifamily sub-
23 sidiary established under subsection
24 (a)(1)(B) shall ensure that any such busi-

1 ness continues to operate, as applicable,
2 consistent with—

3 (I) the Delegated Underwriting
4 and Servicing Lender Program estab-
5 lished by the Federal National Mort-
6 gage Association;

7 (II) any other programs, activi-
8 ties, and contractual agreements of
9 the enterprises that support the enter-
10 prises' provision of liquidity to the
11 multifamily housing market; and

12 (III) the provisions of this title.

13 (2) FREDDIE MAC MULTIFAMILY SUBSIDIARY.—

14 (A) IN GENERAL.—Notwithstanding the
15 provisions under title VI or any other provision
16 of law, effective on the date on which the multi-
17 family subsidiary is established under sub-
18 section (a)(2)(B), all employees, functions, ac-
19 tivities, infrastructure, property, including the
20 Capital Market Execution Program Series K
21 Structured 2Pass-Through Certificates origi-
22 nated and offered under the Program Plus
23 Lender Program and other intellectual prop-
24 erty, platforms, technology, or any other object
25 or service of the Federal Home Loan Mortgage

1 Corporation necessary to the support, mainte-
2 nance, and operation of the multifamily busi-
3 ness of the Federal Home Loan Mortgage Cor-
4 poration shall be transferred and contributed,
5 without cost, to the multifamily subsidiary.

6 (B) CAPITAL CONTRIBUTION.—In connec-
7 tion with the transfer required under subpara-
8 graph (A), the Federal Home Loan Mortgage
9 Corporation shall contribute, in any form or
10 manner the Director may determine, subject to
11 the approval right of the Secretary of the
12 Treasury in the Senior Preferred Stock Pur-
13 chase Agreement, any capital necessary to en-
14 sure that the multifamily subsidiary established
15 under subsection (a)(2)(B) has, in the deter-
16 mination of the Director, sufficient capital to
17 carry out its multifamily business, including the
18 ability to obtain warehouse lines of credit.

19 (C) ENSURING CONTINUATION OF ONGO-
20 ING OPERATION OF MULTIFAMILY BUSINESS.—

21 (i) IN GENERAL.—In carrying out the
22 multifamily business transferred pursuant
23 to subparagraph (A), the multifamily sub-
24 sidiary established under subsection
25 (a)(2)(B) shall ensure that any such busi-

1 ness continues to operate, as applicable,
2 consistent with—

3 (I) the Capital Market Execution
4 Program Series K Structured 2Pass-
5 Through Certificates originated and
6 offered under the Program Plus
7 Lender Program established by the
8 Federal Home Loan Mortgage Cor-
9 poration;

10 (II) any other programs, activi-
11 ties, and contractual agreements of
12 the enterprises that support the enter-
13 prises' provision of liquidity to the
14 multifamily housing market; and

15 (III) the provisions of this title.

16 (c) MULTIFAMILY SUBSIDIARIES.—

17 (1) IN GENERAL.—The multifamily subsidiaries
18 established by the Federal National Mortgage Asso-
19 ciation and the Federal Home Loan Mortgage Cor-
20 poration under subsection (a) may retain a limited
21 multifamily mortgage loan portfolio to—

22 (A) aggregate mortgage loans for pooled
23 securities executions;

1 (B) implement pilot mortgage loan pro-
2 grams and other risk-sharing transactions and
3 product modification testing;

4 (C) engage in the financing of properties
5 with rent-regulatory restrictions, off-campus
6 student housing, and senior and assisted living
7 developments; and

8 (D) perform additional activities as may be
9 established by the Director for the purpose of
10 facilitating the continuation of existing multi-
11 family activities.

12 (2) PORTFOLIO REDUCTION APPLICABILITY.—
13 For purposes of expeditiously meeting the criteria
14 under clauses (i) and (ii) of paragraphs (1)(A) and
15 (2)(A) of subsection (a), the multifamily subsidiaries
16 established under subsection (a) shall not be subject
17 to any portfolio reduction required under title III.

