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(Original Signature of Member)

112TH CONGRESS
1ST SESSION

H. R. _____

To establish a sustainable Federal Secondary Market Facility for Residential Mortgages that is financed by private capital, to terminate the conservatorships of Fannie Mae and Freddie Mac and repeal the charter Acts of such enterprises, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

Mr. GARY G. MILLER of California (for himself and Mrs. MCCARTHY of New York) introduced the following bill; which was referred to the Committee on _____

A BILL

To establish a sustainable Federal Secondary Market Facility for Residential Mortgages that is financed by private capital, to terminate the conservatorships of Fannie Mae and Freddie Mac and repeal the charter Acts of such enterprises, and for other purposes.

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

1 **SECTION 1. SHORT TITLE AND TABLE OF CONTENTS.**

2 (a) **SHORT TITLE.**—This Act may be cited as the
3 “Secondary Market Facility for Residential Mortgages Act
4 of 2011”.

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

- Sec. 1. Short title and table of contents.
- Sec. 2. Purpose.
- Sec. 3. Definitions.

TITLE I—SECONDARY MARKET FACILITY FOR RESIDENTIAL
MORTGAGES

- Sec. 101. Establishment of Secondary Market Facility for Residential Mortgages.
- Sec. 102. Limitations on mortgage purchases.
- Sec. 103. Reduction of market share.
- Sec. 104. Capital standards.
- Sec. 105. Guarantee fees.
- Sec. 106. Federal insurance backstop.
- Sec. 107. Deficit reduction.
- Sec. 108. Portfolio reduction.
- Sec. 109. Initial standards.

TITLE II—ENDING THE CONSERVATORSHIPS OF FANNIE MAE
AND FREDDIE MAC

- Sec. 201. Treasury plan.
- Sec. 202. Implementation of plan.
- Sec. 203. Repeal of charter Acts.

TITLE III—FEDERAL HOUSING FINANCE AGENCY

- Sec. 301. Establishment of Federal Housing Finance Agency Board.
- Sec. 302. Supervision and regulation of Facility by FHFA.
- Sec. 303. Conforming amendments.

7 **SEC. 2. PURPOSE.**

8 The purpose of this Act is to establish a Federal sec-
9 ondary market facility for residential mortgages, to pro-
10 vide that the operations thereof shall be financed by pri-
11 vate capital, and to authorize such facility to—

1 (1) provide stability in the secondary market
2 for residential mortgages;

3 (2) respond appropriately to the private capital
4 market;

5 (3) maintain the secondary market for residen-
6 tial mortgages, including the “TBA” (to-be-an-
7 nounced) market;

8 (4) improve the distribution of investment cap-
9 ital available for residential mortgage financing and
10 as a result facilitate access to mortgage credit to
11 qualified borrowers throughout the United States
12 (including in central cities, rural areas, high cost
13 areas, and underserved areas); and

14 (5) manage and liquidate the mortgage port-
15 folios of Fannie Mae and Freddie Mac in an orderly
16 manner, in a way that contributes to the stability of
17 the housing market and with minimum loss and
18 maximum profit to the Federal Government.

19 **SEC. 3. DEFINITIONS.**

20 For purposes of this Act, the following definitions
21 shall apply:

22 (1) **APPROVED SELLER.**—The term “approved
23 seller” means a seller of a mortgage who has been
24 approved by the Facility in accordance with the

1 standards established by the FHFA Board pursuant
2 to section 102(j).

3 (2) CONSERVATORSHIP.—The term “con-
4 servatorship” means, with respect to an enterprise,
5 the conservatorship of the enterprise established
6 pursuant to section 1367 of the Federal Housing
7 Enterprises Financial Safety and Soundness Act of
8 1992 (12 U.S.C. 4617) and in effect on the date of
9 the enactment of this Act.

10 (3) ENTERPRISE.—The term “enterprise”
11 means—

12 (A) the Federal National Mortgage Asso-
13 ciation; and

14 (B) the Federal Home Loan Mortgage
15 Corporation.

16 (4) FACILITY.—The term “Facility” means the
17 Secondary Market Facility for Residential Mort-
18 gages established under section 101 of this Act.

19 (5) FACILITY-AFFILIATED PARTY.—The term
20 “Facility-affiliated party” means—

21 (A) any director, officer, or employee of, or
22 agent for, the Facility;

23 (B) any affiliate, consultant, or joint ven-
24 ture partner of the Facility, and any other per-
25 son, as determined by the FHFA Board (by

1 regulation or on a case-by-case basis) that par-
2 ticipates in the conduct of the affairs of the Fa-
3 cility; and

4 (C) any independent contractor for the Fa-
5 cility (including any attorney, appraiser, or ac-
6 countant), if—

7 (i) the independent contractor know-
8 ingly or recklessly participates in—

9 (I) any violation of any law or
10 regulation;

11 (II) any breach of fiduciary duty;
12 or

13 (III) any unsafe or unsound
14 practice; and

15 (ii) such violation, breach, or practice
16 caused, or is likely to cause, more than a
17 minimal financial loss to, or a significant
18 adverse effect on, the Facility.

19 (6) FACILITY BOARD.—The term “Facility
20 Board” means the Board of Directors of the Sec-
21 ondary Market Facility for Residential Mortgages,
22 established under section 101

23 (7) FHFA BOARD.—The term “FHFA Board”
24 means the Federal Housing Finance Agency Board
25 established under section 1312 of the Federal Hous-

1 ing Enterprises Financial Safety and Soundness Act
2 of 1992, as amended by section 301 of this Act.

3 (8) RESIDENTIAL MORTGAGE.—The term “resi-
4 dential mortgage” means a mortgage on single-fam-
5 ily housing or multifamily housing.

6 (9) SECRETARY.—The term “Secretary” means
7 the Secretary of the Treasury.

8 (10) SINGLE-FAMILY HOUSING.—The term
9 “single-family housing” means a residence consisting
10 of 1 to 4 dwelling units.

11 (11) MULTIFAMILY HOUSING.—The term “mul-
12 tifamily housing” means a residence consisting of
13 more than 4 dwelling units.

14 **TITLE I—SECONDARY MARKET**
15 **FACILITY FOR RESIDENTIAL**
16 **MORTGAGES**

17 **SEC. 101. ESTABLISHMENT OF SECONDARY MARKET FACIL-**
18 **ITY FOR RESIDENTIAL MORTGAGES.**

19 (a) ESTABLISHMENT.—There is hereby established a
20 Secondary Market Facility for Residential Mortgages,
21 which shall be a body corporate without capital stock.

22 (b) PURPOSE.—The purpose of the Facility shall be
23 to ensure that capital for residential mortgages is available
24 to qualified homebuyers throughout the United States,

1 without regard to region, area, or other geographic loca-
2 tion.

