113TH CONGRESS
2D Session

H. R.

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

IN THE HOUSE OF REPRESENTATIVES

Mr. Delaney introduced the following bill; which was referred to the Committee on ____________________________

A BILL

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

Be it enacted by the Senate and House of Representa-
tives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) Short Title.—This Act may be cited as the “Partnership to Strengthen Homeownership Act of 2014”.

(b) Table of Contents.—The table of contents for this Act is as follows:

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

TITLE I—GINNIE MAE
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. 203. Authority to protect taxpayers in unusual and exigent market conditions.
Sec. 204. Servicing rights; representations and warranties.
Sec. 205. Federal Home Loan Banks.

TITLE III—WIND DOWN OF FANNIE MAE AND FREDDIE MAC

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

TITLE IV—MULTIFAMILY HOUSING FINANCE

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

TITLE V—AFFORDABLE HOUSING

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

TITLE VI—GENERAL PROVISIONS

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

1 SEC. 2. DEFINITIONS.

For purposes of this Act:

(1) BANKING DEFINITIONS.—The term “bank” and “savings association” have the meaning given those terms, respectively, under section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813).
(2) CERTIFICATION DATE.—The term "certification date" means the earlier of—

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

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

(3) CHARTER ACT.—The term "charter Act" means—

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

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

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

(5) DIRECTOR.—The term "Director" means the Director of Ginnie Mae, as such position is es-
established pursuant to the amendments made by section 101(c)(1).

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

(A) has the meaning given the term “qualified mortgage” under section 129C(b)(2)(A) of the Truth in Lending Act (15 U.S.C. 1639c), as such meaning may be adjusted by the Director if the Director determines such adjustment is appropriate; and

(B) includes such other minimum standards as may be established by the Platform, to ensure the quality of mortgages used to collateralize mortgage-backed securities issued by the Platform.

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

(A) secured by a property with—

(i) 5 or more residential units; or

(ii) 2 or more residential units, if the requirement under clause (i) is waived by the Director for purposes of carrying out a demonstration or pilot program;
(B) the primary source of repayment for which is expected to be derived from rental income generated by the property;

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

(D) that satisfies any additional underwriting criteria established by the Director to balance supporting access to capital with managing credit risk to the Fund, including—

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

   (ii) a minimum debt service coverage ratio; and

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

(E) that satisfies any additional underwriting criteria that may be established by the Director.

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

(A) the Federal National Mortgage Association and any affiliate thereof; and
(B) the Federal Home Loan Mortgage Corporation and any affiliate thereof.

(9) Fund.—The term “Fund” means the insurance fund established under section 202(g).

(10) Ginnie Mae.—The term “Ginnie Mae” means the Government National Mortgage Association.

(11) Market Participant.—The term “market participant” means any insurance company, bank, saving association, credit union, or real estate investment trust insuring or reinsuring any part of a security issued by the Platform.

(12) Participating Aggregator.—The term “participating aggregator” means an aggregator of eligible mortgages that collateralize mortgage-backed securities issued by the Platform pursuant to title II.

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

(14) Real Estate Investment Trust.—The term “real estate investment trust” has the meaning given such term under section 856(a) of the Internal Revenue Code of 1986.
TITLE I—GINNIE MAE

SEC. 101. REMOVAL FROM HUD; ESTABLISHMENT AS INDEPEN- 
DENT 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 amend-
ed—

(1) in section 306(g)(3)(D) (12 U.S.C. 
1721(g)(3)(D)), by striking “Secretary” and insert-
ing “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 “Sec-
retary of Housing and Urban Development” 
and inserting “Director of the Association”; 

(B) in subsection (e)(4), by striking “Sec-
retary’s” and inserting “Director of the Asso-
ciation’s”;
(C) in subsection (d)(1), by striking “Secretary’s” and inserting “Director of the Association’s”;

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

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

(e) MANAGEMENT; DIRECTOR.—

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

(A) in the first sentence—

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

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

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

(C) in the third sentence—

(i) by striking “in the Department of Housing and Urban Development”; and
(ii) by inserting before the period at
the end the following: “, and shall be ap-
pointed for a term of 5 years, unless re-
moved before the end of such term for
cause by the President’’;
(D) in the last sentence, by striking “Sec-
retary” and inserting “Director”; and
(E) by adding at the end the following un-
designated paragraph:
“A vacancy in the position of Director that occurs
before the expiration of the term for which a Director was
appointed shall be filled in the manner established under
paragraph (1), and the Director appointed to fill such va-
cancy shall be appointed only for the remainder of such
term. If the Senate has not confirmed a Director, the
President may designate either the individual nominated
but not yet confirmed for the position of Director or an-
other individual, to serve as the Acting Director, and such
Acting Director shall have all the rights, duties, powers,
and responsibilities of the Director, until such time as a
Director is confirmed by the Senate. An individual may
serve as the Director after the expiration of the term for
which appointed until a successor has been appointed or
confirmed.”.
(2) CONFORMING AMENDMENT.—Section 5315 of title 5, United States Code, is amended, in the item relating to the President of the Government National Mortgage Association, by striking “. Department of Housing and Urban Development”.

(d) MEMBERSHIP ON FSOC.—The Dodd-Frank Wall Street Reform and Consumer Protection Act is amended—

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

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

“(i) the Mortgage Insurance Fund established under section 202(g) of the Partnership to Strengthen Homeownership Act of 2014; and

“(ii) the Federal Home Loan Banks or the Federal Home Loan Bank System.”; and

(2) in section 111(b)(1)(H), by striking “Director of the Federal Housing Finance Agency” and inserting “Director of the Government National Mortgage Association”.

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

“(d) PERSONNEL.—

“(1) GINNIE MAE.—

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

“(B) DEVELOPMENT OF HUMAN RE-
sources.—In carrying out this subsection,
Ginnie Mae shall appoint and develop human
capital (which shall have such meaning as de-
determined by Ginnie Mae, in consultation with
the Board of Governors of the Federal Reserve,
taking into consideration differences between
the banking and insurance industries) necessary
to ensure that it possesses sufficient expertise
regarding the insurance industry and insurance
issues.
“(C) Comparability of Compensation

WITH FEDERAL BANKING AGENCIES.—In fixing
and directing compensation under subparagraph (A), the Director of the Association shall
consult with, and maintain comparability with,
compensation of officers and employees of the
Office of the Comptroller of the Currency, the
Board of Governors of the Federal Reserve Sys-
tem, and the Federal Deposit Insurance Cor-
poration.

“(D) Personnel of Other Federal
AGENCIES.—In carrying out the duties of the
Association, the Director of the Association
may use information, services, staff, and facili-
ties of any executive agency, independent agen-
cy, or department on a reimbursable basis, with
the consent of such agency or department.

“(E) Outside Experts and Consult-
ANTS.— notwithstanding any provision of law
limiting pay or compensation, the Director of
the Association may appoint and compensate
such outside experts and consultants as such
Director determines necessary to assist the
work of the Association.”.
(f) Transitional Provision.—Notwithstanding this section and the amendments made by this section, during the period beginning on the date of the enactment of this Act, and ending on the date on which the Director of the Government National Mortgage Association is appointed and confirmed pursuant to section 308 of the National Housing Act, as amended by this section, the person serving as the President of the Government National Mortgage Association on that effective date shall act for all purposes as, and with the full powers of, the Director of the Association.

(g) References.—On and after the date of the enactment of this Act, any reference in Federal law to the President of the Government National Mortgage Association or to such Association shall be deemed to be a reference to such Director of such Association or to such Association, as appropriate, as organized pursuant to this subsection and the amendments made by this section.

SEC. 102. TRANSFER TO GINNIE MAE OF POWERS, PERSONNEL, AND PROPERTY OF FHFA.

(a) Powers and Duties Transferred.—

(1) Federal Home Loan Bank Functions Transferred.—

(A) Transfer of Functions.—There are transferred to Ginnie Mae and the Director of
Ginnie Mae all functions of the Federal Housing Finance Agency and the Director of the Federal Housing Finance Agency, respectively.

(B) Powers, authorities, rights, and duties.—Ginnie Mae and the Director of Ginnie Mae shall succeed to all powers, authorities, rights, and duties that were vested in the Federal Housing Finance Agency and the Director of the Federal Housing Finance Agency, respectively, including all conservatorship or receivership authorities, on the day before the transfer date in connection with the functions and authorities transferred under subparagraph (A).

(C) Transfer date.—The transfer of functions under this paragraph shall take effect upon the expiration of the 6-month period beginning on the date of the enactment of this Act.

(2) Continuation and coordination of certain actions.—

(A) In general.—All regulations, orders, determinations, and resolutions described under subparagraph (B) shall remain in effect according to the terms of such regulations, orders, de-
terminations, and resolutions, and shall be enforceable by or against Ginnie Mae until modified, terminated, set aside, or superseded in accordance with applicable law by Ginnie Mae, any court of competent jurisdiction, or operation of law.