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

19 (a) AUTHORITY TO MANAGE DISPOSITION OF MUL-
20 TIFAMILY BUSINESSES.—Except to the extent necessary
21 to provide for guarantees under section 403 and to carry
22 out this title and the amendments made by this title and
23 notwithstanding any provision of title III or any other law,
24 the Director may, on or before the certification date, man-
25 age the sale, transfer, or disposition for value of property,

1 including intellectual property, technology, platforms, and
2 legacy systems, infrastructure and processes of an enter-
3 prise relating to the operation and maintenance of the
4 multifamily business of an enterprise.

5 (b) REQUIRED ESTABLISHMENT OF WELL-FUNC-
6 TIONING MULTIFAMILY COVERED SECURITY MARKET.—

7 In exercising the authority in subsection (a), the Director
8 shall manage any disposition of the multifamily business
9 of an enterprise in a manner consistent with—

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

12 (2) the provision of broad access to multifamily
13 financing; and

14 (3) facilitating competition in the multifamily
15 covered security market by—

16 (A) providing open access to performance
17 information on the legacy multifamily business
18 of an enterprise;

19 (B) providing for reasonable licensing of
20 the multifamily proprietary systems of an enter-
21 prise; and

22 (C) setting market share limitations, fees,
23 or additional capital standards on multifamily
24 business assets that were sold, transferred, or
25 disposed.

1 (c) CONTINUATION OF GUARANTEE FOR EXISTING
2 MULTIFAMILY SECURITIES.—Nothing in this title may be
3 construed to affect the guarantee for any security of enter-
4 prise backed my mortgages on multifamily housing that
5 is provided pursuant to paragraph (1) or (2), and para-
6 graph (3)(A) of section 1367(k) of the Federal Housing
7 Enterprises Financial Safety and Soundness Act of 1992
8 (as added by section 305 of this Act).

9 **SEC. 403. GUARANTEE OF MULTIFAMILY SECURITIES.**

10 (a) IN GENERAL.—The Director shall develop, adopt,
11 publish, and enforce standards for—

12 (1) the approval by the Director of multifamily
13 guarantors to issue securities collateralized by eligi-
14 ble multifamily mortgage loans; and

15 (2) guarantee by Ginnie Mae of the timely pay-
16 ment of principal and interest on such securities
17 collateralized by eligible multifamily mortgage loans
18 and insured by 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, except that such standards regarding capital-
24 ization shall take into consideration the unique char-

1 acteristics of financing for mortgages for multifamily
2 housing;

3 (2) guarantees provided pursuant to this section
4 accommodate various business models for such fi-
5 nancing, which shall include providing guarantees
6 for entire securities and for particular tranches under
7 such securities; and

8 (3) credit risk-sharing levels under any such
9 guarantees are commensurate with such levels under
10 the Delegated Underwriting and Servicing Lender
11 Program of the Federal National Mortgage Associa-
12 tion and the Capital Market Execution Program Se-
13 ries K Structured 2Pass-Through Certificates origi-
14 nated and offered under the Program Plus Lender
15 Program of the Federal Home Loan Mortgage Cor-
16 poration.

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

20 (1) in the same manner and using the same
21 procedures used pursuant to title II to determine
22 guarantee fees for securities backed by single-family
23 housing mortgages, with such changes as Ginnie
24 Mae determines to be necessary to account for the

1 differences between the single-family guarantee busi-
2 ness and the multifamily guarantee business; and

3 (2) taking into account the differences between
4 the guarantee fees structures of the Federal Na-
5 tional Mortgage Association and the Federal Home
6 Loan Mortgage Corporation.

7 (d) **DISTINCTIONS.**—The Director shall take into ac-
8 count, in carrying out this section, in providing any
9 issuing platform, and in establishing any requirements re-
10 lating to the guarantee of securities collateralized by eligi-
11 ble multifamily mortgage loans, the particular nature and
12 characteristics of such securities and loans, as distin-
13 guished from eligible mortgages and securities guaranteed
14 pursuant to title II, and as may be necessary to accommo-
15 date the multifamily housing financing market.

16 (e) **FULL FAITH AND CREDIT.**—The full faith and
17 credit of the United States is pledged to the payment of
18 all amounts which may be required paid under any insur-
19 ance provided under this section.