3 (c) FEDERAL STATUS.—The Facility shall be an in-
4 strumentality of the Federal Government.

5 (d) BOARD OF DIRECTORS.—

6 (1) ESTABLISHMENT; APPOINTMENT.—The Fa-
7 cility shall be under the direction of a Board of Di-
8 rectors, which shall consist of 5 members who shall
9 be appointed by the President, and shall not be offi-
10 cers or employees of the Federal Government. The
11 initial members of the Facility Board shall be ap-
12 pointed not later than the expiration of the 6-month
13 period beginning on the date of the enactment of
14 this Act.

15 (2) QUALIFICATIONS.—Of the members ap-
16 pointed to the Facility Board—

17 (A) 3 members shall possess extensive ex-
18 perience and expertise in financial management
19 or oversight, capital markets (including debt
20 markets), the secondary mortgage market, and
21 mortgage-backed securities; and

22 (B) 2 members shall possess extensive ex-
23 perience and expertise in mortgage finance (in-
24 cluding single-family and multifamily housing

1 mortgage finance and with credit unions and
2 small institutions).

3 (3) POLITICAL AFFILIATION.—Not more than
4 three members of the Facility Board may be mem-
5 bers of the same political party.

6 (4) TERM; REMOVAL.—Each member of the Fa-
7 cility Board shall be appointed for a term of 5 years,
8 except that any member may be removed from office
9 by the President for good cause.

10 (5) CHAIRPERSON.—The Chairperson of the
11 Facility Board shall be designated by the President
12 at the time of appointment. The Chairperson shall
13 designate another member to serve as Acting Chair-
14 person during the absence or disability of the Chair-
15 person.

16 (6) VACANCIES.—A member of the Facility
17 Board appointed to fill a vacancy occurring before
18 the expiration of the term for which the member's
19 predecessor was appointed shall be appointed only
20 for the remainder of that term.

21 (7) CONTINUATION OF MEMBERSHIP.—A mem-
22 ber of the Facility Board may serve after the expira-
23 tion of the member's term until a successor has been
24 appointed.

1 (e) MORTGAGE-RELATED ACTIVITIES.—The business
2 of the Facility shall be limited to the following functions,
3 and such activities as may be incident to such functions:

4 (1) BORROWING.—Borrowing, giving security,
5 paying interest and other return, and issuing notes,
6 debentures, bonds, and other obligations and securi-
7 ties to fund the purchase of residential mortgages,
8 and to achieve initial capitalization levels as required
9 by the FHFA Board.

10 (2) SINGLE FAMILY MORTGAGE PURCHASE.—
11 The purchase of residential mortgages on single-
12 family housing that are originated by approved sell-
13 ers pursuant to section 102(j).

14 (3) MULTIFAMILY MORTGAGE PURCHASE.—The
15 purchase of residential mortgages on multifamily
16 housing that are originated by approved sellers pur-
17 suant to section 102(j).

18 (4) MAINTENANCE OF TBA MARKET.—Main-
19 taining the “to-be-announced” market for securities
20 based on or backed by residential mortgages on sin-
21 gle-family or multifamily housing.

22 (5) MORTGAGE-BACKED SECURITIES.—Issuing,
23 and guaranteeing timely payment of principal and
24 interest on, securities and other obligations based on
25 or backed by a pool of residential mortgages pur-

1 chased by the Facility, whose quality and character-
2 istics are interchangeable with securities issued by
3 the enterprises before the date of the enactment of
4 this Act, including applicable rules related to the cal-
5 culation of net capital requirements.

6 (6) COLLECTION OF FEES.—The collection of
7 guarantee fees established under section 105 in con-
8 nection with mortgage purchases and reinsurance
9 fees established under section 106(a).

10 (7) RISK MANAGEMENT.—The management of
11 interest rate risk associated with operations of the
12 Facility.

13 (f) PROHIBITION ON MORTGAGE ORIGINATION.—The
14 Facility shall not engage in mortgage origination.

15 (g) SELF-SUPPORTING.—The operations of the Facil-
16 ity shall be funded only by income derived from its oper-
17 ations, after obligations for capital reserves in accordance
18 with section 104 and for the Reinsurance Fund under sec-
19 tion 106(b) are met.

20 (h) EQUAL ACCESS TO PRODUCTS.—The FHFA
21 Board shall, by regulation, require that the Facility oper-
22 ate to carry out the purposes under subsection (b) in a
23 manner that provides equal access at all times, by all eligi-
24 ble or qualified and approved residential mortgage lenders,
25 and all markets, to products of the Facility.

1 (i) PERSONNEL.—The Facility Board may fix the
2 number and basic pay of, and appoint and direct, all em-
3 ployees of the Facility without regard to the provisions
4 of title 5, United States Code.

5 (j) LEASING AUTHORITY.—For the purpose of miti-
6 gating losses to the taxpayer and stabilizing home prices,
7 the Facility may market for rental any real-estate owned
8 properties and assets of the enterprises that are trans-
9 ferred to the Facility pursuant to section 201(b) and enter
10 into such lease agreements with lessees as the Facility
11 Board determines appropriate, prior to sale of such prop-
12 erties and assets, except that any such lease agreement
13 shall terminate before the expiration of the 5-year period
14 beginning upon the establishment of the Facility.

15 (k) BUDGETS; AUDITS; MANAGEMENT REPORTS; OB-
16 LIGATIONS.—The Facility shall be considered a wholly
17 owned Government corporation for purposes of chapter 91
18 of title 31, United States Code, but not including section
19 9108 of such chapter.

20 (l) GENERAL POWERS.—The Facility may—

21 (1) adopt, amend, and repeal bylaws;

22 (2) adopt and use a corporate seal;

23 (3) enter into contracts, incur liabilities, make
24 guarantees, borrow money, issue notes, bonds, and
25 other obligations;

1 (4) sue or be sued in its own capacity; and

2 (5) purchase, receive, hold, and use real and
3 personal property and other assets necessary for the
4 conduct of its operations.

5 **SEC. 102. LIMITATIONS ON MORTGAGE PURCHASES.**

6 (a) SAFE AND SOUND MORTGAGES.—

7 (1) LIMITATION ON FACILITY PURCHASES.—To
8 limit the risk assumed by the Facility, the FHFA
9 Board shall, by regulation, limit the residential
10 mortgages that may be purchased by the Facility to
11 safe and sound mortgages, as such term is defined
12 pursuant to paragraph (2), within such mortgage
13 product types and classifications as are approved in
14 advance by the FHFA Board pursuant to paragraph
15 (3).

