

ROADMAP

TO GSE REFORM LEGISLATION



ROADMAP to GSE REFORM
July 2014

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The bills are available at these links: [PATH Act](#); the [Waters](#) discussion draft; and [H.R. 5055](#). S. 1217 began as a Corker-Warner bill in 2013, was replaced by a Johnson-Crapo version that began as a March 2014 [discussion draft](#) that was marked up April 29, 2014, with both [one amendment](#) and a [second amendment](#). This summary incorporates the March 2014 draft with its most recent amendments.

This Roadmap does not include provisions of the PATH Act that do not overlap with the other proposals. These include FHA reforms, covered bond provisions, and most of Titles IV and V. The stand-alone summary of the PATH Act does cover those provisions.

	PATH Act, H.R. 2767	S. 1217	Waters Discussion Draft	H.R. 5055
Definitions		<p>§ 2 Definitions</p> <p><i>Affiliate</i> means any person that controls, is controlled by, or is under common control with another person.</p> <p><i>Affordable rental housing</i> means a rental housing unit that is considered affordable for extremely low-, very low-low-, and moderate-income families if the rent charged, including utilities or a utility allowance, does not exceed 30% of the respective income limit in that market area for extremely low-, very low-, low-, or moderate-income families, respectively, of the size appropriate for the number of bedrooms in the unit, as HUD establishes.</p> <p><i>Agency transfer date</i> means the date that is 6 months after enactment.</p> <p><i>Appropriate Federal banking agency</i> has the same meaning as in FDIA § 3(q), and the NCUA in the case of any credit union.</p> <p><i>Approved aggregator</i> means an entity that is approved by the FMIC pursuant to § 312.</p> <p><i>Approved entity</i> means—</p> <ul style="list-style-type: none"> • An approved guarantor; • An approved multifamily guarantor; • An approved aggregator; 	<p>§ 2 Definitions</p> <p><i>Administration</i> means the National Mortgage Finance Administration (“NMFA”) established under title I.</p> <p><i>Approved private mortgage insurer</i> means an insurer that is approved by the NMFA pursuant to § 221 to provide private mortgage insurance on eligible mortgages.</p> <p><i>Approved servicer</i> means a servicer that is approved by the NMFA pursuant to § 222 to administer eligible mortgages.</p> <p><i>Charter</i> means the Fannie Mae or Freddie Mac charter acts.</p> <p><i>Covered security</i> means a mortgage-backed security—</p> <ul style="list-style-type: none"> • Collateralized by eligible mortgages; • Which is issued subject to such credit risk sharing mechanism, product, structure, contract, or other securitization agreement as established by the NMFA pursuant to title II; and • Which is eligible for and receives insurance by the NMFA pursuant to title II. <p><i>Director</i> means the Director of the NMFA unless the context otherwise requires.</p>	<p><i>Bank</i> and <i>savings association</i> have the meaning given those terms under FDIA § 3.</p> <p><i>Certification date</i> means the earlier of—</p> <ul style="list-style-type: none"> • The date Ginnie Mae makes the certification under § 201(h); and • The date 2 years after enactment. <p><i>Charter Act</i> means the Fannie Mae or Freddie Mac charter act, respectively.</p> <p><i>Credit union</i> means any federal or state credit union, as defined under § 101 of the Federal Credit Union Act (12 U.S.C. 1752).</p> <p><i>Director</i> means the Ginnie Mae Director, as established by § 101(c)(1).</p> <p><i>Eligible mortgage</i>—</p> <ul style="list-style-type: none"> • Has the same meaning as qualified mortgage under TILA § 129C(b)(2)(A), as such meaning may be adjusted by the Director; and • Includes such other minimum standards as may be established by the Platform, to ensure the quality of mortgages used to collateralize Platform MBS. <p><i>Eligible multifamily mortgage loan</i> means a commercial real estate loan—</p> <ul style="list-style-type: none"> • Secured by a property with—