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

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

(I) the Federal Housing Finance Agency; or

(II) a court of competent jurisdiction, and relates to functions transferred by this subsection;

(ii) relates to the performance of functions that are transferred by this subsection; and

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

(3) DISPOSITION OF AFFAIRS.—During the period preceding the transfer date under paragraph (1)(C), the Director of the Federal Housing Finance Agency, for the purpose of winding up the affairs of
the Federal Housing Finance Agency in connection with the performance of functions that are transferred by this section—

(A) shall manage the employees of such Agency and provide for the payment of the compensation and benefits of any such employees which accrue before such transfer date; and

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

(4) Use of Property and Services.—

(A) Property.—Ginnie Mae may use the property and services of the Federal Housing Finance Agency to perform functions which have been transferred to Ginnie Mae until such time as the Agency is abolished under subsection (c) to facilitate the orderly transfer of functions transferred under this subsection, any other provision of this Act, or any amendment made by this Act to any other provision of law.

(B) Agency Services.—Any agency, department, or other instrumentality of the United States, and any successor to any such agency, department, or instrumentality, that was providing supporting services to the Agency
before the transfer date in connection with functions that are transferred to Ginnie Mae shall—

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

(ii) consult with any such agency to coordinate and facilitate a prompt and reasonable transition.

(5) CONTINUATION OF SERVICES.—Ginnie Mae may use the services of employees and other personnel of the Federal Housing Finance Agency, on a reimbursable basis, to perform functions which have been transferred to Ginnie Mae for such time as is reasonable to facilitate the orderly transfer of functions pursuant to this subsection, any other provision of this Act, or any amendment made by this Act to any other provision of law.

(6) SAVINGS PROVISIONS.—

(A) EXISTING RIGHTS, DUTIES, AND OBLIGATIONS NOT AFFECTED.—Paragraph (1) and subsection (c) shall not affect the validity of any right, duty, or obligation of the United States, the Director of the Federal Housing Finance Agency, the Federal Housing Finance
Agency, or any other person, that existed on
the day before the transfer date under para-
graph (1)(C).

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

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

(1) TRANSFER.—Each employee of the Federal
Housing Finance Agency that is employed in connec-
tion with functions that are transferred to Ginnie
Mae under subsection (a) shall be transferred to
Ginnie Mae for employment, not later than the
transfer date under subsection (a)(1)(C), and such
transfer shall be deemed a transfer of function for
purposes of section 3503 of title 5, United States
Code.
(2) **STATUS OF EMPLOYEES.**—The transfer of functions under this section, and the abolishment of the Federal Housing Finance Agency under subsection (c), may not be construed to affect the status of any transferred employee as an employee of an agency of the United States for purposes of any other provision of law.

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

(4) **APPOINTMENT AUTHORITY FOR EXCEPTED EMPLOYEES.**—

(A) **IN GENERAL.**—In the case of an employee occupying a position in the excepted service, any appointment authority established under law or by regulations of the Office of Personnel Management for filling such position shall be transferred, subject to subparagraph (B).

(B) **DECLINE OF TRANSFER.**—Ginnie Mae may decline a transfer of authority under subparagraph (A), to the extent that such authority relates to a position excepted from the com-
petitive service because of its confidential, policy-making, policy-determining, or policy-advocating character.

(5) Reorganization.—If Ginnie Mae determines, after the end of the 1-year period beginning on the transfer date under subsection (a)(1)(C), that a reorganization of the combined workforce is required, that reorganization shall be deemed a major reorganization for purposes of affording affected employee retirement under section 8336(d)(2) or 8414(b)(1)(B) of title 5, United States Code.

(6) Employee Benefit Programs.—

(A) In General.—Any employee of the Federal Housing Finance Agency accepting employment with Ginnie Mae as a result of a transfer under paragraph (1) may retain, for 12 months after the date on which such transfer occurs, membership in any employee benefit program of the Agency or Ginnie Mae, as applicable, including insurance, to which such employee belongs on the transfer date under subsection (a)(1)(C) if—

(i) the employee does not elect to give up the benefit or membership in the program; and
(ii) the benefit or program is continued by Ginnie Mae.

(B) Cost Differential.—

(i) In General.—The difference in the costs between the benefits which would have been provided by the Federal Housing Finance Agency and those provided by this subsection shall be paid by Ginnie Mae.

(ii) Health Insurance.—If any employee elects to give up membership in a health insurance program or the health insurance program is not continued by Ginnie Mae, the employee shall be permitted to select an alternate Federal health insurance program not later than 30 days after the date of such election or notice, without regard to any other regularly scheduled open season.

(c) Abolishment of FHFA.—Effective upon the transfer date under subsection (a)(1)(C), the Federal Housing Finance Agency and the position of the Director of the Federal Housing Finance Agency are abolished.

(d) Transfer of Property and Facilities.—Effective upon the transfer date under subsection (a)(1)(C),
all property of the Federal Housing Finance Agency shall transfer to Ginnie Mae.

(e) REFERENCES IN FEDERAL LAW.—On and after the transfer date under subsection (a)(1)(C), any reference in Federal law to the Director of the Federal Housing Finance Agency or the Federal Housing Finance Agency, in connection with any function of the Director of the Federal Housing Finance Agency transferred under subsection (a), shall be deemed a reference to the Director of the Government National Mortgage Association or the Government National Mortgage Association, as appropriate and consistent with the amendments made by this Act.

SEC. 103. REGULATION OF MARKET PARTICIPANTS AND AGGREGATORS.

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

(b) GENERAL SUPERVISORY AND REGULATORY AUTHORITY.—Pursuant to the authority under subsection (a):

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

(2) Authority over market participants and participating aggregators.—Ginnie Mae shall have general regulatory authority over each market participant and participating aggregator and shall exercise such general regulatory authority to ensure that the purposes of this section are carried out.

(c) Principal Duties.—Among the principal duties of the Director pursuant to subsection (b) shall be—

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

(2) to ensure that—

(A) each market participant and participating aggregator operates in a safe and sound manner, including maintenance of adequate capital and internal controls; and

(B) each market participant and participating aggregator complies with this section and the rules, regulations, guidelines, and orders issued under this section.

(d) Prudential Management and Operations Standards.—
(1) **ESTABLISHMENT.**—The Director shall establish prudential standards, by regulation or guideline, for market participants and participating aggregators to—

(A) ensure—

(i) the safety and soundness of market participants and participating aggregators; and

(ii) the maintenance of approval standards by market participants and participating aggregators; and

(B) minimize the risk presented to the Fund.

(2) **RECOGNITION OF DISTINCTIONS.**—In carrying out the requirement under paragraph (1), the Director shall distinguish between prudential standards for market participants and such standards for participating aggregators.

(e) **AUTHORITY TO REQUIRE REPORTS.**—

(1) **REGULAR REPORTS.**—The Director may require, by general or specific orders, a market participant or participating aggregator to submit regular reports, including financial statements determined on a fair value basis, on the condition (including financial condition), management, activities, or oper-
ations of the market participant or participating aggregator, as the Director considers appropriate.

(2) **SPECIAL REPORTS.**—The Director may require, by general or specific orders, a market participant or participating aggregator to submit special reports on any of the topics specified in paragraph (1) or any other relevant topics, if, in the judgment of the Director, such reports are necessary to carry out the purposes of this Act.

(f) **EXAMINATIONS AND AUDITS.**—The Director may conduct such examinations and audits, including on-site examinations and audits, of market participants and participating aggregators as the Director considers appropriate to ensure compliance with this Act, to determine the condition of market participants and participating aggregators for the purpose of determining and ensuring their financial safety and soundness, and otherwise in any case that the Director determines an examination is necessary or appropriate.

(g) **CONFLICT OF INTEREST STANDARDS.**—The Director shall establish standards, by regulation or guideline, for market participants and participating aggregators as the Director considers appropriate to avoid any conflicts of interest among market participants.
(h) **Stress Tests for Sufficient Capital.**—The Director, in consultation with the Board of Governors of the Federal Reserve, shall—

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

(2) establish capital standards for market participants and participating aggregators based on such tests, which shall include the following classifications: well capitalized, adequately capitalized, undercapitalized, significantly undercapitalized, and critically undercapitalized.

(i) **Enforcement.**—The Corporation shall have the authority to enforce the provisions of this Act with respect to market participants and participating aggregators, in the same manner and to the same extent as the Federal Deposit Insurance Corporation has with respect to insured depository institutions under the provisions of subsections (b) through (n) of section 8 of the Federal Deposit Insurance Act (12 U.S.C. 1818).
(j) Requirement to Maintain Approved Status.—

(1) Authority to Issue Order.—If the Director determines that a market participant or a participating aggregator under this section no longer meets the standards for such approval or violates the requirements under this Act, including any standards, regulations, or orders promulgated in accordance with this Act, the Director may—

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

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

(2) Rule of Construction.—The suspension or revocation of the approved status of a market participant or a participating aggregator under this section shall have no effect on the status as an insured security of any security collateralized by eligible mortgages and insured prior to the suspension or revocation.