16 (2) DEFINITION.—The FHFA Board shall, by
17 regulation, define the term “safe and sound residen-
18 tial mortgages” for purposes of this subsection,
19 which shall—

20 (A) be established by the FHFA Board;

21 (B) be limited to mortgages that are of a
22 quality, type, and class determined by the
23 FHFA Board to be appropriate to provide ade-
24 quate liquidity in the housing finance markets
25 and that serve a range of residential mortga-

1 gors and residential housing markets, which
2 shall include—

3 (i) mortgages having a term to matu-
4 rity of 30 years or less and a fixed rate of
5 interest over the entire term of mortgage;

6 (ii) mortgages for single-family hous-
7 ing and mortgages for multifamily housing;

8 (iii) programs for whole loans and cer-
9 tificates; and

10 (iv) other mortgages that are not in-
11 sured under the National Housing Act and
12 not securitized through securities guaran-
13 teed by the Government National Mortgage
14 Association;

15 (C) incorporate—

16 (i) the outstanding balance require-
17 ments for single-family mortgages under
18 subsection (b) of this section;

19 (ii) the conforming loan limits for sin-
20 gle-family mortgages under subsection (c)
21 of this section;

22 (iii) the downpayment requirements
23 for single-family mortgages under sub-
24 section (d) of this section;

1 (iv) the requirements for adjustable
2 rate mortgages under subsection (e) of this
3 section;

4 (v) the representation and warranty
5 requirements under subsection (f) of this
6 section;

7 (vi) the underwriting standards under
8 subsection (g) of this section; and

9 (vii) the property valuation standards
10 under subsection (h) of this section.

11 (3) PRODUCT APPROVAL.—The FHFA Board
12 shall require the Facility to obtain the approval of
13 the FHFA Board for any product of the Facility be-
14 fore initially offering the product. The FHFA Board
15 shall establish standards for approval of products,
16 which shall provide for conditional approval and pro-
17 cedures for submission of requests for such approval.

18 (b) OUTSTANDING BALANCE REQUIREMENTS FOR
19 SINGLE-FAMILY MORTGAGES.—The regulations of the
20 FHFA Board pursuant to subsection (a) shall ensure that
21 a mortgage on single-family housing shall not be consid-
22 ered a safe and sound mortgage if the outstanding prin-
23 cipal balance under the mortgage at the time of purchase
24 by the Facility exceeds 80 percent of the sale price of the
25 single-family residence securing the mortgage, unless—

1 (1) the seller retains a participation of not less
2 than 10 percent of the sale price of the single-family
3 residence securing the mortgage, and the aggregate
4 amount any outstanding principal balance (including
5 such participation) shall not exceed 90 percent of
6 the sale price of the single-family residence securing
7 the mortgage;

8 (2) for such period and under such cir-
9 cumstances as the Facility Board may require, the
10 seller agrees to repurchase or replace the mortgage
11 upon demand of the Facility in the event that the
12 mortgage is in default;

13 (3) the portion of the outstanding principal bal-
14 ance of the mortgage that exceeds such 80 percent
15 is guaranteed or insured by a qualified insurer, as
16 determined by the Facility in accordance with such
17 standards and requirements as the FHFA Board
18 shall establish; or

19 (4) the mortgage is financed in part through a
20 shared equity arrangement under which inde-
21 pendent, private sector investors invest, together
22 with the mortgagors, equity funds for such resi-
23 dences in the form of cash (or its equivalent) paid
24 on account of the property and thereby share in the
25 ownership of such residences, except that—

1 (A) the mortgagor shall retain an owner-
2 ship in the residence under the shared equity
3 arrangement that is not less than 50 percent;
4 and

5 (B) such private sector financing may pro-
6 vide not more than half of the minimum down-
7 payment amount required under subsection (d).

8 (c) CONFORMING LOAN LIMITS FOR SINGLE-FAMILY
9 MORTGAGES.—The regulations of the FHFA Board pur-
10 suant to subsection (a) shall ensure that a mortgage on
11 single-family housing of a particular size shall not be con-
12 sidered a safe and sound mortgage if the mortgage has
13 an original principal obligation that exceeds the higher
14 of—

15 (1) the maximum dollar amount limitation for
16 such fiscal year governing the maximum original
17 principal obligation of mortgages that are purchased
18 by the Federal Home Loan Mortgage Corporation
19 for such size residence, as determined under section
20 305(a)(2) of the Federal Home Loan Mortgage Cor-
21 poration Act (12 U.S.C. 1454(a)(2)), or

22 (2) 125 percent of the area median price for a
23 residence of the applicable size, but in no case to ex-
24 ceed 175 percent of the limitation for such year de-

1 terminated under such section 305(a)(2) for a resi-
2 dence of the applicable size,
3 except that, for mortgages originated in any year, if the
4 limitation for such year on the maximum original principal
5 obligation of a mortgage that may be purchased by the
6 Federal National Mortgage Association or the Federal
7 Home Loan Mortgage Corporation determined under sec-
8 tion 302(b)(2) of the Federal National Mortgage Associa-
9 tion Charter Act (12 U.S.C. 1717(b)(2)) or section
10 305(a)(2) of the Federal Home Loan Mortgage Corpora-
11 tion Act (12 U.S.C. 1754(a)(2)) respectively, for any size
12 residence for any area is less than such maximum original
13 principal obligation limitation that was in effect for such
14 size residence for such area for 2008 pursuant to section
15 201 of the Economic Stimulus Act of 2008 (Public Law
16 110-185; 122 Stat. 619), notwithstanding any other provi-
17 sion of law or of this Act, the limitation under this sub-
18 section on the maximum original principal obligation of
19 a mortgage for such size residence for such area that may
20 be considered a safe and sound mortgage shall be such
21 maximum limitation in effect for such size residence for
22 such area for 2008.

23 (d) **DOWNPAYMENT REQUIREMENT.**—The regula-
24 tions of the FHFA Board pursuant to subsection (a) shall
25 ensure that, notwithstanding any other provision of this

1 title, a mortgage on single-family housing shall not be con-
2 sidered a safe and sound mortgage unless the mortgagor
3 has paid on account of the property subject to the mort-
4 gage, in cash (or its equivalent), an amount equal to not
5 less than 5 percent of the sale price of the property or
6 such larger amount as the FHFA Board may establish
7 to mitigate risks and prevent losses to the Facility.

8 (e) ADJUSTABLE RATE MORTGAGES.—The regula-
9 tions of the FHFA Board pursuant to subsection (a) shall
10 provide that a mortgage on single-family housing having
11 an interest rate that is not fixed at a single annual per-
12 centage rate for the entire term of the mortgage shall not
13 be considered a safe and sound mortgage unless such qual-
14 ity, type, and class of non-fixed rate mortgages has been
15 approved for purposes of this section by the FHFA Board
16 as consistent with the safety and soundness of the Facility
17 and the mortgage finance system.