	PATH Act, H.R. 2767	S. 1217	Waters Discussion Draft	H.R. 5055
		<ul style="list-style-type: none"> • An approved private mortgage insurer; and • An approved servicer. <p><i>Approved guarantor</i> means an entity that is approved by the FMIC pursuant to § 311.</p> <p><i>Approved multifamily guarantor</i> means an entity that is approved by the FMIC pursuant to § 703.</p> <p><i>Approved private mortgage insurer</i> means an entity that is approved by the FMIC pursuant to § 313.</p> <p><i>Approved servicer</i> means an entity that is approved by the FMIC pursuant to § 314.</p> <p>Area means a metropolitan statistical area, a micropolitan statistical area, and a noncore area, as such areas may be established by OMB.</p> <p><i>Board</i> and <i>Board of Directors</i> mean the FMIC Board unless the context otherwise requires.</p> <p><i>Chairperson</i> means the Chairperson of the FMIC Board unless the context otherwise requires.</p> <p><i>Charter</i> means the Fannie Mae or Freddie Mac charter act.</p>	<p><i>Eligible mortgage</i> means a mortgage—</p> <ul style="list-style-type: none"> • That is a residential real estate loan secured by a property with 1 to 4 units that has been originated in compliance with TILA § 129C(b), commonly referred to as the Ability-to-Repay and QM Rule; • Has a maximum original principal obligation amount that does not exceed the conforming loan limitation for the area determined under § 504; • The outstanding principal balance of which at the time of purchase of insurance under title II— <ul style="list-style-type: none"> ○ Less than 80% of the value of the property; ○ Not less than 80% but not more than 85% of the value of the property, provided that not less than 12% of the unpaid principal balance, accounting for any downpayment required under subparagraph (D) [there is none; apparently means § 2(7)(A)(iv)], is insured by— <ul style="list-style-type: none"> ▪ An approved private mortgage insurer; or ▪ Lender recourse or other credit enhancement that meets standards comparable to the standards required of private mortgage insurers under § 211; ○ Is not less than 85% but not more 	<ul style="list-style-type: none"> ○ 5 or more residential units; or ○ 2 or more residential units, if the Director waives the 5+ requirement for purposes of a demonstration or pilot program; • The primary source of repayment for which is expected to be derived from rental income generated by the property; • The term of is 5 to 40 years; • That satisfies any additional underwriting criteria the Director establishes to balance supporting access to capital with managing credit risk to the Fund, including— <ul style="list-style-type: none"> ○ A maximum LTV ratio; ○ A minimum debt service coverage (DSC) ratio; and ○ Considerations for restrictive or special uses of a property, including nonresidential uses, properties for seniors, manufactured housing, and affordability restrictions, and the impact of such uses on LTV and DSC ratios; and • That satisfies any additional underwriting criteria that the Director may establish. <p><i>Enterprise</i> or <i>GSE</i> means Fannie Mae, Freddie Mac, or any affiliate of either.</p> <p><i>Fund</i> means the insurance fund established under § 202(g).</p>

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		<p><i>Community Development Financial Institution</i> (“CDFI”) has the same meaning as in § 103 of the Riegle Community Development and Regulatory Improvement Act of 1994 (12 U.S.C. 4702).</p> <p><i>Community land trust</i> means a nonprofit organization or State or local government that owns real property and leases the land through homeownership programs that—</p> <ul style="list-style-type: none"> • Use a ground lease to— <ul style="list-style-type: none"> ○ Make real property affordable to low- or moderate-income borrowers; and ○ Stipulate a preemptive option to purchase the real property from the home owner at resale so that the affordability of the real property is preserved for successive low- and moderate-income borrowers; • Monitor properties to ensure affordability is preserved over resales; and • Support homeowners to promote successful homeownership and prevent foreclosure. <p><i>Corporation</i> means the FMIC.</p> <p><i>Covered entity</i> means—</p> <ul style="list-style-type: none"> • An approved guarantor; • An approved multifamily guarantor; and 	<p>than 90% of the value of the property securing the mortgage, provided that not less than 25% of the unpaid principal balance of the mortgage, accounting for any downpayment required under subparagraph (D), is insured by—</p> <ul style="list-style-type: none"> ▪ An approved private mortgage insurer; or ▪ Lender recourse or other credit enhancement that— <ul style="list-style-type: none"> ◆ Meets standards comparable to the standards required of private mortgage insurers under § 211; and ◆ Is approved by the NMFA; or <p>○ Is not less than 90% but not more than 95% of the value of the property securing the mortgage, provided that not less than 30% of the unpaid principal balance of the mortgage, accounting for any downpayment required under subparagraph (D), is insured by—</p> <ul style="list-style-type: none"> ▪ An approved private mortgage insurer; or ▪ Lender recourse or other credit enhancement that— <ul style="list-style-type: none"> ◆ Meets standards comparable to the standards required of private mortgage insurers 	<p><i>Ginnie Mae</i> means the Government National Mortgage Association.</p> <p><i>Market participant</i> means any insurance company, bank, saving association, credit union, or REIT insuring or reinsuring any part of a security issued by the Platform.</p> <p><i>Participating aggregator</i> means an aggregator of eligible mortgages that collateralize Platform MBS pursuant to title II.</p> <p><i>REIT</i> has the meaning given such term under IRC § 856(a).</p>