(3) Publication.—The Director shall—
(A) promptly publish a notice in the Federal Register upon suspension or revocation of the approval of any market participant or a participating aggregator; and

(B) maintain an updated list of such approved market participants and participating aggregators on the website of Ginnie Mae.

(4) DEFINITION.—In this subsection, the term “violate” includes any action, taken alone or with others, for or toward causing, bringing about, participating in, counseling, or aiding or abetting, a violation of the requirements under this Act.

(k) RESOLUTION AUTHORITY.—

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

(A) have the authority to act, in the same manner and to the same extent, with respect to a market participant or participating aggregator that the Director determines pursuant to is classified as critically undercapitalized pursuant to subsection (h)(2), as the Federal Deposit Insurance Corporation has with respect to insured depository institutions under subsections (e) through (s) of section 11 of the
Federal Deposit Insurance Act (12 U.S.C. 1821), section 12 of the Federal Deposit Insurance Act (12 U.S.C. 1822), and section 13 of the Federal Deposit Insurance Act (12 U.S.C. 1823), while tailoring such actions to the specific business model of the market participant or participating aggregator, as the case may be, as may be necessary to properly exercise such authority under this subsection;

(B) in carrying out any authority provided under subparagraph (A), act, in the same manner and to the same extent, with respect to the Fund as the Federal Deposit Insurance Corporation may act with respect to the Deposit Insurance Fund under the provisions of the Federal Deposit Insurance Act set forth in subparagraph (A); and

(C) consistent with the authorities provided in subparagraph (A), immediately place an insolvent market participant or participating aggregator into receivership.

(2) Rule of construction.—Notwithstanding paragraph (1), if an insolvent participating aggregator is an insured depository institution or an affiliate of an insured depository institution, the Di-
rector shall recommend, in writing, to such participating aggregator’s appropriate Federal banking agency or State banking regulator to resolve such participating aggregator pursuant to section 11(c) of the Federal Deposit Insurance Act (12 U.S.C. 1821(c)) and other appropriate sections of the Federal Deposit Insurance Act (12 U.S.C. 1811 et seq.) or appropriate Federal or State law, as applicable.

(3) Least-Cost Resolution Required.—The Director may not exercise any authority under paragraph (1) with respect to any market participant or any participating aggregator that is not an insured depository institution or an affiliate of an insured depository institution, unless—

(A) the Director determines that the exercise of such authority is necessary to ensure proper and continued functioning of the secondary mortgage market; and

(B) the total amount of the expenditures by the Director and obligations incurred by the Director in connection with the exercise of any such authority with respect to such market participant or participating aggregator is the least costly to the Fund, consistent with the least cost approach specified in the Federal Deposit
Insurance Act (12 U.S.C. 1811 et seq.), of all possible methods for meeting Ginnie Mae’s obligations under this Act and expeditiously concluding its resolution activities.

(4) **TAXPAYER PROTECTION.**—The Director, in carrying out any authority provided in this subsection, shall ensure that any amounts owed to the United States, unless the United States agrees or consents otherwise, shall have priority following administrative expenses of the receiver when satisfying unsecured claims against a market participant or participating aggregator, or the receiver therefor, that are proven to the satisfaction of the receiver.

**SEC. 104. REGULATORY CONSULTATION AND COORDINATION.**

(a) **Consultation Permitted.**—The Director may, in carrying out any duty, responsibility, requirement, or action authorized under this Act, consult with the Federal regulatory agencies, any individual Federal regulatory agency, the Secretary of the Treasury, any State banking regulator, any State insurance regulator, and any other State agency, as the Director necessary and appropriate.

(b) **Coordination Required.**—The Director shall, as appropriate, in carrying out any duty, responsibility, requirement, or action authorized under this Act, coordi-
nate with the Federal regulatory agencies, any individual Federal regulatory agency, the Secretary of the Treasury, any State banking regulator, any State insurance regulator, any other State agency.

(c) AVOIDANCE OF DUPLICATION.—To the fullest extent possible, the Director shall—

(1) avoid duplication of examination activities, reporting requirements, and requests for information;

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

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

(d) PROTECTION OF PRIVILEGES.—

(1) IN GENERAL.—Pursuant to the authorities provided under subsections (a) and (b), to facilitate the consultative process and coordination, the Director may share information with the Federal regulatory agencies, any individual Federal regulatory agency, the Secretary of the Treasury, any State bank supervisor, any State insurance regulator, any other State agency, or any foreign banking author-
ity, on a one-time, regular, or periodic basis, as de-
determined by the Director, regarding the capital as-
sets and liabilities, financial condition, risk manage-
ment practices, or any other practice of any market
participant or participating aggregator.

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

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

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

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

(e) Federal Agency Authority Preserved.—
Unless otherwise expressly provided by this section, no
provision of this section shall limit or be construed to
limit, in any way, the existing authority of any Federal
agency.

(f) Federal Regulatory Agency.—For purposes
of this section, the term “Federal regulatory agency”
means, individually, the Board of Governors of the Federal
Reserve System, the Office of the Comptroller of the Curr-
ency, the Federal Deposit Insurance Corporation, the Bu-
reau of Consumer Financial Protection, the National
Credit Union Administration, the Securities and Exchange
Commission, the Commodity Futures Trading Commis-
sion, and the Federal Housing Finance Agency.

TITLE II—SEcurITIZATION AND
insURANCE

SEC. 201. ISSUING PLATFORM.

(a) Establishment.—

(1) In General.—There is established within
Ginnie Mae an entity to be known as the Issuing
Platform (the “Platform”), which shall issue stand-
ardized mortgage-backed securities to increase homogeneity in the eligible securities market.

(2) Authorities.—The Platform may—

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

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

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

(D) take such actions as the Platform determines are necessary or incidental to carry out the Platform’s duties under this Act.

(b) Delivery of Pool to the Platform.—A mortgage originator or aggregator that wishes to make use of the Platform and have Ginnie Mae insure the securities issued by the Platform shall deliver to the Platform a pool of eligible mortgage loans.

(c) Securitization.—The Platform shall, upon receiving a pool of eligible mortgages—

(1) create standardized mortgage-backed securities collateralized by such mortgages; and

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

(d) Standardized Criteria for Securities.—In
issuing securities under this section, the Platform shall es-

(1) uniform loan delivery, servicing, and pooling

(2) remittance requirements;

(3) underwriting guidelines and refinance pro-
g

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

(5) servicing standards and loan repurchase

policies;

(6) disclosure policies;

(7) security terms and features; and

(8) standards for the appropriate minimum

level of diversification for the mortgage loans that
collateralize such securities, in order to reduce the
credit risk such securities could pose to the Fund.

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

(f) LOAN LIMITS; HOUSING PRICE INDEX.—

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

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

(3) MAXIMUM LIMITS.—

(A) IN GENERAL.—Except as provided in
subparagraph (B), the maximum limitation
amount under this paragraph shall not exceed
$417,000 for a mortgage loan secured by a 1-
family residence, for a mortgage loan secured
by a 2-family residence the limit shall equal 128
percent of the limit for a mortgage loan secured
by a 1-family residence, for a mortgage loan se-
cured by a 3-family residence the limit shall
equal 155 percent of the limit for a mortgage
loan secured by a 1-family residence, and for a
mortgage loan secured by a 4-family residence
the limit shall equal 192 percent of the limit for
a mortgage loan secured by a 1-family resi-
dence, except that such maximum limitations
shall be adjusted effective January 1 of each
year beginning after the effective date of this
Act, subject to the limitations in this sub-
section. Each adjustment shall be made by add-
ing to each such amount (as it may have been
previously adjusted) a percentage thereof equal
to the percentage increase, during the most re-
cent 12-month or 4-quarter period ending be-
fore the time of determining such annual ad-
justment, in the housing price index maintained
by Ginnie Mae pursuant to paragraph (4). If
the change in such house price index during the
most recent 12-month or 4-quarter period end-
ing before the time of determining such annual
adjustment is a decrease, then no adjustment
shall be made for the next year, and the next
upward adjustment shall take into account
prior declines in the house price index, so that
any adjustment shall reflect the net change in
the house price index since the last adjustment.
Declines in the house price index shall be accu-
mulated and then reduce increases until subse-
quient increases exceed prior declines.

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

(4) HOUSING PRICE INDEX.—

(A) NATIONAL INDEX.—Ginnie Mae shall
establish and maintain a method of assessing a
national average single-family house price for
use in calculating the loan limits for single-fam-
ily mortgage loans under paragraph (3), and
other averages as Ginnie Mar considers appro-
priate, including—
(i) averages based on different geographic regions; and

(ii) an average for houses whose mortgage collateralized single-family covered securities.

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

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

(h) CERTIFICATION.—Ginnie Mae shall, upon a determination that the Platform is able to efficiently carry out the issuance of standardized mortgage-backed securities and that there exists a sufficient number of market participants to serve as insurers and reinsurers under section 202, certify to the Congress that such determination has been made.