18 (f) REPRESENTATION AND WARRANTY REQUIRE-
19 MENT.—The regulations of the FHFA Board pursuant to
20 subsection (a) shall provide that a mortgage shall not be
21 considered a safe and sound mortgage unless such mort-
22 gage meets such requirements regarding representations
23 and warranties sufficient to certifying that the mortgage
24 is covered by a policy for title insurance as the FHFA
25 Board shall establish to ensure that title-related risks for

1 the mortgage are borne by State-licensed title insurance
2 companies.

3 (g) UNDERWRITING STANDARDS.—The regulations
4 of the FHFA Board pursuant to subsection (a) shall pro-
5 vide that a mortgage shall not be considered a safe and
6 sound mortgage unless such mortgage meets such under-
7 writing standards as the FHFA Board shall establish
8 that—

9 (1) promote transparency, uniformity, and con-
10 sumer protections; and

11 (2) ensure a mortgagor's ability to repay the
12 mortgage obligation, including standards for deter-
13 mining mortgagors' income, assets, liabilities, credit
14 history, and credit risk.

15 (h) PROPERTY VALUATION STANDARDS.—The regu-
16 lations of the FHFA Board pursuant to subsection (a)
17 shall provide that a mortgage shall not be considered a
18 safe and sound mortgage unless such mortgage meets the
19 property valuation and appraisal standards under subpart
20 E of part 226 of title 12, Code of Federal Regulations
21 (Regulation Z).

22 (i) PRICE LIMITATIONS.—The Facility shall ensure
23 that prices to be paid by the Facility for residential mort-
24 gages purchased shall be based on market prices for the
25 particular class of mortgages involved.

1 (j) SELLER APPROVAL.—The Facility may purchase
2 residential mortgages meeting the requirements of this
3 title only from sellers who have been approved by the Fa-
4 cility as meeting such standards for approval as the Facil-
5 ity Board shall establish, which shall include standards
6 governing the following:

7 (1) Care and due diligence in complying with
8 the underwriting standards established pursuant to
9 subsection (g).

10 (2) Minimum capital to ensure the ability to
11 perform under standard representations and warran-
12 ties.

13 (3) Contractual obligations.

14 (4) Representations and warranties pursuant to
15 subsection (f).

16 (5) Indemnification for losses.

17 (6) Delivery of documents.

18 (7) Ownership, establishment, maintenance, re-
19 taining, examination, and storage of mortgage
20 records and information.

21 (8) Fidelity bond and errors and omissions cov-
22 erage.

23 (9) Capitalization, net worth, and liquidity.

24 (10) Lending practices.

1 (k) SERVICING OF MORTGAGES.—This Act may not
2 be construed to prohibit, or to authorize the Facility
3 Board or the FHFA Board to prohibit, any approved sell-
4 er who sells a mortgage to the Facility from servicing such
5 mortgage.

6 **SEC. 103. REDUCTION OF MARKET SHARE.**

7 (a) LIMITATIONS.—The FHFA Board shall, by regu-
8 lation, seek to ensure that the market share of the Facil-
9 ity, as defined by the FHFA Board, does not exceed ap-
10 proximately 50 percent of mortgage originations in the
11 United States.

12 (b) STANDARDS AND REQUIREMENTS.—The FHFA
13 Board shall establish such standards and requirements re-
14 garding the maximum volume of purchases by the Facility.
15 In establishing such standards, the FHFA Board shall
16 seek to avoid excessive disruption to stability of the resi-
17 dential mortgage market.

18 (c) SAFETY VALVE.—Notwithstanding any other pro-
19 vision of this section, the FHFA Board may provide, in
20 a timely manner, for the temporary suspension or adjust-
21 ment of the limits under this section on the market share
22 of the Facility, but only if the FHFA Board determines
23 that the private market has significantly reduced partici-
24 pation in the residential mortgage markets, taking into
25 consideration the yield spread between private label mort-

1 gage-backed securities and mortgage-backed securities
2 issued by the Facility and such other indicia as the FHFA
3 Board considers appropriate.

4 (d) CORRECTION PLAN.—If at any time the FHFA
5 Board determines that the market share of the Facility
6 exceeds the maximum market share permitted under this
7 section, the FHFA Board shall require the Facility to es-
8 tablish and implement a plan that—

9 (1) reduces such market share so that it com-
10 plies with the subsection (a)(1);

11 (2) impacts all geographic regions of the coun-
12 try similarly;

13 (3) restricts or prohibits the business of the Fa-
14 cility in mortgages that are used to prepay an exist-
15 ing loan secured by the same property as such mort-
16 gage;

17 (4) increases guarantee fees under section 105
18 or reinsurance fees under section 106(a), or both.

19 Such a plan shall seek to impact all lenders as equally
20 as possible, taking into account each lender's history re-
21 garding its share of activity in selling mortgages to the
22 Facility.

23 **SEC. 104. CAPITAL STANDARDS.**

24 (a) IN GENERAL.—The FHFA Board shall, by regu-
25 lation, establish risk-based capital requirements for the

1 Facility to ensure that the Facility operates in a safe and
2 sound manner, maintaining sufficient capital and reserves
3 to support the risks that arise in operations and manage-
4 ment of the Facility.

5 (b) FACTORS.—The capital requirements for the Fa-
6 cility shall—

7 (1) be based on the risks specifically involved in
8 the purchase and securitization of safe and sound
9 mortgages, as such term is defined pursuant to sec-
10 tion 103(a); and

11 (2) be based on actuarial loss rate history of
12 mortgages having similar characteristics.

13 **SEC. 105. GUARANTEE FEES.**

14 (a) ESTABLISHMENT.—The Facility shall charge a
15 guarantee fee under this section in connection with any
16 purchase of residential mortgages from approved sellers
17 and in connection with any guarantee issued by the Facil-
18 ity of timely payment of principal and interest on mort-
19 gage-backed securities, notes, and other obligations issued
20 by the Facility.

21 (b) AMOUNT.—Any guarantee fee under this section
22 shall be in an amount that the Facility Board determines
23 appropriate and reasonable, based on likelihood of loss for
24 the particular type of product, to provide for operation of
25 the Facility in accordance with this Act, except that such

1 fees may be increased to facilitate compliance with the
2 market share limitations under section 103 or for such
3 other purpose as the FHFA Board may approve. The
4 FHFA Board may establish a minimum amount for the
5 guarantee fee.

6 (c) IMPERMISSIBLE CONSIDERATIONS.— Such fees
7 shall be based on quality of mortgages and may not be
8 based on or incorporate—

9 (1) the geographic location of properties subject
10 to mortgages backing or on which are based such se-
11 curities, notes, or other obligations;

12 (2) the volume of mortgages sold to the Facility
13 by an approved seller; or

14 (3) any consideration of reducing the costs of
15 homeownership.