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		<ul style="list-style-type: none"> • An approved aggregator that is neither an insured depository institution nor an affiliate of an insured depository institution. <p><i>Covered guarantee transaction</i> means a transaction, as the FMIC shall define by regulation, involving the agreement to guarantee on—</p> <ul style="list-style-type: none"> • Any eligible mortgage loan; • Any pool of such eligible mortgage loans; or • The payment of principal and interest on covered securities collateralized by eligible mortgage loans before payments insured by the FMIC are made. <p>A covered guarantee transaction—</p> <ul style="list-style-type: none"> • Shall not be construed to be— <ul style="list-style-type: none"> ○ A contract of sale of a commodity for future delivery or a swap under the Commodity Exchange Act; or ○ A contract of insurance or reinsurance under any Federal or State law regulating the sale, underwriting, provision, or brokerage of insurance; • Shall not be subject to any requirement of Commodity Exchange Act; and • Shall not be subject to any requirement imposed under State law pertaining to the sale, underwriting, provision, or brokerage of insurance or reinsurance. 	<p style="text-align: center;">under § 211; and</p> <ul style="list-style-type: none"> ◆ Is approved by the NMFA; <ul style="list-style-type: none"> • Having a downpayment which shall be equal to not less than 5% of the purchase price of the property securing the mortgage, unless the mortgage meets such other requirements as the NMFA shall specify to protect against the additional risk; • That is insured by an approved State licensed title insurance company; • That contains such terms and provisions with respect to insurance, property maintenance, repairs, alterations, payment of taxes, default, reserves, delinquency charges, foreclosure proceedings, anticipation of maturity, additional and secondary liens, and other matters, including matters that set forth terms and provisions for establishing escrow accounts, performing financial assessments, or limiting the amount of any payment made available under the mortgage as the NMFA may prescribe; and • That contains such other terms or characteristics as the NMFA, in consultation with the CFPB, may determine necessary or appropriate. <p>The NMFA shall issue rules to provide that such term shall also include—</p>	