(i) DUTY TO SERVE ALL MARKETS.—
(1) IN GENERAL.—In carrying out its responsibilities under this title, Ginnie Mae shall facilitate the broad availability of mortgage credit and secondary mortgage market financing through fluctuations in the business cycle for single-family and multifamily lending across all—

(A) regions;

(B) localities;

(C) institutions;

(D) property types, including housing serving renters; and

(E) borrowers.

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

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

(B) the extent to which the provisions of this title and the programs carried out pursuant to this title are benefitting underserved communities.

(j) EXEMPTION FROM SEC LAWS AND REGULATIONS.—Standardized mortgage-backed securities issued by the Platform shall be exempt from the Federal securities laws (as defined under section 3(a) of the Securities
Exchange Act of 1934) and all regulations issued pursuant to such laws.

SEC. 202. INSURANCE.

(a) In General.—Ginnie Mae shall insure 100 percent of each security issued by the Platform, as provided in this section.

(b) Private Reinsurance.—Ginnie Mae shall establish one of the two programs described under paragraphs (1) and (2). In selecting which program to establish, Ginnie Mae shall determine which program is the most efficient way to operate the insurance requirements under this Act by incorporating private sector pricing.

(1) Reinsurance Bid Program.—A Reinsurance Bid Program, which shall include the following:

(A) Forward Contract for First 5 Percent Loss.—Prior to any particular quarter (or such other time period determined by Ginnie Mae), Ginnie Mae shall enter into contracts with market participants to reinsure the first 5 percent of loss on all securities issued by the Platform in such quarter (or other time period).

(B) Forward Contract for Last 95 Percent Loss.—Prior to any particular quarter...
ter (or such other time period determined by Ginnie Mae), Ginnie Mae shall sign—

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

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

(2) GUARANTOR PROGRAM.—A Guarantor Program, which shall include the following:

(A) FIRST LOSS REQUIREMENT.—The mortgage originator or aggregator that wishes to deliver a pool of eligible mortgage loans to the Platform for securitization shall, prior to delivering such pool, contract directly with a market participant to insure the first 5 percent of loss on all securities issued by the Platform that are securitized by such pool of eligible mortgage loans.
(B) COVERAGE FOR LAST 95 PERCENT LOSS.—For each security described under sub-
paragraph (A) Ginnie Mae shall sign—

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

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

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

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

(ii) HANDLING OF PRE-SELECTED
MARKET PARTICIPANTS.—If a market par-
participant is selected by a mortgage originator or aggregator, as described under clause (i)—

(I) such market participants shall be required to meet the same standards as a market participant selected by Ginnie Mae; and

(II) for purposes of determining the insurance fee described under subsection (d), Ginnie Mae shall contract with a private sector insurer to estimate the risk that the market participant may default.

(e) ADDITIONAL PROGRAM REQUIREMENTS.—

(1) COMPETITIVE BIDDING PROCESS.—Ginnie Mae shall use a competitive bidding process to determine which market participants should be granted contracts under subsection (b)(1) and, except as provided under subsection (b)(2)(C), under subsection (b)(2)(B).

(2) USE OF INSURANCE BROKER.—With respect to any market participant that Ginnie Mae selects under a risk sharing program, Ginnie Mae shall select an insurance broker, through a competitive bidding process, that will solicit bids, on behalf of
Ginnie Mae, for the reinsurance contracts under such program.

(3) CEDING COMMISSION.—As part of a retrocession contract under subsection (b)(1)(B)(ii) or subsection (b)(2)(B)(ii), the market participants shall be paid a competitively-determined ceding commission for the underwriting and administrative costs of providing such reinsurance.

(4) PHASE-IN.—Ginnie Mae may, if it determines it appropriate—

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

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

(d) INSURANCE FEE AND TERMS.—

(1) PRE-PRICING OF INSURANCE FEE.—Ginnie Mae shall set the insurance fee applicable to securities issued by the Platform in advance on a quarter-by-quarter basis, through forward contracts established with market participants based on the volume and type of securities Ginnie Mae anticipates the Platform issuing during such quarter.
(2) COMPONENTS OF INSURANCE FEE.—

(A) IN GENERAL.—The insurance fee shall reflect the anticipated cost to Ginnie Mae of providing insurance, including the cost of obtaining reinsurance under subsection (b).

(B) ADJUSTMENT FOR PERFORMANCE.—Ginnie Mae may adjust the fee computed under subparagraph (A) to reflect the historic quality of deliveries and rating of mortgage loans made by the mortgage originators or aggregators that originated or aggregated the mortgage loans included in the pool of eligible mortgage loans backing the security being insured, but in making such adjustments, Ginnie Mae shall ensure that the weighted average of the entire book of business matches the ultimate price determination.

(3) RATE ADJUSTMENT PERIOD.—The rate charged by a private market participant that contracts with Ginnie Mae pursuant to subsection (b)—

(A) may not change during the first 100-day period for which such reinsurance is effective; and
(B) shall be adjusted based on market conditions, on a period to be determined by the Director.

(e) Standards for Market Participants.—

(1) In general.—Ginnie Mae shall issue such general standards for market participants described under subsection (b) as Ginnie Mae determines appropriate.

(2) Credit rating requirements.—

(A) In general.—Notwithstanding any other provision of law, Ginnie Mae shall require a market participant described under subsection (b) to maintain at least an A- credit rating and shall consult with credit rating agencies and State insurance commissions, where applicable, to verify such rating.

(B) Flexibility for new companies.—

Ginnie Mae may waive or modify the requirement under subparagraph (A) with respect to a new market participant.

(3) Capital standards for market participants.—

(A) In general.—For market participants described under subsection (b), Ginnie Mae shall establish, by regulation, capital
standards and related solvency standards necessary to implement the provisions of this Act.

(B) Definitions.—

(i) In general.—The regulations required under this paragraph shall define all such terms as are necessary to carry out the purposes of this paragraph.

(ii) Considerations in defining instruments and contracts that qualify as capital.—In defining instruments and contracts that qualify as capital pursuant to subparagraph (A), Ginnie Mae—

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

(II) may assign significance to those instruments and contracts based on the nature and risks of such instruments and contracts.

(iii) Considerations in defining capital ratios.—Solely for the purposes of calculating a capital ratio appropriate to the business model of a market participant
pursuant to subparagraph (A), Ginnie Mae shall consider for the denominator—

(I) total assets;
(II) total liabilities;
(III) risk in force; or
(IV) unpaid principal balance.

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

(i) ensure the safety and soundness of a market participant;
(ii) minimize the risk of loss to the Fund;
(iii) in consultation and coordination with the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, and the Office of the Comptroller of the Currency, reduce the potential for regulatory arbitrage between capital standards for market participants and capital standards promulgated by Federal regulatory agencies for insured depository institutions and their affiliates; and
(iv) be specifically tailored to accommodate a diverse range of business models that may be employed by market participants.

(D) Supplemental capital requirements.—

(i) In general.—In order to prevent or mitigate risks to the secondary mortgage market of the United States that could arise from the material financial distress or failure, or ongoing activities, of large market participants that insure securities under this Act, Ginnie Mae, by regulation—

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

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

(ii) Large market participant defined.—For purposes of this subparagraph, Ginnie Mae shall define the term “large market participant”.
(f) CONFLICT OF INTERESTS.—Ginnie Mae shall issue regulations to prevent conflicts of interest by market participants contracting with Ginnie Mae under this section.

(g) INSURANCE FUND.—

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

(A) maintain and administer; and

(B) use to cover losses incurred under this section with respect to mortgage-backed securities.

(2) FUND GOAL.—

(A) IN GENERAL.—Ginnie Mae shall endeavor to ensure that the Fund attains a reserve balance—

(i) of 1.25 percent of the sum of the outstanding principal balance of the securities for which insurance is being provided under this Act within 5 years of the date on which the Director determines that the Platform is fully functioning, and to strive to maintain such ratio thereafter, subject to clause (ii); and
(ii) of 2.50 percent of the sum of the outstanding principal balance of the securities for which insurance is being provided under this Act within 10 years of the date on which the Director determines that the Platform is fully functioning, and to strive to maintain such ratio at all times thereafter.

(B) ADJUSTMENT OF FEES.—Notwithstanding subsection (d), Ginnie Mae may raise or lower the fee charged for insurance under this section in order to maintain the reserve balance described under subparagraph (A).

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

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

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

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

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

SEC. 203. AUTHORITY TO PROTECT TAXPAYERS IN UNUSUAL AND EXIGENT MARKET CONDITIONS.

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

(1) modify or waive the reinsurance requirements under section 202(b); and

(2) establish provisional standards for approved entities.

(b) CONSIDERATIONS.—In exercising the authority granted under subsection (a), Ginnie Mae shall consider the severity of the conditions present in the housing markets and the risks presented to the Fund in exercising such authority.
(c) TERMS AND CONDITIONS.—Insurance provided under subsection (a) shall be subject to such additional or different limitations, restrictions, and regulations as Ginnie Mae may prescribe.