16 **SEC. 106. FEDERAL INSURANCE BACKSTOP.**

17 (a) REINSURANCE FEES.—

18 (1) IN GENERAL.—The Facility shall collect,
19 and transfer to the Reinsurance Fund established
20 under subsection (b), a reinsurance fee under this
21 subsection in connection with any guarantee issued
22 by the Facility of timely payment of principal and
23 interest on mortgage-backed securities, notes, and
24 other obligations issued by the Facility.

1 (2) AMOUNT.—The fee shall be established by
2 the Facility Board in such amount as may be nec-
3 essary to cover obligations of the Facility under such
4 guarantees to the extent the capital funds of the Fa-
5 cility cannot cover such obligations and shall be
6 based on the outstanding mortgage exposure of the
7 Facility. The FHFA Board may establish a min-
8 imum amount for the reinsurance fee.

9 (b) REINSURANCE FUND.—

10 (1) ESTABLISHMENT.—There is established in
11 the Treasury of the United States a Reinsurance
12 Fund for the Facility.

13 (2) CREDITS.—The Reinsurance Fund shall be
14 credited with—

15 (A) all reinsurance fees collected by the
16 Facility pursuant to subsection (a);

17 (B) any amounts earned on investments of
18 the Fund pursuant to paragraph (4); and

19 (C) such other amounts as may be credited
20 to the Fund, including amounts as may be re-
21 quired to be credited by the Secretary of the
22 Treasury.

23 (3) USE.—Amounts in the Reinsurance Fund
24 shall be available, at the direction of FHFA Board,
25 only for payment of obligations of the Facility under

1 guarantees issued by the Facility of timely payment
2 of principal and interest on mortgage-backed securi-
3 ties, notes, and other obligations issued by the Facil-
4 ity and only to the extent that the FHFA Board de-
5 termines that the capital of the Facility is insuffi-
6 cient to cover such obligations.

7 (4) INVESTMENTS.—The Secretary may invest
8 such amounts as the Secretary considers advisable in
9 obligations issued or guaranteed by the United
10 States.

11 **SEC. 107. DEFICIT REDUCTION.**

12 Any receipts and earnings of the Facility in excess
13 of amounts required to comply with the capital standards
14 established pursuant to section 104, amounts required to
15 be deposited in the Reinsurance Fund established under
16 section 106(b), and amounts required for the repurchase
17 of senior preferred stock of the enterprises issued pursu-
18 ant to the Senior Preferred Stock Purchase Agreements
19 entered into between the Department of the Treasury and
20 the enterprises in September 2008 (as such Agreement
21 may be amended and restated), shall be transferred into
22 the General Fund of the Treasury and used to reduce the
23 budget deficit of the Federal Government.

24 **SEC. 108. PORTFOLIO REDUCTION.**

25 (a) LIMITATION.—

1 (1) IN GENERAL.—The Facility may not own
2 mortgage assets in excess of \$250,000,000,000, as
3 such amount shall be adjusted by the FHFA Board,
4 effective January 1 of each year beginning after the
5 date of the enactment of this Act, in accordance
6 with an appropriate inflationary index, as deter-
7 mined by the FHFA Board. The FHFA Board shall
8 cause notice of each such adjustment to be published
9 promptly in the Federal Register.

10 (2) DEFINITION.—For purposes of this section,
11 the term “mortgage assets” means, with respect to
12 the Facility, assets of the Facility consisting of
13 mortgages, mortgage loans, mortgage-related securi-
14 ties, participation certificates, mortgage-backed com-
15 mercial paper, obligations of real estate mortgage in-
16 vestment conduits and similar assets, in each case to
17 the extent such assets would appear on the balance
18 sheet of the Facility.

19 (b) USE.—Mortgage assets owned by the Facility
20 shall be available for use—

21 (1) to support multifamily housing and residen-
22 tial mortgages that cannot readily be securitized;

23 (2) to provide financing to support residential
24 mortgage markets affected by economic downturns;
25 and

1 (3) to modify delinquent mortgages that are
2 purchased from pools of mortgages backing or on
3 which are based mortgage-backed securities issued
4 and guaranteed by the Facility.

5 (c) MONITORING.—The FHFA Board shall monitor
6 the mortgage assets owned by the Facility to ensure com-
7 pliance with this section.

8 (d) SAFETY VALVE.—Notwithstanding subsection
9 (a), the FHFA Board may provide for the temporary in-
10 crease in the limitation under subsection (a) on mortgage
11 assets owned by the Facility if the FHFA Board deter-
12 mines that there has been a substantial reduction in
13 the availability of private residential mortgage financing,
14 taking into consideration such indicia as the FHFA Board
15 considers appropriate.

16 **SEC. 109. INITIAL STANDARDS.**

17 Not later than the expiration of the 6-month period
18 beginning upon the appointment of all initial members of
19 the FHFA Board pursuant to section 301(b) the FHFA
20 Board shall issue such regulations, guidelines, orders, re-
21 quirements, and standards pursuant to section 1396C of
22 the Federal Housing Enterprises Financial Safety and
23 Soundness Act of 1992 (as added by section 302 of this
24 Act) as may be required under this title for the establish-
25 ment and operation of the Facility.

1 **TITLE II—ENDING THE**
2 **CONSERVATORSHIPS OF**
3 **FANNIE MAE AND FREDDIE**
4 **MAC**

5 **SEC. 201. TREASURY PLAN.**

6 (a) IN GENERAL.—Not later than the expiration of
7 the 6-month period beginning upon the date of the enact-
8 ment of this Act, the Secretary of the Treasury, in con-
9 sultation with the Director of the Federal Housing Fi-
10 nance Agency, shall develop and submit to the Congress
11 a plan that provides for the orderly and timely wind-down
12 and termination of the enterprises, during such period as
13 the Secretary considers appropriate but in no case ending
14 later than 36 months after the date of the enactment of
15 this Act, in accordance with this section and the receiver-
16 ship authority under section 1367 of the Federal Housing
17 Enterprises Financial Safety and Soundness Act of 1992
18 and in a manner that avoids excessive disruption to the
19 stability of the residential mortgage market.