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		<p><i>Covered market-based risk-sharing transaction</i> means any private market transaction, as the FMIC shall define by regulation, involving a covered security issued subject to a standard risk-sharing mechanism, product, contract, or other security agreement approved by the FMIC under § 302. A covered market-based risk-sharing transaction—</p> <ul style="list-style-type: none"> • Shall not be construed to be a contract of insurance or reinsurance under any Federal or State law regulating the sale, underwriting, provision, or brokerage of insurance; and • Shall not be subject to any requirement imposed under State law pertaining to the sale, underwriting, provision, or brokerage of insurance or reinsurance. <p><i>Covered security</i> means—</p> <ul style="list-style-type: none"> • A single-family covered security; and • A multifamily covered security. <p><i>Credit risk-sharing mechanism</i> means any mechanism, product, structure, contract, or security agreement by which a private market holder assumes the first loss position, or any part of such position, associated with the pool of eligible mortgage loans collateralizing a covered security, or by which an approved guarantor or approved multifamily guarantor</p>	<ul style="list-style-type: none"> • Loans on rental properties that are not covered by the standards referred to in subparagraph (A)(i) (1 to 4 unit properties with loans that meet the ability-to-repay rule); and • Loans made to first-time homeowners having an initial downpayment of 3.5%. <p><i>Enterprise</i> means Fannie Mae, Freddie Mac, or an affiliate thereof.</p> <p><i>Federal banking agency</i> means, individually, the Federal Reserve, OCC, FDIC, CFPB, NCUA, SEC, CFTC, FHFA, and Treasury; and Federal banking agencies means all of them collectively.</p> <p><i>FHLB</i> means a bank established under the FHLB Act.</p> <p><i>FHLB System</i> means the FHLBs and the Office of Finance and any authorized subsidiary of one or more FHLBs.</p> <p><i>Insured depository institution</i> means an insured depository institution under FDIA § 3 or a credit union that is a depository institution under Federal Reserve Act § 19(b).</p> <p><i>Issuer</i> means the Mortgage Securities Cooperative established under § 211 (page 11 lines 19 – 21). <i>Issuer</i> means the issuer</p>	

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		<p>manages the credit risk related to guarantees provided for covered securities.</p> <p><i>CSP</i> means the securitization infrastructure FHFA announced on October 4, 2012, and developed by the GSE while under conservatorship, under the authority of FHFA pursuant to the 1992 Act, and commonly referred to as the common securitization platform.</p> <p><i>Days</i> means—</p> <ul style="list-style-type: none"> • With respect to any period of time less than or equal to 10 days, business days; and • With respect to any period of time greater than 10 days, calendar days. <p><i>Depository institution holding company</i> has the same meaning as FDIA § 3(w)(1) (12 U.S.C. 1813(w)(1)).</p> <p><i>Eligible borrower</i> means a borrower who applies for an eligible mortgage loan and meets the standards required of a borrower to be approved for an eligible mortgage loan.</p> <p><i>Eligible mortgage loan</i> means an eligible single-family mortgage loan and an eligible multifamily mortgage loan.</p> <p><i>Eligible multifamily mortgage loan</i> means a</p>	<p>established under § 211 to issue covered securities and to purchase insurance offered by the NMFA pursuant to title II on a covered security subject to applicable rules concerning first loss credit enhancement (page 13 lines 1 – 6).</p> <p><i>NMFA certification date</i> means the date on which the Director certifies that the NMFA is operational and able to perform the insurance functions for covered securities, which date shall be not later than 5 years after the enactment, unless extended by not more than one additional year by Treasury for cause.</p> <p><i>Senior Preferred Stock Purchase Agreement</i> means:</p> <ul style="list-style-type: none"> • 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 Treasury and each GSE, as applicable; and • 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 	

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		<p>commercial real estate loan—</p> <ul style="list-style-type: none"> • Secured by a property with 5 or more residential units, or with 2 or more units if the FMIC waives the requirement for 5 for purposes of carrying out a demonstration or pilot program; • The primary source of repayment for which is expected to be derived from rental income generated by the property; • The term of which may not be less than 5 years but not more than 40 years, but may be less than 5 years subject to FMIC standards; • That satisfies any additional underwriting criteria established by the FMIC to balance supporting access to capital with managing credit risk to the MIF, including— <ul style="list-style-type: none"> ○ A maximum LTV; ○ A minimum debt service coverage ratio; and ○ 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 LTV and debt service coverage ratio; and • That satisfies any additional underwriting criteria that may be established by the FMIC. 	<p>Stock of a GSE issued or sold pursuant to such Agreement</p> <p><i>Transfer date</i> means the date that is 1 year after the date of enactment.</p>	