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

(1) provide aid to an approved entity or an affiliate of the approved entity, if such approved entity is in bankruptcy or any other Federal or State insolvency proceeding; or

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

(e) NOTICE.—Not later than 7 days after authorizing insurance or establishing provisional standards under subsection (a), Ginnie Mae shall submit to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representatives a report that includes—

(1) the justification for the exercise of authority to provide such insurance or establish such provisional standards;

(2) evidence that unusual and exigent circumstances have created or threatened to create an
anomalous lack of mortgage credit availability within
the single-family housing market, multifamily hous-
ing market, or entire United States housing market
that could materially and severely disrupt the func-
tioning of the housing finance system of the United
States; and

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

(f) ADDITIONAL EXERCISE OF AUTHORITY.—

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

(A) determines—

(i) for a second exercise of authority
under subsection (a), that a second exer-
cise of authority under subsection (a) is
necessary; or
(ii) for a third exercise of authority under subsection (a), by an affirmative vote of the Director of Ginnie Mae and an affirmative vote of 2/3 or more of the Board of Governors of the Federal Reserve System then serving, that a third exercise of authority under this section is necessary; and

(B) provides notice to Congress, as provided under subsection (e).

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

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

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

(1) establish a timeline for approved entities to meet the approval standards set forth in this Act; and
(2) in a manner and pursuant to a timeline that will minimize losses to the Fund, establish a program to either—

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

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

(i) Authority to Respond to Sustained National Home Price Decline.—

(1) Authority.—In the event of a significant decline of national home prices, in at least 2 consecutive calendar quarters, Ginnie Mae may for a period of 6 months permit the transfer of guarantees of eligible mortgage loans that secure securities issued under this Act if such eligible mortgage loans are refinanced, regardless of the value of the underlying collateral securing such eligible mortgage loans.

(2) Additional Exercise of Authority.—The authority granted to Ginnie Mae under paragraph (1) may be exercised for additional 6-month periods.
(3) LIMITATION.—Ginnie Mae shall not provide insurance under this Act to any security issued under this Act that includes mortgage loans that do not meet the definition of an eligible mortgage loan, except for mortgage loans refinanced from eligible mortgage loans in securities issued under this Act.

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

SEC. 204. SERVICING RIGHTS; REPRESENTATIONS AND WARRANTIES.

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

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

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

(b) ADVANCING OF PAYMENTS.—The party controlling the servicing rights described under subsection (a) shall also control the advancing of payments.
(c) **Representations and Warranties.**—

(1) **Collateral Manager.**—With respect to each pool securitized by the Issuing Platform, there shall be a collateral manager who shall—

(A) oversee representations and warranties;

(B) act for the benefit of investors; and

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

(2) **Fiduciary Duties with Respect to Private Label Securities.**—

(A) **In General.**—All contracts for private label securities issued after the date of the enactment of this Act shall include the following provisions:

(i) The qualification, responsibilities, and duties of trustees, including requirements set forth in the indenture or pooling and servicing agreement, or any applicable provisions of the Trust Indenture Act of 1939 (15 U.S.C. 77aaa et seq.).
(ii) Trustees of private label securities shall have a fiduciary duty to protect the financial interests of investors of such securities.

(B) TRUSTEE’S FIDUCIARY DUTY DEFINED.—For purposes of this paragraph, a trustee’s fiduciary duty means that a trustee shall at all times oversee, monitor, and manage the trust that owns the mortgage loans securing the private label securities in the financial interests of the trust and its investors, with the same degree of care and skill that a prudent person would exercise or use under the circumstances in the conduct of such person’s own affairs. In determining financial interests, the trustee’s fiduciary duty shall consider all investors in a securitization, rather than the interests of any particular class of investors. A trustee that is deemed to be acting in accordance with its fiduciary duty to the trust shall not be liable to any investor, and shall not be subject to any injunction, stay, or other equitable relief sought by such investor, based solely upon such actions.
(C) Inclusion of Fiduciary Duty.—The governing documents of any private label securities issued after the date of the enactment of this Act shall automatically be deemed to include a trustee’s fiduciary duty. The trustee’s fiduciary duty may not be abrogated or altered by the parties to such documents and may not be amended by parties to contracts for private label securities.

(D) Rule of Construction.—Nothing in this paragraph shall be construed to relieve any party of its duties to participants and beneficiaries of any employee benefit plan under the Employee Retirement Income Security Act (29 U.S.C. 1101 et seq.).

(E) Conflicts with the Trust Indenture Act of 1939.—To the extent that the provisions of this paragraph conflict with any provision of the Trust Indenture Act of 1939, the provisions of the Trust Indenture Act of 1939 shall apply, but only to the extent of the conflict.

(F) Study.—Not later than 3 years after the date of enactment of this Act, Ginnie Mae shall—
(i) conduct a study to evaluate—

(I) the structure of compensation for trustees of private label securities;

(II) any changes to such compensation attributable to the imposition of the fiduciary duty required under this paragraph; and

(III) any effects of the imposition of such fiduciary duty on liquidity in the market for private label securities;

(ii) not later than 1 year after the commencement of the study required under clause (i), submit a report to Congress describing any findings and conclusions of such study;

(iii) conduct a study to evaluate any effects of the imposition of the fiduciary duty required under this paragraph upon borrowers, including if the imposition of such fiduciary duty results in additional costs and expenses to borrowers; and

(iv) not later than 1 year after the commencement of the study required under clause (iii), submit a report to Congress
describing any findings and conclusions of such study.

(G) PRIVATE LABEL SECURITY DEFINED.—For purposes of this paragraph, the term “private label security” means a mortgage-backed security that is not issued by the Platform.

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

SEC. 205. FEDERAL HOME LOAN BANKS.

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

“(d) LENDERS.—

“(1) IN GENERAL.—Any lender that satisfies the requirements of subparagraphs (A) and (C) of subsection (a)(1) shall be eligible to become a member of a Federal Home Loan Bank.

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

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

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

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

“(2) ELIGIBLE MORTGAGES DEFINED.—For
purposes of this subsection, the term ‘eligible mort-
gage’ has the meaning given that term under section
2 of the Partnership to Strengthen Homeownership
Act of 2014.”.
TITLE III—WIND DOWN OF
FANNIE MAE AND FREDDIE MAC

SEC. 301. LIMITATION ON BUSINESS.

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

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

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

(A) such time as the Director determines that any other qualified entity or entities provide sufficient market access to such originators under competitive rates and terms and requires the enterprises to cease such business; or

(B) the commencement of the receivership under section 304(a); and
an enterprise may act as a reinsurer for a
mortgage-backed security in accordance with the re-
quirements under section 202(b) until the com-
encement of the receivership under section 304(a).

SEC. 302. RISK-SHARING PILOT PROGRAMS.
Not later than the expiration of the 12-month period
beginning on the date of the enactment of this Act, each
enterprise shall establish a risk-sharing pilot program to
develop private sector first-loss positions on mortgage-
backed securities. Such first-loss positions shall be a per-
centage of the principal or face value of a mortgage-
backed security, as determined from time-to-time by the
Director, taking into consideration market conditions and
the capability of the private sector to assume credit risk.

SEC. 303. CONTINUED CONSERVATORSHIP.
(a) TIMING.—The conservatorships of the enterprises
in effect upon the enactment of this Act shall continue
in effect until the commencement of the receivership of
the enterprises pursuant to subsection (d), subject to the
transfer under section 102(a)(1)(B).
(b) ALIGNING PURPOSES OF CONSERVATORSHIP.—
Notwithstanding section 1367(b)(2)(D) of the Federal
Housing Enterprises Financial Safety and Soundness Act
of 1992 (12 U.S.C. 4617(b)(2)(D), after the date of the
enactment of this Act, the Director shall, as conservator
of each enterprise, take such actions as are necessary to
manage the affairs, assets, and obligations of each enter-
prise, and to operate each enterprise, in compliance with
this section.

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

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

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

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

SEC. 304. MANDATORY RECEIVERSHIP.

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

(1) 5-YEAR PERIOD.—The expiration of the 60-
month period beginning on the date of the enact-
ment of this Act, as the duration of such period may
be adjusted pursuant to subsection (e).

(2) **Platform certified as functional; competitive access for small lenders; FHFB capacity.**—The certification date has occurred and
the Director has determined that—

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

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

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

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

(E) the Federal Home Loan Banks have
created a “to be announced” market that is via-
ble in all economic cycles.
(b) GOALS AND TERMS.—Ginnie Mae shall carry out the receivership referred to in subsection (a) for the enterprise under the authority of such section 1367, subject to the following requirements:

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

(A) RETURN TO TAXPAYERS.—Obtaining an adequate return of taxpayer investment in the enterprise, taking into consideration the total cost to the taxpayers, the value provided to the enterprise, and the risk and exposure to the Federal Government involved, together with interest on such investment at a rate determined by the Director, in consultation with the Board of Governors of the Federal Reserve System and the Secretary of the Treasury.