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

21 The Director may establish such other methods and
22 manner of risk-sharing and risk transfer relating eligible
23 multifamily mortgage loans, in addition to the methods
24 and manners authorized under this title, as may be appro-
25 priate taking into consideration the particular nature and

1 characteristics of the multifamily housing finance market,
2 which may include any risk-sharing activities of the Fed-
3 eral National Mortgage Association and the Federal Home
4 Loan Mortgage Corporation relating to the multifamily
5 housing business.

6 **SEC. 405. GINNIE MAE SECURITIZATION OF FHA RISK-SHAR-**
7 **ING LOANS.**

8 (a) QUALIFIED PARTICIPATING ENTITIES RISK-
9 SHARING PROGRAM.—Paragraph (8) of section 542(b) of
10 the Housing and Community Development Act of 1992
11 (12 U.S.C. 1715z–22(b)(8)) is amended to read as follows:

12 “(8) GINNIE MAE SECURITIZATION.—

13 “(A) PROHIBITION.—The Government Na-
14 tional Mortgage Association shall not securitize
15 any multifamily loans insured or reinsured
16 under this subsection, except as provided in
17 subparagraph (B).

18 “(B) AUTHORITY.—The Government Na-
19 tional Mortgage Association may, at the discre-
20 tion of the Director of Ginnie Mae, securitize
21 any multifamily loan, provided that—

22 “(i) the Federal Housing Administra-
23 tion provides mortgage insurance based on
24 the unpaid principal balance of the loan, as

1 shall be described in the risk-sharing
2 agreement;

3 “(ii) the Federal Housing Administra-
4 tion shall not require an assignment fee for
5 mortgage insurance claims related to the
6 securitized mortgages; and

7 “(iii) any successors and assigns of
8 the risk-sharing partner (including the
9 holders of credit instruments issued under
10 a trust mortgage or deed of trust pursuant
11 to which such holders act by and through
12 a trustee therein named) shall not assume
13 any obligation under the risk-sharing
14 agreement and may assign any defaulted
15 loan to the Federal Housing Administra-
16 tion in exchange for payment of the mort-
17 gage insurance claim.

18 The risk-sharing agreement shall provide for re-
19 imbursement to Ginnie Mae by the risk-sharing
20 partner or partners for either all or a portion
21 of the losses incurred on the loans insured.”.

22 (b) **AUTHORITY.**—Paragraph (6) of section 542(c) of
23 the Housing and Community Development Act of 1992
24 (12 U.S.C. 1715z–22(c)) is amended to read as follows:

1 “(6) GINNIE MAE SECURITIZATION.—The Gov-
2 ernment National Mortgage Association may, at the
3 discretion of the Director of Ginnie Mae, securitize
4 any multifamily loan insured under this subsection,
5 provided that—

6 “(A) the Federal Housing Administration
7 provides mortgage insurance based on the un-
8 paid principal balance of the loan, as shall be
9 described by regulation;

10 “(B) the Federal Housing Administration
11 shall not require an assignment fee for mort-
12 gage insurance claims related to the securitized
13 mortgages; and

14 “(C) any successors and assigns of the
15 risk-sharing partner (including the holders of
16 credit instruments issued under a trust mort-
17 gage or deed of trust pursuant to which such
18 holders act by and through a trustee therein
19 named) shall not assume any obligation under
20 the risk-sharing agreement and may assign any
21 defaulted loan to the Federal Housing Adminis-
22 tration in exchange for payment of the mort-
23 gage insurance claim.

24 The risk-sharing agreement shall provide for reim-
25 bursement to Ginnie Mae by the risk-sharing part-

1 ner or partners for either all or a portion of the
2 losses incurred on the loans insured.”.

3 (c) AMENDMENT TO GINNIE MAE CHARTER ACT.—

4 Clause (ii) of the first sentence of section 306(g)(1) of
5 the National Housing Act (12 U.S.C. 1721(g)(1)) is
6 amended—

7 (1) by striking the semicolon and inserting a
8 comma; and

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

15 (d) IMPLEMENTATION.—The amendments made by
16 this section shall be implemented in a manner that—

17 (1) ensures that participants in the programs
18 under subsections (b) and (c) of section 542 of the
19 Housing and Community Development Act of 1992
20 are subject to standards consistent with those appli-
21 cable to private sector lenders approved by the De-
22 partment of Housing and Urban Development, and

23 (2) does not restrict participation, and provides
24 equal opportunities for participation, in the pro-
25 grams under subsections (b) and (c) of section 542

1 of the Housing and Community Development Act of
2 1992, of private sector lenders meeting the stand-
3 ards for such participation.