20 (b) CONTENTS.—Such plan—

21 (1) shall provide for the termination, during the
22 period referred to in subsection (a), of the authority
23 of the enterprises to conduct any new business;

24 (2) shall provide for the transfer of the assets,
25 obligations, and liabilities of the enterprises to the

1 Secondary Market Facility for Residential Mort-
2 gages established under title I;

3 (3) may provide for the Facility to segregate
4 such sound assets and troubled or impaired assets of
5 the enterprises into separate trusts or entities;

6 (4) shall provide for the full repayment to the
7 taxpayers and the Federal Government of the invest-
8 ment made by the taxpayers and the Federal Gov-
9 ernment in the enterprises, which repayment shall be
10 made by the Facility from income generated by the
11 Facility, in a manner that is generally consistent
12 with the manner in which the taxpayers and the
13 Federal Government were reimbursed by financial
14 institutions assisted under the Troubled Assets Re-
15 lief Program of the Secretary of the Treasury under
16 title I of the Emergency Economic Stabilization Act
17 of 2008 (12 U.S.C. 5211 et seq.), or in such other
18 manner as the Secretary considers appropriate;

19 (5) shall provide for the Secondary Market Fa-
20 cility for Residential Mortgages established under
21 title I of this Act to purchase from the Secretary of
22 the Treasury all preferred stock held by the Treas-
23 ury pursuant to purchase under the Senior Pre-
24 ferred Stock Purchase Agreements entered into with
25 the Treasury by the enterprises in September 2008

1 (as such Agreements have been amended and re-
2 stated);

3 (6) shall provide that, notwithstanding any
4 other provision of law, any provision of the Senior
5 Preferred Stock Purchase Agreement entered into
6 between the Department of the Treasury and an en-
7 terprise in September 2008 (as any such Agreement
8 may be amended and restated), or any provision of
9 any certificate in connection with such an Agree-
10 ment creating or designating the terms, powers,
11 preferences, privileges, limitations, or any other con-
12 ditions of the Variable Liquidation Preference Senior
13 Preferred Stock of an enterprise issued pursuant to
14 such an Agreement, the annual rate of dividends
15 paid on the Variable Liquidation Preference Senior
16 Preferred Stock of each enterprise issued pursuant
17 to such an Agreement shall, until all such stock is
18 purchased by the Facility pursuant to paragraph (5)
19 of this subsection—

20 (A) be reduced to not more than 5 percent;

21 and

22 (B) be variable and based on market con-
23 ditions and performance;

24 (7) shall provide for the fulfillment of all obliga-
25 tions of the enterprises under any outstanding debt

1 obligations and mortgage-backed securities of the
2 enterprises; and

3 (8) shall provide a date during the period re-
4 ferred to in subsection (a) for the repeal of the Fed-
5 eral National Mortgage Association Charter Act and
6 the Federal Home Loan Mortgage Corporation Act.

7 **SEC. 202. IMPLEMENTATION OF PLAN.**

8 The Secretary shall—

9 (1) commence implementation of the plan sub-
10 mitted to the Congress under section 201 upon expi-
11 ration of the 90-day period beginning upon such
12 submission; and

13 (2) wind-down and terminate the enterprises in
14 accordance with the terms of the plan.

15 **SEC. 203. REPEAL OF CHARTER ACTS.**

16 Upon the date specified in the plan pursuant to sec-
17 tion 201(b)(8), the following provisions are repealed:

18 (1) The Federal National Mortgage Association
19 Charter Act (12 U.S.C. 1716 et seq.).

20 (2) The Federal Home Loan Mortgage Cor-
21 poration Act (12 U.S.C. 1451 et seq.).

1 **TITLE III—FEDERAL HOUSING**
2 **FINANCE AGENCY**

3 **SEC. 301. ESTABLISHMENT OF FEDERAL HOUSING FINANCE**
4 **AGENCY BOARD.**

5 (a) ESTABLISHMENT.—Section 1312 of the Federal
6 Housing Enterprises Financial Safety and Soundness Act
7 of 1992 (12 U.S.C. 4512) is amended—

8 (1) by striking the section designation and
9 heading and all that follows through subsection (c);

10 (2) by striking subsections (e) through (g);

11 (3) by redesignating subsection (d) as sub-
12 section (l); and

13 (4) by inserting before subsection (l) (as so re-
14 designated) the following:

15 **“SEC. 1312. FEDERAL HOUSING FINANCE AGENCY BOARD.**

16 “(a) ESTABLISHMENT.—There is established the
17 Federal Housing Finance Agency Board, who shall govern
18 the Agency.

19 “(b) APPOINTMENT.—The FHFA Board which shall
20 consist of 5 members, as follows:

21 “(1) EX OFFICIO MEMBERS.—2 ex officio mem-
22 bers who shall be—

23 “(A) the Secretary of the Treasury or the
24 Secretary’s designee; and

1 “(B) the Secretary of Housing and Urban
2 Development or the Secretary’s designee.

3 “(2) APPOINTED MEMBERS.—3 members, who
4 shall be appointed by the President, by and with the
5 advice and consent of the Senate, who shall in-
6 clude—

7 “(A) one member who shall possess exten-
8 sive experience and expertise in financial man-
9 agement or oversight, capital markets (includ-
10 ing debt markets), the secondary mortgage
11 market, and mortgage-backed securities; and

12 “(B) two members who shall possess exten-
13 sive experience and expertise in mortgage fi-
14 nance (including single-family and multifamily
15 housing mortgage finance and with credit
16 unions and smaller financial institutions), devel-
17 opment of affordable housing, and economic de-
18 velopment and revitalization.

19 “(c) POLITICAL AFFILIATION.—Not more than three
20 members of the FHFA Board may be members of the
21 same political party.

22 “(d) CHAIRPERSON.—The Chairperson of the FHFA
23 Board shall be designated by the President at the time
24 of appointment. The Chairperson shall designate another

1 member to serve as Acting Chairperson during the absence
2 or disability of the Chairperson.

3 “(e) TERM; REMOVAL.—Each member of the FHFA
4 Board shall be appointed for a term of 5 years, and may
5 be removed by the President only for cause.

6 “(f) VACANCIES.—A member of the FHFA Board
7 appointed to fill a vacancy occurring before the expiration
8 of the term for which the member’s predecessor was ap-
9 pointed shall be appointed only for the remainder of that
10 term.

11 “(g) CONTINUATION OF MEMBERSHIP.— A member
12 of the FHFA Board may serve after the expiration of the
13 member’s term until a successor has been appointed.

14 “(h) COMPENSATION.—Members of the FHFA
15 Board shall each receive compensation at the rate pre-
16 scribed for level III of the Executive Schedule under sec-
17 tion 5314 of title 5, United States Code.

18 “(i) MEETINGS.—The FHFA Board shall meet upon
19 notice by the Chairperson, but in no event shall the FHFA
20 Board meet less frequently than once every 2 months. Any
21 member of the FHLA Board may, upon giving written no-
22 tice to the Chairperson, require a special meeting of the
23 FHFA Board, which shall be convened by the Chairperson
24 within 30 days after such notice.

1 “(j) TESTIMONY.—On an annual basis, the Board
2 shall testify before the Congress regarding the safety and
3 soundness of the Secondary Market Facility for Residen-
4 tial Mortgages, any material deficiencies in the conduct
5 of the operations of the Facility; the overall operational
6 status of the Facility; operations, resources, and perform-
7 ance of the FHFA Board, and such other matters relating
8 to the FHFA Board and the Facility.