(B) COMPETITIVE PRIVATE HOUSING FINANCE MARKET.—Removing barriers to private sector competition in the housing finance market by providing for the transfer of the assets of the enterprise into the private sector to compete in a functioning housing finance market.

(2) FULL PRIVATIZATION.—Any entities emerging from such receivership shall be fully private and
any obligations and securities of such entities shall not constitute a debt or obligation of the United States nor or any agency or instrumentality thereof.

(3) **MULTIFAMILY HOUSING BUSINESS.**—The receivership shall provide, notwithstanding any other provision of this Act, for the transfer of the multifamily housing mortgage guarantee business of the enterprises in accordance with section 401 of this Act.

(4) **AVAILABILITY OF ASSETS.**—The receivership shall provide for—

(A) the identification of any assets of the enterprise that are not necessary for the operation of the limited-life entities established pursuant to paragraph (6); and

(B) making such assets available at auction for acquisition by any private entities, which shall include the private entities established pursuant to paragraph (6)(C).

(5) **Restructuring of SPSPA.**—The receivership shall provide for the restructuring of the Senior Preferred Stock Purchase Agreements entered into between the Department of the Treasury and the enterprise on September 26, 2008, as amended and restated thereafter, to—
(A) permit the redemption of senior preferred shares of the Department of the Treasury;

(B) provide for the cancellation of the warrants for the purchase of common stock of the enterprises issued to the Department of the Treasury; and

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

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

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

(i) any assets and liabilities of the enterprise that the receiver determines are necessary to allow the limited-life regulated entity to operate independent from the resolution of the enterprise shall be transferred to the limited-life regulated entity; and
(ii) in winding up the affairs of the limited-life regulated entity, the remaining assets of the limited-life regulated entity shall be made available to the successor entities established pursuant to subparagraph (C) of this paragraph and to other private guarantors engaged in providing insurance for eligible mortgage-backed securities in accordance with section 202;

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

(C) the receiver shall provide for reorganization and chartering of the successor entity to the limited life regulated entity for the enterprise as an entity established to operate as an insurer under section 202(b)(2)(A) of this Act or a participating aggregator of eligible mortgages for securitization pursuant to section 201 if such eligible mortgages are originated by originators whose volume of such business is insufficient to allow for such originators to aggregate and securitize such mortgages.
(c) ADJUSTMENT OF TIMING.—Ginnie Mae may adjust the duration of the period referred to in subsection (a)(1) by establishing requirements to be met by market participants before such period may be considered to be concluded. Such requirements may include requirements regarding—

(1) ensuring that there is an adequate level of private capital available for efficient financing of single-family and multifamily housing mortgages through—

(A) the market for initial public offerings;

(B) retained earnings of market participants; and

(2) ensuring that any anticompetitive liquidity advantages in mortgage-backed securities are adequately protected against.

SEC. 305. REPEAL OF ENTERPRISE CHARTERS.

Section 1367 of the Federal Housing Enterprises Financial Safety and Soundness Act of 1992 (12 U.S.C. 4617) is amended by striking subsection (k) and inserting the following new subsection:

“(k) REPEAL OF ENTERPRISE CHARTERS.—

“(1) FANNIE MAE.—Effective upon the certification date (as such term is defined in section 2 of the Partnership to Strengthen Homeownership Act
of 2014), the charter of the Federal National Mortgage Association is repealed and the Federal National Mortgage Association shall have no authority to conduct new business under such charter, except that the provisions of such charter in effect immediately before such repeal shall continue to apply with respect to the rights and obligations of any holders of—

“(A) outstanding debt obligations of the Federal National Mortgage Association, including any—

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

“(ii) capital lease obligations; or

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

“(B) mortgage-backed securities guaranteed by the Federal National Mortgage Association that are not eligible mortgage-backed securities insured by Ginnie Mae pursuant to section 202 of the Partnership to Strengthen Homeownership Act of 2014.

“(2) FREDDIE MAC.—Effective upon the certification date, the charter of the Federal Home Loan
Mortgage Corporation is repealed and the Federal Home Loan Mortgage Corporation shall have no authority to conduct new business under such charter, except that the provisions of such charter in effect immediately before such repeal shall continue to apply with respect to the rights and obligations of any holders of—

“(A) outstanding debt obligations of the Federal Home Loan Mortgage Corporation, including any—

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

“(ii) capital lease obligations; or

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

“(B) mortgage-backed securities guaranteed by the Federal Home Loan Mortgage Corporation that are not eligible mortgage-backed securities insured by Ginnie Mae pursuant to section 202 of the Partnership to Strengthen Homeownership Act of 2014.

“(3) EXISTING GUARANTEE OBLIGATIONS.—

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

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

“(i) shall not be amended, restated, or
otherwise changed to reduce the rate or
amount of dividends in effect pursuant to
such Agreement as of the Third Amend-
ment to such Agreement dated August 17,
2012, except that any amendment to such
Agreement to facilitate the sale of assets of
the enterprises shall be permitted; and
“(ii) shall remain in effect until the guarantee obligations described under paragraphs (1)(B) and (2)(B) of this subsection are fully extinguished.

“(C) APPLICABILITY.—All guarantee fee amounts derived from the single-family mortgage guarantee business of the enterprises in existence as of the certification date shall be subject to the Senior Preferred Stock Purchase Agreement.

“(D) SENIOR PREFERRED STOCK PURCHASE AGREEMENT.—For purposes of this paragraph, the term ‘Senior Preferred Stock Purchase Agreement’ means—

“(i) the Amended and Restated Senior Preferred Stock Purchase Agreement, dated September 26, 2008, as such Agreement has been amended on May 6, 2009, December 24, 2009, and August 17, 2012, respectively, and as such Agreement may be further amended and restated, entered into between the Department of the Treasury and each enterprise, as applicable; and

“(ii) any provision of any certificate in connection with such Agreement creating
or designating the terms, powers, preferences, privileges, limitations, or any other conditions of the Variable Liquidation Preference Senior Preferred Stock of an enterprise issued or sold pursuant to such Agreement.

“(4) Swap option for new securities.—Notwithstanding any other provision of this subsection, Ginnie Mae shall provide that during the 30-year period beginning upon the certification date, any securities described in paragraph (1)(B) or (2)(B) may be exchanged, at the request of the holder of such security, for securities insured under section 202 of the Partnership to Strengthen Homeownership Act of 2014, and Ginnie Mae shall ensure fungibility between such securities exchanged. Ginnie Mae may establish such terms and conditions for such exchanges as Ginnie Mae considers appropriate, except that Ginnie Mae shall provide that in such exchanges such securities described in paragraph (1)(B) or (2)(B) shall receive a risk weight of zero.”.

SEC. 306. GINNIE MAE AUTHORITY REGARDING TIMING.

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

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

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

(b) EXTENSIONS.—

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

(2) SECOND EXTENSION.—If, after the expiration of a first extension of a deadline of 2 years, the Director makes a determination as provided in subsection (a)(1), the Director may extend the deadline an additional 2 years.

(3) ADDITIONAL EXTENSIONS.—If, after the expiration of the second extension of a deadline of 2 years, the Director makes a determination as provided in subsection (a)(1), the Director may, upon the written agreement of the Chairman of the Board of Governors of the Federal Reserve System and the Secretary of the Treasury, and in consultation with the Secretary of the Housing and Urban Develop-
ment, extend the deadline an additional year, and annually thereafter utilizing the same process described in this paragraph until such time as the Director makes a determination that such deadline does not pose a significant risk to the housing market.

(c) Reports.—If the Director extends any deadline period pursuant to the authority under subsection (a), the Director shall thereafter, until the expiration of the periods referred to in paragraphs (1) and (2) of section 1367(k) of the Federal Housing Enterprises Financial Safety and Soundness Act of 1992 (as such period may be extended pursuant to this section), submit a report to the Congress on a monthly basis regarding the transition of the enterprises pursuant to this section, the status of the business of the enterprises, and the market share of the enterprises.

**TITLE IV—MULTIFAMILY HOUSING FINANCE**

**SEC. 401. ESTABLISHMENT OF MULTIFAMILY SUBSIDIARIES.**

(a) Formation and Governance of Multifamily Subsidiaries.—

(1) Federal National Mortgage Association.—
(A) MULTIFAMILY SUBSIDIARY PLAN.—

The Director of Ginnie Mae, in consultation with the Secretary of the Treasury, shall direct the Federal National Mortgage Association to develop a plan, not later than 180 days after the date of enactment of this Act, to establish a multifamily subsidiary for purposes of expeditiously—

(i) providing sufficient multifamily financing in the primary, secondary, and tertiary geographical markets, including in rural markets and through a diversity of experienced multifamily lenders; and

(ii) establishing a competitive multifamily market for multifamily housing guarantors engaging in multifamily covered securities.

(B) ESTABLISHMENT OF MULTIFAMILY SUBSIDIARY.—The Director shall direct the Federal National Mortgage Association to establish a multifamily subsidiary not later than 1 year after the date of enactment of this Act.