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		<p><i>Eligible single-family mortgage loan</i> means a loan that—</p> <ul style="list-style-type: none"> • Has been originated in compliance with minimum standards issued by the FMIC by regulation, provided that such standards— <ul style="list-style-type: none"> ○ Are uniform and equal in kind, nature, and application regardless of— <ul style="list-style-type: none"> ▪ The originator of the mortgage loan; or ▪ The role performed by an approved entity with respect to the mortgage loan; ○ Are, to the greatest extent possible, substantially similar to the QM regulations issued by the CFPB under TILA § 129C(b) (15 U.S.C. 1639c); and ○ Permit— <ul style="list-style-type: none"> ▪ Residential real estate loans secured by a property with 1 to 4 single-family units, including units that are not owner-occupied; ▪ Loans secured by manufactured homes, as defined by § 603(6) of the National Manufactured Housing Construction and Safety Standards Act of 1974 (42 U.S.C. 5402(6)); ▪ Residential real estate loans secured by a property with 1 to 4 		

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		<p>single-family units that are originated by a State housing finance agency, as defined in § 106 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701x);</p> <ul style="list-style-type: none"> ▪ Loans originated by a CDFI; ▪ Loans originated by a mission-based non-profit lender; ▪ Loans secured by real property in a permanently affordable homeownership program or community land trust; and ▪ Loans to entities that provide non-owner occupied rental housing with care providers for individuals with intellectual and developmental disabilities. <ul style="list-style-type: none"> • Has a maximum original principal obligation amount that does not exceed the applicable loan limit under § 304; • Has an outstanding principal balance at the time of purchase of insurance available under Title II that does not exceed 80% of the property value unless— <ul style="list-style-type: none"> ○ For such period and under such circumstances as the FMIC may require, the seller agrees to repurchase or replace the loan upon FMIC demand in the event the loan is in default; 		

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		<ul style="list-style-type: none"> ○ An approved private mortgage insurer guarantees or insures— <ul style="list-style-type: none"> ▪ Not less than 12% of the unpaid principal balance, accounting for any down payment required under subparagraph (D) [the reference to subparagraph (D) apparently means § 2(29)(a)(iv), the bullet below that sets down payment requirements], for loans in which the unpaid principal balance exceeds 80% but not more than 85% of the property value; ▪ Not less than 25% of the unpaid principal balance, accounting for any down payment required under subparagraph (D), for loans in which the unpaid principal balance exceeds 85% but not more than 90% of the property value; ▪ Not less than 30% of the unpaid principal balance, accounting for any down payment required under subparagraph (D), for loans in which the unpaid principal balance exceeds 90% but not more than 95% of the property value; and ▪ Not less than 35% of the unpaid principal balance, accounting for any down payment required 		

	PATH Act, H.R. 2767	S. 1217	Waters Discussion Draft	H.R. 5055
		<p>under subparagraph (D), for loans in which the unpaid principal balance exceeds 95% of the property value; or</p> <ul style="list-style-type: none"> ○ That portion of the unpaid principal balance which exceeds 80% of the property value is subject to other credit enhancement that— <ul style="list-style-type: none"> ▪ Meets standards comparable to the standards required of private mortgage insurers under clause (ii) [apparently referencing § 2(29)(A)(iii)(II), setting the required amount of MI coverage]; and ▪ Is approved by the FMIC; ● Has a down payment that is— <ul style="list-style-type: none"> ○ For a first-time homebuyer, as shall be defined by the FMIC by regulation, equal to not less than 3.5% of the purchase price of the property; or ○ For non first-time homebuyers, equal to— <ul style="list-style-type: none"> ▪ Not less than 3.5% of the purchase price, if such purchase occurs before, or less than 1 year after, the system certification date; ▪ Not less than 4% of the purchase price, if such purchase occurs between 1 year and 2 years after the system certification date; 		

	PATH Act, H.R. 2767	S. 1217	Waters Discussion Draft	H.R. 5055
		<ul style="list-style-type: none"> ▪ Not less than 4.5% of the purchase price, if such purchase occurs between 2 and 3 years after the system certification date; or ▪ Not less than 5% of the purchase price, if such purchase occurs during any period after the period set forth in subclause (III) [unclear reference]; • Satisfies standards related to establishing title or marketability of title, as may be required by the FMIC, which standards may include the required purchase of title insurance on the property securing the loan; • Contains such terms and provisions with respect to insurance, property maintenance, repairs, alterations, payment of taxes, default, reserves, delinquency charges, foreclosure proceedings, anticipation of maturity, additional and secondary liens, and other matters, including matters that set forth terms and provisions for establishing escrow accounts, performing financial assessments, or limiting the amount of any payment made available under the loan as the FMIC may prescribe; and • Contains such other terms, characteristics, or underwriting criteria as the FMIC, in consultation with the CFPB, may 		