9 “(k) ADVISORY COMMITTEE.—

10 “(1) ESTABLISHMENT.—There is established an
11 Advisory Committee to consist of 12 members who
12 shall be appointed by the FHFA Board.

13 “(2) MEMBERSHIP.—Members of the Advisory
14 Committee shall be broadly representative of mort-
15 gage loan originators, investors in mortgage-backed
16 securities, and consumer advocacy organizations,
17 and shall include—

18 “(A) 3 members who have extensive experi-
19 ence and expertise in financial management or
20 oversight, capital markets (including debt mar-
21 kets), the secondary mortgage market, and
22 mortgage-backed securities;

23 “(B) 3 members who have extensive expe-
24 rience and expertise in mortgage finance, in-
25 cluding with single family and multifamily

1 housing and with credit unions and small insti-
2 tutions;

3 “(C) 3 members who have extensive experi-
4 ence and expertise in mortgage loan origination
5 and closing, including mortgage bankers, mort-
6 gage brokers, settlement services providers; and

7 “(D) 3 members from consumer advocacy
8 organizations and other organizations that the
9 FHFA Board deems appropriate to advise the
10 FHFA Board in effectively carrying out its
11 oversight of the Facility.

12 “(3) MEETINGS.—The Advisory Committee
13 shall meet at least once each calendar quarter.

14 “(4) DUTIES.—The Advisory Committee shall
15 advise the FHFA Board on its operations and dis-
16 charge of its duties, and shall submit its own com-
17 ments to the Congress on the extent to which the
18 FHFA Board is meeting its responsibilities under
19 the law and any suggestions for improvements in
20 such regard.”.

21 (b) TRANSITION.—

22 (1) TIMING OF APPOINTMENTS.—The President
23 shall endeavor to appoint and have confirmed all ini-
24 tial members of the Federal Housing Finance Agen-
25 cy Board pursuant to section 1312(b)(2) of the Fed-

1 eral Housing Enterprises Financial Safety and
2 Soundness Act of 1992 (as amended by subsection
3 (a)(1) of this section) not later than the expiration
4 of the 6-month period beginning upon the date of
5 the enactment of this Act.

6 (2) CONTINUED SERVICE OF DIRECTOR.—Not-
7 withstanding the amendment made by subsection
8 (a), during the period beginning on the date of the
9 enactment of this Act and ending upon the first date
10 on which all initial members of the Federal Housing
11 Finance Agency Board are appointed and confirmed,
12 the person serving as the Director of the Federal
13 Housing Finance Agency on such date of enactment
14 shall act for all purposes as, and with the full pow-
15 ers of, the Federal Housing Finance Agency Board.

16 (c) CONFORMING AMENDMENT; REFERENCES.—

17 (1) CONFORMING AMENDMENT.—Section 5313
18 of title 5, United States Code, is amended by strik-
19 ing the item relating to Director of the Federal
20 Housing Finance Agency.

21 (2) REFERENCES.—Any references to the Di-
22 rector of the Federal Housing Finance Agency in
23 statutes, Executive orders, rules, regulations, direc-
24 tives, or delegations of authority shall be deemed to
25 refer to the Federal Housing Finance Agency Board

1 established under the amendment made by sub-
2 section (a) of this section.

3 **SEC. 302. SUPERVISION AND REGULATION OF FACILITY BY**
4 **FHFA.**

5 The Federal Housing Enterprises Financial Safety
6 and Soundness Act of 1992 is amended by adding at the
7 end the following new subtitle:

8 **“Subtitle F—Supervision and Regu-**
9 **lation of Secondary Market Fa-**
10 **ility for Residential Mortgages**

11 **“SEC. 1396. OVERSIGHT OF FACILITY.**

12 “(a) AUTHORITY.—

13 “(1) IN GENERAL.—The Secondary Market Fa-
14 cility for Residential Mortgages established by title
15 I of the Secondary Market Facility for Residential
16 Mortgages Act of 2011 (in this subtitle referred to
17 as the ‘Facility’) shall be subject to the supervision
18 and regulation of the FHFA Board. The FHFA
19 Board shall have general regulatory authority over
20 the Facility and shall exercise such authority, and
21 may issue such regulations, orders, and interpreta-
22 tions as the FHFA Board determines necessary to
23 ensure that the purposes of title I of such Act and
24 this subtitle and any other applicable laws are car-

1 ried out and that the Facility is operated in a safe
2 and sound manner.

3 “(2) LIMITATION.—Any authority under this
4 subtitle of the FHFA Board to supervise and regu-
5 late the Facility may not be construed to authorize
6 the FHFA Board to establish or regulate the
7 amount of guarantee fees under section 105 of the
8 Secondary Market Facility for Residential Mort-
9 gages Act of 2011.

10 “(b) USE OF EXISTING AUTHORITY.—Except as pro-
11 vided in this section, the Facility and a Facility-affiliated
12 party shall be subject to the same supervisory and enforce-
13 ment powers of the Director under this title, to the same
14 extent as if the Facility was a regulated entity and the
15 Facility-affiliated party was an entity-affiliated party, in-
16 cluding—

17 “(1) authority to establish and enforce pruden-
18 tial management and operations standards under
19 section 1313B (12 U.S.C. 4513b);

20 “(2) authority to require reports under section
21 1314 (12 U.S.C. 4514)

22 “(3) authority to conduct examinations under
23 section 1317 (12 U.S.C. 4517);

24 “(4) the enforcement powers under sections
25 1371 through 1379 (12 U.S.C. 4631-9); and

1 “(5) authority to take prompt corrective super-
2 visory actions in response to capital classifications as
3 provided for in sections 1365 and 1366 (12 U.S.C.
4 4615, 4616).

5 **“SEC. 1396A. MONITORING AND EVALUATION.**

6 “(a) MONITORING.—The FHFA Board shall monitor
7 compliance by the Facility with the requirements of title
8 I of the Secondary Market Facility for Residential Mort-
9 gages Act of 2011.

10 “(b) EVALUATION.—Upon the expiration of the 5-
11 year period beginning on the date of the enactment of the
12 Secondary Market Facility for Residential Mortgages Act
13 of 2011, the FHFA Board shall submit to the Congress
14 a report analyzing the performance of the Facility in meet-
15 ing the purposes of title I of such Act. Such report shall
16 analyze and compare the performance of the enterprises
17 during the period consisting of the year 2008 and years
18 prior to the performance of the enterprises and the Facil-
19 ity during the period consisting of the year 2009 and years
20 after through the end of such 5-year period.