(2) FEDERAL HOME LOAN MORTGAGE CORPORATION.—
(A) **MULTIFAMILY SUBSIDIARY PLAN.**—

The Director, in consultation with the Secretary of the Treasury, shall direct the Federal Home Loan Mortgage Corporation to develop a plan, not later than 180 days after the date of enactment of this Act, to establish a multifamily subsidiary for purposes of expeditiously—

(i) providing sufficient multifamily financing in the primary, secondary, and tertiary geographical markets, including in rural markets and through a diversity of experienced multifamily lenders; and

(ii) establishing a competitive multifamily market for multifamily housing guarantors engaging in multifamily covered securities.

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

(b) **TRANSFER OF FUNCTIONS.**—

(1) **FANNIE MAE MULTIFAMILY SUBSIDIARY.**—

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

(B) CAPITAL CONTRIBUTION.—In connec-
tion with the transfer required under subpara-
graph (A), the Federal National Mortgage As-
association shall contribute, in any form or man-
nner the Director may determine, subject to the
approval right of the Secretary of the Treasury
in the Senior Preferred Stock Purchase Agree-
ment, any capital necessary to ensure that the
multifamily subsidiary established under sub-
section (a)(1)(B) has, in the determination of
the Director, sufficient capital to carry out its
multifamily business, including the ability to obtain warehouse lines of credit.

(C) Ensuring continuation of ongoing operation of multifamily business.—

(i) In general.—In carrying out the multifamily business transferred pursuant to subparagraph (A), the multifamily subsidiary established under subsection (a)(1)(B) shall ensure that any such business continues to operate, as applicable, consistent with—

(I) the Delegated Underwriting and Servicing Lender Program established by the Federal National Mortgage Association;

(II) any other programs, activities, and contractual agreements of the enterprises that support the enterprises’ provision of liquidity to the multifamily housing market; and

(III) the provisions of this title.

(2) Freddie Mac Multifamily Subsidiary.—

(A) In general.—Notwithstanding the provisions under title VI or any other provision of law, effective on the date on which the multi-
family subsidiary is established under subsection (a)(2)(B), all employees, functions, activities, infrastructure, property, including the Capital Market Execution Program Series K Structured 2Pass-Through Certificates originated and offered under the Program Plus Lender Program and other intellectual property, platforms, technology, or any other object or service of the Federal Home Loan Mortgage Corporation necessary to the support, maintenance, and operation of the multifamily business of the Federal Home Loan Mortgage Corporation shall be transferred and contributed, without cost, to the multifamily subsidiary.

(B) CAPITAL CONTRIBUTION.—In connection with the transfer required under subparagraph (A), the Federal Home Loan Mortgage Corporation shall contribute, in any form or manner the Director may determine, subject to the approval right of the Secretary of the Treasury in the Senior Preferred Stock Purchase Agreement, any capital necessary to ensure that the multifamily subsidiary established under subsection (a)(2)(B) has, in the determination of the Director, sufficient capital to
carry out its multifamily business, including the
ability to obtain warehouse lines of credit.

(C) ENSURING CONTINUATION OF ONGOING OPERATION OF MULTIFAMILY BUSINESS.—

(i) IN GENERAL.—In carrying out the multifamily business transferred pursuant to subparagraph (A), the multifamily subsidiary established under subsection (a)(2)(B) shall ensure that any such business continues to operate, as applicable, consistent with—

(I) the Capital Market Execution Program Series K Structured 2Pass-Through Certificates originated and offered under the Program Plus Lender Program established by the Federal Home Loan Mortgage Corporation;

(II) any other programs, activities, and contractual agreements of the enterprises that support the enterprises’ provision of liquidity to the multifamily housing market; and

(III) the provisions of this title.

(e) MULTIFAMILY SUBSIDIARIES.—
(1) IN GENERAL.—The multifamily subsidiaries established by the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation under subsection (a) may retain a limited multifamily mortgage loan portfolio to—

(A) aggregate mortgage loans for pooled securities executions;

(B) implement pilot mortgage loan programs and other risk-sharing transactions and product modification testing;

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

(D) perform additional activities as may be established by the Director for the purpose of facilitating the continuation of existing multifamily activities.

(2) PORTFOLIO REDUCTION APPLICABILITY.—For purposes of expeditiously meeting the criteria under clauses (i) and (2) of paragraphs (1)(A) and (2)(A) of subsection (a), the multifamily subsidiaries established under subsection (a) shall not be subject to any portfolio reduction required under title III.
SEC. 402. DISPOSITION OF MULTIFAMILY BUSINESSES.

(a) Authority to Manage Disposition of Multifamily Businesses.—Notwithstanding any provision of title III or any other provision of law, the Director may, on or before the certification date, manage the sale, transfer, or disposition for value of property, including intellectual property, technology, platforms, and legacy systems, infrastructure and processes of an enterprise relating to the operation and maintenance of the multifamily business of an enterprise.

(b) Required Establishment of Well-Functioning Multifamily Covered Security Market.—In exercising the authority in subsection (a), the Director shall manage any disposition of the multifamily business of an enterprise in a manner consistent with—

(1) the establishment of a well-functioning multifamily covered security market;

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

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

(A) providing open access to performance information on the legacy multifamily business of an enterprise;
(B) providing for reasonable licensing of
the multifamily proprietary systems of an enter-
prise; and

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

SEC. 403. APPROVAL AND SUPERVISION OF MULTIFAMILY
GUARANTORS.

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

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

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

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

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

(2) credit risk-sharing levels under any such
guarantees are commensurate with such levels under
the Delegated Underwriting and Servicing Lender Program of the Federal National Mortgage Association and the Capital Market Execution Program Series K Structured 2Pass-Through Certificates originated and offered under the Program Plus Lender Program of the Federal Home Loan Mortgage Corporation.

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

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

(2) taking into account the differences between the guarantee fees structures of the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation.

(d) DISTINCTIONS.—The Director shall take into account, in carrying out this section, in providing any issuing platform, and in establishing any requirements relating to the guarantee of securities collateralized by eligi-
ble multifamily mortgage loans, the particular nature and characteristics of such securities and loans, as distinguished from eligible mortgages and securities guaranteed pursuant to title II, and as may be necessary to accommodate the multifamily housing financing market.

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

The Director may establish such other methods and manner of risk-sharing and risk transfer relating eligible multifamily mortgage loans, in addition to the methods and manners authorized under this title, as may be appropriate taking into consideration the particular nature and characteristics of the multifamily housing finance market, which may include any risk-sharing activities of the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation relating to the multifamily housing business.

SEC. 405. GINNIE MAE SECURITIZATION OF FHA RISK-SHARING LOANS.

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

“(8) GINNIE MAE SECURITIZATION.—

“(A) Prohibition.—The Government National Mortgage Association shall not securitize
any multifamily loans insured or reinsured under this subsection, except as provided in subparagraph (B).

“(B) AUTHORITY.—The Government National Mortgage Association may, at the discretion of the Director of Ginnie Mae, securitize any multifamily loan, provided that—

“(i) the Federal Housing Administration provides mortgage insurance based on the unpaid principal balance of the loan, as shall be described in the risk-sharing agreement;

“(ii) the Federal Housing Administration shall not require an assignment fee for mortgage insurance claims related to the securitized mortgages; and

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

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

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

“(6) GINNIE MAE SECURITIZATION.—The Government National Mortgage Association may, at the discretion of the Director of Ginnie Mae, securitize any multifamily loan insured under this subsection, provided that—

“(A) the Federal Housing Administration provides mortgage insurance based on the unpaid principal balance of the loan, as shall be described by regulation;

“(B) the Federal Housing Administration shall not require an assignment fee for mortgage insurance claims related to the securitized mortgages; and

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

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

(c) Amendment to Ginnie Mae Charter Act.—
Clause (ii) of the first sentence of section 306(g)(1) of
the National Housing Act (12 U.S.C. 1721(g)(1)) is
amended—

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

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

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TITLE V—AFFORDABLE HOUSING

SEC. 501. AFFORDABLE HOUSING ALLOCATIONS.

(a) Fee and Allocation of Amounts.—In addition to any fees for the provision of insurance established in accordance with title II, in each fiscal year the Platform shall—

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

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

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

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

(A) 75 percent of such fee amounts to the Secretary of Housing and Urban Development to fund the Housing Trust Fund established under section 1338 of the Safety and Soundness Act (12 U.S.C. 4568);
(B) 15 percent of such fee amounts to the Secretary of the Treasury to fund the Capital Magnet Fund established under section 1339 of the Safety and Soundness Act (12 U.S.C. 4569); and

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

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

(c) SUSPENSION OF CONTRIBUTIONS.—The Director may temporarily suspend, for an initial period of one year, allocations under subsection (a)(2) upon the submission by the Director to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representatives of a written determination by the Director that such allocations are contributing, or would contribute, to the financial instability of the insurance Fund established under section 202(g). The Director may continue such suspension for additional periods, each up to one year in length, pursuant to the same submission and determination requirements.
(d) Rule of Construction.—The cost of the fee required to be charged under subsection (a) shall not be borne by eligible borrowers.