4 **SEC. 406. CONTINUATION OF CERTAIN PROGRAMS.**

5 Nothing in this title may be construed to affect the
6 authority of Ginnie Mae, as in effect on the date of the
7 enactment of this Act, to guarantee securities under sec-
8 tion 306 of the National Housing Act (12 U.S.C. 1721),
9 including securities based on or backed by mortgages for
10 multifamily housing insured under title II of the National
11 Housing Act or for hospitals, nursing homes, intermediate
12 care facilities, board and care homes, or assisted living fa-
13 cilities, insured under such title.

14 **TITLE V—AFFORDABLE**
15 **HOUSING**

16 **SEC. 501. AFFORDABLE HOUSING ALLOCATIONS.**

17 (a) FEE AND ALLOCATION OF AMOUNTS.—In addi-
18 tion to any fees for the provision of insurance established
19 in accordance with title II, in each fiscal year the Platform
20 shall—

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

1 (A) all eligible mortgage loans that
2 collateralize securities insured under this Act;
3 and

4 (B) all other mortgage loans that
5 collateralize securities on which Ginnie Mae
6 guarantees the timely payment of principal and
7 interest pursuant to title III of the National
8 Housing Act (12 U.S.C. 1716 et seq.); and

9 (2) allocate or otherwise transfer, on an annual
10 basis—

11 (A) 75 percent of such fee amounts to the
12 Secretary of Housing and Urban Development
13 to fund the Housing Trust Fund established
14 under section 1338 of the Federal Housing En-
15 terprises Financial Safety and Soundness Act
16 of 1992 (12 U.S.C. 4568);

17 (B) 15 percent of such fee amounts to the
18 Secretary of the Treasury to fund the Capital
19 Magnet Fund established under section 1339 of
20 the Federal Housing Enterprises Financial
21 Safety and Soundness Act of 1992 (12 U.S.C.
22 4569); and

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

1 (b) CONTINUING OBLIGATION.—The fee required to
2 be charged under subsection (a) shall be collected for the
3 life of the security.

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

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

20 **SEC. 502. HOUSING TRUST FUND.**

21 Section 1338 of the Federal Housing Enterprises Fi-
22 nancial Safety and Soundness Act of 1992 (12 U.S.C.
23 4568) is amended—

24 (1) in subsection (a)(1)—

1 (A) in the first sentence, by inserting “or
2 pursuant to section 501 of the Partnership to
3 Strengthen Homeownership Act of 2015” after
4 “section 1337”; and

5 (B) in the second sentence, by inserting
6 “federally recognized tribes and” after “grants
7 to”;

8 (2) by striking subsection (b) and inserting the
9 following:

10 “(b) [Reserved.]”;

11 (3) in subsection (c)—

12 (A) in paragraph (1), by striking “Except
13 as provided in subsection (b), the” and insert-
14 ing “The”;

15 (B) in paragraph (2)—

16 (i) by striking “(as such term is de-
17 fined in section 4 of the Native American
18 Housing Assistance and Self-Determina-
19 tion Act of 1997 (25 U.S.C. 4103))”; and

20 (ii) by adding at the end the fol-
21 lowing: “An Indian tribe receiving grant
22 amounts under this subsection may des-
23 ignate a federally recognized tribe or a
24 tribally designated housing entity to re-
25 ceive such grant amounts. Nothing in this

1 subsection shall limit or be construed to
2 limit the ability of an Indian tribe or a
3 tribally designated housing entity from
4 being a permissible designated recipient of
5 grant amounts provided by a State under
6 this section.”;

7 (C) in paragraph (3)—

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

10 (ii) in subparagraph (A), by striking
11 “The Secretary shall” and insert the fol-
12 lowing:

13 “(i) MINIMUM TRIBAL DISTRIBUTIONS.—
14

15 “(I) IN GENERAL.—The Sec-
16 retary, acting through the Office of
17 Native American Programs, shall dis-
18 tribute via competitive grants the
19 amounts determined under subclause
20 (II) and made available under this
21 subsection to federally recognized
22 tribes and tribally designated housing
23 entities.