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		<p>determine necessary or appropriate; or It also includes a loan refinanced pursuant to § 305(i) authority. This is FMIC authority, if there is a sustained house price decline, with approval, to permit transfer of guarantees of eligible loans if the loans are refinanced.</p> <p><i>Enterprise</i> (or GSE) means Fannie Mae, Freddie Mac, and any affiliate thereof.</p> <p><i>Extremely low-income</i> means—</p> <ul style="list-style-type: none"> • In the case of owner-occupied units, income not in excess of 30% of the median income of the area; and • In the case of rental units, income not in excess of 30% of the median income of the area, with adjustments for smaller and larger families, as determined by HUD. <p><i>FHFA</i> means—</p> <ul style="list-style-type: none"> • Prior to the agency transfer date, the FHFA; • On and after the agency transfer date but prior to the system certification date, the Federal Housing Finance Agency established within the FMIC under title IV; and • On and after the system certification date, the FMIC. <p><i>FHFA Director</i> has the same meaning as the term Director in section 401(1).</p>		

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		<p><i>Federal regulatory agency</i> means, individually, the Federal Reserve, OCC, FDIC, CFPB, NCUA, SEC, CFTC, FHFA; and <i>Federal regulatory agencies</i> means those agencies collectively.</p> <p><i>FHLB</i> means a bank established under the Federal Home Loan Bank Act (12 U.S.C. 1421 et seq.).</p> <p><i>Federal Home Loan Bank System</i> means the FHLBs and the Office of Finance and any authorized subsidiary of one or more FHLBs.</p> <p><i>First loss position</i>, with regard to a covered security, means both—</p> <ul style="list-style-type: none"> • Either of the following— <ul style="list-style-type: none"> ○ That fully-funded position to which any credit loss on such covered security resulting from the nonperformance of underlying mortgage loans will accrue and be absorbed, to the full extent of the holder’s interest in such position; or ○ The guarantee provided by an approved guarantor or approved multifamily guarantor with respect to an eligible single-family mortgage loan, pool of eligible single-family mortgage loans, or a covered security or eligible multifamily mortgage loan, pool of eligible multifamily 		

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		<p>mortgage loans, or a multifamily covered security, as applicable; and</p> <ul style="list-style-type: none"> Such position or guarantee, as applicable, which is required to absorb any initial credit loss on a covered security prior to the FMIC becoming obligated to make any payment of insurance in accordance with this Act. <p><i>HUD-approved housing counseling agency</i> means an agency HUD certified under section 106(e) of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701x(e)).</p> <p><i>Insured depository institution</i> means such an institution, as defined under FDIA § 3 (12 U.S.C. 1813) and an insured credit union, as defined under § 101 of the FCUA (12 U.S.C. 1752).</p> <p><i>Issuer</i> means, with respect to a covered security, an approved aggregator who issues such covered security through the Platform. For a noncovered security, <i>issuer</i> has the meaning in the Securities Act and SEC regulations. The Platform shall not be deemed to be an issuer of covered or noncovered securities for purposes of the Securities Act of 1933.</p> <p><i>Low-income</i> means—</p>		

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		<ul style="list-style-type: none"> • In the case of owner-occupied units, income not in excess of 80% of median income of the area; and • In the case of rental units, income not in excess of 80% of median income of the area, with adjustments for smaller and larger families, as determined by HUD. <p><i>Market participant</i> means any—</p> <ul style="list-style-type: none"> • Approved entity; • Private market holder; and • Member of the Securitization Platform. <p><i>Median income</i> means, with respect to an area, the unadjusted median family income for the area, as determined and published annually by HUD.</p> <p><i>Mission-based non-profit lender</i> means an organization that—</p> <ul style="list-style-type: none"> • Is exempt from taxation pursuant to § 501(c)(3) of the Internal Revenue Code; • Makes any of the following— <ul style="list-style-type: none"> ○ Residential real estate loans for the purpose of promoting or facilitating homeownership for poor or lower- or moderate-income, disabled, or other disadvantaged persons or families; or ○ Real estate loans for the purpose of promoting or facilitating affordable rental housing for low-income persons or families subject to any 		