SEC. 502. HOUSING TRUST FUND.

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

(1) in subsection (a)(1)—

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

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

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

“(b) [Reserved.]”;

(3) in subsection (c)—

(A) in paragraph (1), by striking “Except as provided in subsection (b), the” and inserting “The”;

(B) in paragraph (2)—

(i) by striking “(as such term is de-
Housing Assistance and Self-Determination Act of 1997 (25 U.S.C. 4103))’’; and

(ii) by adding at the end the following: “An Indian tribe receiving grant amounts under this subsection may designate a federally recognized tribe or a tribally designated housing entity to receive such grant amounts. Nothing in this subsection shall limit or be construed to limit the ability of an Indian tribe or a tribally designated housing entity from being a permissible designated recipient of grant amounts provided by a State under this section.”;

(C) in paragraph (3)—

(i) in the heading, by inserting “INDIAN TRIBES AND” before “STATES”; 

(ii) in subparagraph (A), by striking “The Secretary shall” and insert the following:

“(i) MINIMUM TRIBAL DISTRIBUTIONS.—

“(I) IN GENERAL.—The Secretary, acting through the Office of Native American Programs, shall dis-
tribute via competitive grants the amounts determined under subclause (II) and made available under this subsection to federally recognized tribes and tribally designated housing entities.

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

“(III) USE OF AMOUNTS.—Competition grant amounts received by a federally recognized tribe or a tribally designated housing entity under this clause may be used, or committed to use, only for those activities that are identified as eligible affordable housing activities under section 202 of the Native American Housing Assistance and Self-Determination Act of 1996 (25 U.S.C. 4132).
“(IV) **Evaluation of Applications.**—

“(aa) **In General.**—In evaluating any application for the receipt of competitive grant amounts authorized under this clause, the Secretary, acting through the Office of Native American Programs, shall consider with respect to the federally recognized tribe applicant or tribally designated housing entity applicant and to Indian reservations and other Indian areas associated with the federally recognized tribe applicant or served by the tribally designated housing entity applicant evaluation criteria, including the following:

“(AA) **Level of poverty** on the Indian reservation or in the Indian area.

“(BB) **Level of unemployment** on the Indian res-
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ervation or in the Indian area.

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

“(DD) Level of overcrowded housing on the Indian reservation or in the Indian area, as measured by the number of households in which the number of persons per room is greater than 1.

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

“(FF) Demonstrated experience, capacity, and ability of the applicant to manage affordable housing programs, including multi-family rental housing programs, homeownership programs, and programs to as-
sist purchasers with down payments, closing costs, or interest rate buy-downs.

“(GG) Demonstrated ability of the applicant to meet the requirements under the Native American Housing Assistance and Self-Determination Act of 1996 (25 U.S.C. 4101 et. seq.), including the timely and efficient expenditure of funds.

“(HH) Such other criteria as may be specified by the Secretary in order to evaluate the overall quality of the proposed project, the feasibility of the proposed project, and whether the proposed project will address the housing needs on the Indian reservation or in the Indian area.

“(bb) REVIEW OF DATA.—In evaluating any application for the
receipt of competitive grant amounts authorized under this clause, the Secretary, acting through the Office of Native American Programs, shall permit a federally recognized tribe applicant or a tribally designated housing entity applicant to supplement or replace, in whole or in part, any data compiled and produced by the Bureau of the Census and upon which the Secretary, acting through the Office of Native American Program, relies, provided such tribally-collected data meets the Department of Housing and Urban Development’s standards for accuracy.

“(V) Treatment of Funds.—Notwithstanding any other provision of law, competitive grant amounts received under this clause shall not be considered Federal funds for purposes
of matching other Federal sources of
funds.

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

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

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

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

(D) in paragraph (4)—

(i) in subparagraph (B), by striking
“other than fiscal year 2009”; and
(ii) by striking subparagraph (C), and inserting the following:

“(C) MINIMUM STATE ALLOCATIONS.—

“(i) IN GENERAL.—Except as provided in clause (ii), if the formula amount determined under paragraph (3) for a fiscal year would allocate less than $10,000,000 to any of the 50 States of the United States or the District of Columbia, the allocation for such State of the United States or the District of Columbia shall be the greater of $10,000,000, or 1 percent of the total amount of amounts allocated for the Housing Trust Fund under this section and the increase in any such allocation shall be deducted pro rata from the allocations made to all other of the States (as such term is defined in section 1303).

“(ii) EXCEPTION.—If the allocation to the Housing Trust Fund under section 501(a)(2)(A) of the Partnership to Strengthen Homeownership Act of 2014 for a fiscal year is less than $1,000,000,000, the minimum allocation to any of the 50 States of the United States
or the District of Columbia shall be the greater of $5,000,000 or 1 percent of the total amount of amounts allocated for the Housing Trust Fund under this section and the increase in any such allocation shall be deducted pro rata from the allocations made to all other of the States (as such term is defined in section 1303).”;

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

(F) by adding at the end the following:

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

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

“(7) TRIBAL TERMS.—

“(A) IN GENERAL.—The terms ‘federally recognized tribe’, ‘Indian area’, ‘Indian tribe’, and ‘tribally designated housing entity’ have the same meaning as in section 4 of the Native

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

SEC. 503. CAPITAL MAGNET FUND.

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

(1) in subsection (b)(1), by inserting “or section 501 of the Partnership to Strengthen Homeownership Act of 2014” after “section 1337”;

(2) in subsection (c)(2), by inserting “and tribal” after “rural”; and

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

“(7) TRIBAL TERMS.—

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

“(B) INDIAN RESERVATION.—The term ‘Indian reservation’ means land subject to the jurisdiction of an Indian tribe.”.
SEC. 504. MARKET ACCESS FUND.

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

(b) Deposits.—The Market Access Fund shall be credited with—

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

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

(e) Purpose.—Amounts in the Market Access Fund shall be eligible for use by grantees to address the homeownership and rental housing needs of extremely low-, very low-, low-, and moderate-income and underserved or hard-to-serve populations by—

(1) providing grants and loans for research, development, and pilot testing of innovations in consumer education, product design, underwriting, and servicing;

(2) offering additional credit support for certain eligible mortgage loans or pools of eligible mortgage loans, such as by covering a portion of any capital required to obtain insurance from the Ginnie Mae under this Act, provided that amounts for such additional credit support do not replace borrower funds required of an eligible mortgage loan;
(3) providing grants and loans, including through the use of pilot programs of sufficient scale, to support the research and development of sustainable homeownership and affordable rental programs, which programs shall include manufactured homes purchased through real estate and personal property loans and manufactured homes used as rental housing, provided that such grant or loan amounts are used only for the benefit of families whose income does not exceed 120 percent of the median income for the area as determined by Ginnie Mae, with adjustments for family size;

(4) providing limited credit enhancement, and other forms of credit support, for product and services that—

(A) will increase the rate of sustainable homeownership and affordable rental housing, including manufactured homes purchased through real estate and personal property loans and manufactured homes used as rental housing, by individuals or families whose income does not exceed 120 percent of the area median income as determined by Ginnie Mae, with adjustments for family size; and
(B) might not otherwise be offered or supported by a pilot program of sufficient scale to determine the viability of such products and services in the private market;

(5) providing housing counseling by a HUD-approved housing counseling agency; and

(6) providing incentives to achieve broader access to credit.

(d) **ANNUAL REPORT.**—The Director of Ginnie Mae shall, on an annual basis, report to Congress on the performance and outcome of grants, loans, or credit support programs funded by the Market Access Fund in accordance with subsection (c), including an evaluation of how each grant, loan, or credit support program—

(1) succeeded in meeting or failed to meet the need of certain populations, especially extremely low-, very low-, low-, and moderate-income and underserved or hard-to-serve populations; and

(2) succeeded in maximizing or failed to maximize the leverage of public investment made for each such grant, loan, or credit support program.
TITLE VI—GENERAL PROVISIONS

SEC. 601. RULE OF CONSTRUCTION REGARDING SENIOR PREFERRED STOCK PURCHASE AGREEMENTS.

Nothing in this Act shall be construed to alter, supersede, or interfere with the final ruling of a court of competent jurisdiction with respect to any provision of the Senior Preferred Stock Purchase Agreement or amendments thereof of an enterprise.

SEC. 602. TREATMENT OF COMMUNITY DEVELOPMENT FINANCIAL INSTITUTION.

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

(1) in paragraph (2)(B), by inserting “or community development financial institution (as defined in section 103 of the Riegle Community Development and Regulatory Improvement Act of 1994 (12 U.S.C. 4702))’’ after “community financial institution”; and

(2) in paragraph (3)(E), by inserting “or community development financial institution (as defined in section 103 of the Riegle Community Development and Regulatory Improvement Act of 1994 (12
U.S.C. 4702))” after “community financial institution”.

(b) Effective Date.—The amendment made by subsection (a) shall take effect on the certification date.