24 “(II) AMOUNTS.—The total
25 amount required to be distributed

1 under this subclause for a fiscal year
2 shall be the greater of \$20,000,000,
3 or 2 percent of the total amount of
4 amounts allocated for the Housing
5 Trust Fund under this section.

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

17 “(IV) EVALUATION OF APPLICA-
18 TIONS.—

19 “(aa) IN GENERAL.—In
20 evaluating any application for the
21 receipt of competitive grant
22 amounts authorized under this
23 clause, the Secretary, acting
24 through the Office of Native
25 American Programs, shall con-

1 sider with respect to the federally
2 recognized tribe applicant or trib-
3 ally designated housing entity ap-
4 plicant and to Indian reserva-
5 tions and other Indian areas as-
6 sociated with the federally recog-
7 nized tribe applicant or served by
8 the tribally designated housing
9 entity applicant evaluation cri-
10 teria, including the following:

11 “(AA) Level of poverty
12 on the Indian reservation or
13 in the Indian area.

14 “(BB) Level of unem-
15 ployment on the Indian res-
16 ervation or in the Indian
17 area.

18 “(CC) Condition of
19 housing stock on the Indian
20 reservation or in the Indian
21 area.

22 “(DD) Level of over-
23 crowded housing on the In-
24 dian reservation or in the
25 Indian area, as measured by

1 the number of households in
2 which the number of persons
3 per room is greater than
4 one.

5 “(EE) Presence and
6 prevalence of black mold on
7 the Indian reservation or in
8 the Indian area.

9 “(FF) Demonstrated
10 experience, capacity, and
11 ability of the applicant to
12 manage affordable housing
13 programs, including multi-
14 family rental housing pro-
15 grams, homeownership pro-
16 grams, and programs to as-
17 sist purchasers with down
18 payments, closing costs, or
19 interest rate buy-downs.

20 “(GG) Demonstrated
21 ability of the applicant to
22 meet the requirements under
23 the Native American Hous-
24 ing Assistance and Self-De-
25 termination Act of 1996 (25

1 U.S.C. 4101 et seq.), includ-
2 ing the timely and efficient
3 expenditure of funds.

4 “(HH) Such other cri-
5 teria as may be specified by
6 the Secretary in order to
7 evaluate the overall quality
8 of the proposed project, the
9 feasibility of the proposed
10 project, and whether the
11 proposed project will address
12 the housing needs on the In-
13 dian reservation or in the
14 Indian area.

15 “(bb) REVIEW OF DATA.—In
16 evaluating any application for the
17 receipt of competitive grant
18 amounts authorized under this
19 clause, the Secretary, acting
20 through the Office of Native
21 American Programs, shall permit
22 a federally recognized tribe appli-
23 cant or a tribally designated
24 housing entity applicant to sup-
25 plement or replace, in whole or in

1 part, any data compiled and pro-
2 duced by the Bureau of the Cen-
3 sus and upon which the Sec-
4 retary, acting through the Office
5 of Native American Program, re-
6 lies, provided such tribally-col-
7 lected data meets the Depart-
8 ment of Housing and Urban De-
9 velopment's standards for accu-
10 racy.

11 “(V) TREATMENT OF FUNDS.—

12 Notwithstanding any other provision
13 of law, competitive grant amounts re-
14 ceived under this clause shall not be
15 considered Federal funds for purposes
16 of matching other Federal sources of
17 funds.

18 “(VI) RULE OF CONSTRUC-

19 TION.—The requirements under
20 clause (ii), subparagraphs (B) and (C)
21 of this paragraph, and paragraphs (4)
22 through (8) and paragraph (10)(A) of
23 this subsection shall not apply to any
24 amounts distributed under this clause

1 to a federally recognized tribe or a
2 tribally designated housing entity.