	PATH Act, H.R. 2767	S. 1217	Waters Discussion Draft	H.R. 5055
		<p>other additional criteria established by the FMIC;</p> <ul style="list-style-type: none"> • Sets interest rates on such loans that— <ul style="list-style-type: none"> ○ Are lower than the bank prime loan rate, as determined under the Federal Reserve’s Statistical Release of selected interest rates (the H.15) for the last day of the most recent weekly release of such rates; or ○ Are, after adjusting for inflation, no-interest loans or loans with interest rates at or below the interest rates for mortgage loans generally available in the market; • Except for making loans described above, does not engage in the business of a mortgage originator or mortgage broker; • Conducts its activities in a manner that serves public or charitable purposes; • Receives funding and revenue and charges fees in a manner that does not incentivize the organization or its employees to act other than in the best interests of its clients; • Compensates employees in a manner that does not incentivize employees to act other than in the best interests of its clients; and • Meets such other requirements as the FMIC determines appropriate. <p><i>Moderate-income</i> means</p>		

	PATH Act, H.R. 2767	S. 1217	Waters Discussion Draft	H.R. 5055
		<ul style="list-style-type: none"> • In the case of owner-occupied units, income not in excess of median income of the area; and • In the case of rental units, income not in excess of median income of the area, with adjustments for smaller and larger families, as determined by HUD. <p><i>Mortgage aggregator</i> means a person that—</p> <ul style="list-style-type: none"> • Purchases or receives from a third party residential real estate loans or commercial real estate loans; and • Delivers, transfers, or sells such loans to the Securitization Platform, including for issuance of securities through the Platform. <p><i>Mortgage-backed security (MBS)</i> means an ABS, as defined in § 3(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)), that is collateralized by—</p> <ul style="list-style-type: none"> • A mortgage loan, including any residential real estate loan or commercial real estate loan; or • A collateralized mortgage obligation of MBS. <p><i>Mortgage originator</i> has the same meaning as in TILA § 103(cc)(2) (15 U.S.C. 1602(cc)(2)).</p> <p><i>Multifamily business</i> means the GSE activities and processes of—</p>		

	PATH Act, H.R. 2767	S. 1217	Waters Discussion Draft	H.R. 5055
		<ul style="list-style-type: none"> • Purchasing, selling, lending on the security of, or otherwise dealing in multifamily mortgage loans; • Securitizing a pool of multifamily mortgage loans; and • Issuing multifamily securities. <p><i>Multifamily covered security</i>” means a multifamily mortgage-backed security—</p> <ul style="list-style-type: none"> • Collateralized by eligible multifamily mortgage loans; and • Which is FMIC-insured pursuant to § 303. <p><i>Multifamily mortgage-backed security</i> means an MBS collateralized by commercial real estate loans secured by properties with 5 or more residential units in accordance with the requirements of this Act.</p> <p><i>Noncovered security</i> means any mortgage-backed security other than a covered security.</p> <p><i>Noneligible mortgage loan</i> means any mortgage loan other than an eligible mortgage loan.</p> <p><i>Office of Finance</i> means the FHLB System Office of Finance.</p> <p><i>Permanently affordable homeownership program</i> includes programs administered by</p>		