21 **“SEC. 1396B. FUNDING OF FHFA BOARD OVERSIGHT OF FA-**
22 **CILITY.**

23 “(a) ANNUAL ASSESSMENTS.—The FHFA Board
24 shall establish and collect from the Facility annual assess-
25 ments in an amount not exceeding the amount sufficient

1 to provide for reasonable costs (including administrative
2 costs) and expenses of the Agency attributable to the
3 Agency's supervision and regulation of the Facility, in-
4 cluding—

5 “(1) the expenses of any examinations pursuant
6 section 1396(b)(3);

7 “(2) the expenses of monitoring pursuant to
8 section 1396A(a); and

9 “(3) such amounts in excess of actual expenses
10 for any given year as deemed necessary by the
11 FHFA Board to maintain a working capital fund in
12 accordance with subsection (e) of this section.

13 “(b) TIMING OF PAYMENT.—The annual assessment
14 shall be payable semiannually for each fiscal year, on Oc-
15 tober 1 and April 1.

16 “(c) INCREASED COSTS OF REGULATION.—

17 “(1) INCREASE FOR INADEQUATE CAPITALIZA-
18 TION.—If the FHFA Board determines that the Fa-
19 cility is not adequately capitalized in accordance
20 with the standards established under section 104 of
21 the Secondary Market Facility for Residential Mort-
22 gages Act of 2011, the semiannual payments made
23 pursuant to subsection (b) by the Facility may be in-
24 creased, as necessary, in the discretion of the Board

1 to pay additional estimated costs of regulation of the
2 Facility.

3 “(2) ADDITIONAL ASSESSMENT FOR DEFICIENCIES.—If at any time, as a result of increased
4 costs of regulation of the Facility that is not classified (for purposes of the standards established under
5 section 104 of such Act) as adequately capitalized or as the result of supervisory or enforcement activities
6 pursuant to this subtitle for the Facility, the amount available from any semiannual payment made by the
7 Facility pursuant to subsection (b) is insufficient to cover the costs of the Agency with respect to the Facility,
8 the FHFA Board may make and collect from the Facility an immediate assessment to cover the amount of such
9 deficiency for the semiannual period. If, at the end of any semiannual period during which such an
10 assessment is made, any amount remains from such assessment, such remaining amount shall be deducted
11 from the assessment for the Facility for the following semiannual period.

12 “(d) SURPLUS.—Except with respect to amounts collected pursuant to subsection (a)(3), if any amount from
13 any annual assessment collected from the Facility remains unobligated at the end of the year for which the
14 assessment was collected, such amount shall be credited to the
15

1 assessment to be collected from the Facility for the fol-
2 lowing year.

3 “(e) WORKING CAPITAL FUND.—At the end of each
4 year for which an assessment under this section is made,
5 the FHFA Board shall remit to the Facility any amount
6 of assessment collected from the Facility that is attrib-
7 utable to subsection (a)(3) and is in excess of the amount
8 the FHFA Board deems necessary to maintain a working
9 capital fund.

10 “(f) TREATMENT OF ASSESSMENTS.—

11 “(1) DEPOSIT.—Amounts received by the
12 FHFA Board from assessments under this section
13 may be deposited by the Board in the manner pro-
14 vided in section 5234 of the Revised Statutes of the
15 United States (12 U.S.C. 192) for monies deposited
16 by the Comptroller of the Currency.

17 “(2) NOT GOVERNMENT FUNDS.—The amounts
18 received by the FHFA Board from any assessment
19 under this section shall not be construed to be Gov-
20 ernment or public funds or appropriated money.

21 “(3) NO APPORTIONMENT OF FUNDS.—Not-
22 withstanding any other provision of law, the
23 amounts received by the FHFA Board from any as-
24 sessment under this section shall not be subject to
25 apportionment for the purpose of chapter 15 of title

1 31, United States Code, or under any other author-
2 ity.

3 “(4) USE OF FUNDS.—The FHFA Board may
4 use any amounts received by the Board from assess-
5 ments under this section for compensation of the
6 Board and other employees of the Agency and for all
7 other expenses of the Board and the Agency.

8 “(5) TREASURY INVESTMENTS.—

9 “(A) AUTHORITY.—The FHFA Board may
10 request the Secretary of the Treasury to invest
11 such portions of amounts received by the Board
12 from assessments paid under this section that,
13 in the Board’s discretion, are not required to
14 meet the current working needs of the Agency.

15 “(B) GOVERNMENT OBLIGATIONS.—Pursu-
16 ant to a request under subparagraph (A), the
17 Secretary of the Treasury shall invest such
18 amounts in Government obligations guaranteed
19 as to principal and interest by the United
20 States with maturities suitable to the needs of
21 the Agency and bearing interest at a rate deter-
22 mined by the Secretary of the Treasury taking
23 into consideration current market yields on out-
24 standing marketable obligations of the United
25 States of comparable maturity.

1 **“SEC. 1396C. REGULATIONS AND ORDERS.**

2 “(a) **AUTHORITY.**—The FHFA Board shall issue any
3 regulations, guidelines, or orders necessary to carry out
4 the duties of the FHFA Board under this subtitle and
5 title I of the Secondary Market Facility for Residential
6 Mortgages Act of 2011, and to ensure that the purposes
7 of this subtitle and title I of such Act are accomplished.

8 “(b) **NOTICE AND COMMENT.**—Any regulations
9 issued by the FHFA Board under this section shall be
10 issued after notice and opportunity for public comment
11 pursuant to the provisions of section 553 of title 5.”.

12 **SEC. 303. CONFORMING AMENDMENTS.**

13 The Federal Housing Enterprises Financial Safety
14 and Soundness Act of 1992 is amended—

15 (1) in section 1303 (12 U.S.C. 4502)—

16 (A) by striking paragraph (4);

17 (B) by redesignating paragraphs (5)
18 through (8) as paragraphs (4) through (7), re-
19 spectively;

20 (C) by striking paragraph (9);

21 (D) by redesignating paragraphs (10)
22 through (12) as paragraphs (8) through (10),
23 respectively;

24 (E) by inserting before paragraph (13) the
25 following new paragraph:

1 “(11) FHFA BOARD.—The term ‘FHFA
2 Board’ means the Federal Housing Finance Agency
3 Board established under section 1312.”; and

4 (F) by redesignating paragraphs (13)
5 through (31) as paragraphs (12) through (30),
6 respectively.

7 (2) by striking section 1313A (12 U.S.C.
8 4513a: relating to the Federal Housing Finance
9 Agency Oversight Board); and

10 (3) by striking “Director” each place such term
11 appears (except in section 1316(g), 1338(i), and
12 1355) and inserting “FHFA Board”;

13 (4) by striking “Director’s” each place such
14 term appears and inserting “FHFA Board’s”;

15 (5) by striking “DIRECTOR” each place such
16 term appears in the section headings for sections
17 1313, 1319B, and 1369D and inserting “**FHFA**
18 **BOARD**”; and

19 (6) in the heading for part 2 of subtitle A, by
20 striking “**DIRECTOR**” and inserting “**FHFA**
21 **BOARD**”.