3 “(ii) STATE DISTRIBUTIONS.—From
4 any amounts remaining in the Housing
5 Trust Fund after the distribution of the
6 amounts required under clause (i), the Sec-
7 retary shall”;

8 (iii) in subparagraph (B), by striking
9 “subparagraph (A)” and inserting “sub-
10 paragraph (A)(ii)”;

11 (iv) in subparagraph (C), by striking
12 “subparagraph (A)” and inserting “sub-
13 paragraph (A)(ii)”;

14 (D) in paragraph (4)—

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

17 (ii) by striking subparagraph (C), and
18 inserting the following:

19 “(C) MINIMUM STATE ALLOCATIONS.—

20 “(i) IN GENERAL.—Except as pro-
21 vided in clause (ii), if the formula amount
22 determined under paragraph (3) for a fis-
23 cal year would allocate less than
24 \$10,000,000 to any of the 50 States of the
25 United States or the District of Columbia,

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

10 “(ii) EXCEPTION.—If the allocation to
11 the Housing Trust Fund under section
12 501(a)(2)(A) of the Partnership to
13 Strengthen Homeownership Act of 2015
14 for a fiscal year is less than
15 \$1,000,000,000, the minimum allocation to
16 any of the 50 States of the United States
17 or the District of Columbia shall be the
18 greater of \$5,000,000 or 1 percent of the
19 total amount of amounts allocated for the
20 Housing Trust Fund under this section
21 and the increase in any such allocation
22 shall be deducted pro rata from the alloca-
23 tions made to all other of the States (as
24 such term is defined in section 1303).”;

1 (E) in paragraph (7)(B)(iv), by striking
2 “section 132” and inserting “section 1132”;
3 and

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

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

10 (4) in subsection (f), by adding at the end the
11 following:

12 “(7) TRIBAL TERMS.—

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

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

22 **SEC. 503. CAPITAL MAGNET FUND.**

23 Section 1339 of the Federal Housing Enterprises Fi-
24 nancial Safety and Soundness Act of 1992 (12 U.S.C.
25 4569) is amended—

1 (1) in subsection (b)(1), by inserting “or sec-
2 tion 501 of the Partnership to Strengthen Home-
3 ownership Act of 2015” after “section 1337”;

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

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

8 **SEC. 504. MARKET ACCESS FUND.**

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

11 (b) DEPOSITS.—The Market Access Fund shall be
12 credited with—

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

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

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

22 (1) providing grants and loans for research, de-
23 velopment, and pilot testing of innovations in con-
24 sumer education, product design, underwriting, and
25 servicing;

1 (2) offering additional credit support for certain
2 eligible mortgage loans or pools of eligible mortgage
3 loans, such as by covering a portion of any capital
4 required to obtain insurance from the Ginnie Mae
5 under this Act, provided that amounts for such addi-
6 tional credit support do not replace borrower funds
7 required of an eligible mortgage loan;

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

20 (4) providing limited credit enhancement, and
21 other forms of credit support, for product and serv-
22 ices that—

23 (A) will increase the rate of sustainable
24 homeownership and affordable rental housing,
25 including manufactured homes purchased

1 through real estate and personal property loans
2 and manufactured homes used as rental hous-
3 ing, by individuals or families whose income
4 does not exceed 120 percent of the area median
5 income as determined by Ginnie Mae, with ad-
6 justments for family size; and

7 (B) might not otherwise be offered or sup-
8 ported by a pilot program of sufficient scale to
9 determine the viability of such products and
10 services in the private market;

11 (5) providing housing counseling by a HUD-ap-
12 proved housing counseling agency; and

13 (6) providing incentives to achieve broader ac-
14 cess to credit.

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

21 (1) succeeded in meeting or failed to meet the
22 needs of certain populations, especially extremely
23 low-, very low-, low-, and moderate-income and un-
24 derserved or hard-to-serve populations; and

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

4 **TITLE VI—GENERAL** 5 **PROVISIONS**

6 **SEC. 601. RULE OF CONSTRUCTION REGARDING SENIOR** 7 **PREFERRED STOCK PURCHASE AGREE-** 8 **MENTS.**

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

14 **SEC. 602. TREATMENT OF COMMUNITY DEVELOPMENT FI-** 15 **NANCIAL INSTITUTION.**

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

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

24 (2) in paragraph (3)(E), by inserting “or com-
25 munity development financial institution (as defined

1 in section 103 of the Riegle Community Develop-
2 ment and Regulatory Improvement Act of 1994 (12
3 U.S.C. 4702))” after “community financial institu-
4 tion”.

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

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