	PATH Act, H.R. 2767	S. 1217	Waters Discussion Draft	H.R. 5055
		<p>community land trusts, nonprofit organizations, or State or local governments that—</p> <ul style="list-style-type: none"> • Use a ground lease, deed restriction, subordinate loan, or similar legal mechanism to— <ul style="list-style-type: none"> ○ Make real property affordable to low- or moderate-income borrowers; and ○ Stipulate a preemptive option to purchase the real property from the homeowner at resale to preserve the affordability of the real property for successive low- and moderate-income borrowers; • Monitor properties to ensure affordability is preserved over resales; and • Support homeowners to promote successful homeownership and prevent foreclosure. <p><i>Person</i> means an individual, corporation, company (including a limited liability company or joint stock company), association (incorporated or unincorporated), mutual or cooperative organization, partnership, trust, estate, society, or any other legal entity.</p> <p><i>Platform</i> and <i>Securitization Platform</i> mean the securitization infrastructure established under part I of subtitle C of title III.</p>		

	PATH Act, H.R. 2767	S. 1217	Waters Discussion Draft	H.R. 5055
		<p><i>Platform Directors</i> means the board of directors of the Securitization Platform.</p> <p><i>Platform security</i> means an MBS issued by an issuer through facilities of the Securitization Platform.</p> <p><i>Private label MBS market</i> means the market in which noncovered securities are issued, bought, and sold.</p> <p><i>Private market holder</i> means the holder or holders, other than an approved guarantor or an approved multifamily guarantor, of the first loss position with respect to eligible mortgage loans collateralizing any covered security insured in accordance with this Act.</p> <p><i>Regulated entity</i> means—</p> <ul style="list-style-type: none"> • Fannie Mae, Freddie Mac, and any affiliate thereof; • Any FHLB; and • The Securitization Platform. <p><i>Residential real estate loan</i> includes any—</p> <ul style="list-style-type: none"> • Real estate mortgage loan; • Personal property loan secured solely by the home itself; • Hybrid land-home loan for a manufactured home, as defined by § 603(6) of the National Manufactured Housing Construction and Safety 		

	PATH Act, H.R. 2767	S. 1217	Waters Discussion Draft	H.R. 5055
		<p>Standards Act of 1974 (42 U.S.C. 5402(6)), to which the requirements of paragraph (29)(A)(v) shall not apply [referring to, in the definition of Eligible single-family mortgage loan, the FMIC standards for establishing marketability of title]; and</p> <ul style="list-style-type: none"> • Mortgage loan secured by real property in a community land trust or permanently affordable homeownership program. <p><i>Safety and Soundness Act</i> or the <i>1992 Act</i> means the Federal Housing Enterprises Financial Safety and Soundness Act of 1992 (12 U.S.C. 4501 et seq.).</p> <p><i>Senior Preferred Stock Purchase Agreement</i> means—</p> <ul style="list-style-type: none"> • 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 Treasury and each GSE, as applicable; and • 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 		

	PATH Act, H.R. 2767	S. 1217	Waters Discussion Draft	H.R. 5055
		<p>Liquidation Preference Senior Preferred Stock of a GSE issued or sold pursuant to such Agreement.</p> <p><i>Single-family activities</i> means the FMIC activities and processes in providing insurance for single-family covered securities as provided in this Act.</p> <p><i>Single-family covered security</i> means a single-family mortgage-backed security—</p> <ul style="list-style-type: none"> • Collateralized by eligible single-family mortgage loans; and • Which is FMIC- insured pursuant to § 303. <p><i>Small mortgage lender</i> means a community bank, credit union, mid-sized bank, nondepository institution, CDFI, a mission-based non-profit lender, or housing finance agency that originates residential real estate loans or commercial real estate loans.</p> <p><i>Standardized covered security</i> and <i>standardized security for single-family covered securities</i> mean a single-family covered security that is—</p> <ul style="list-style-type: none"> • Issued by an issuer through the Platform; and • In a form, and includes the standardized and uniform terms for the security and transaction that have been, developed by 		

	PATH Act, H.R. 2767	S. 1217	Waters Discussion Draft	H.R. 5055
		<p>the Platform Directors and approved by FMIC for use across various issuances.</p> <p><i>Standardized noncovered security and standardized single-family noncovered security</i> mean a single-family noncovered security that is—</p> <ul style="list-style-type: none"> • Issued by an issuer through the Platform; and • In a form, and includes the standardized and uniform terms for the security and transaction that have been, developed by the Platform Directors for use across various issuances. <p><i>State</i> means any State, territory, or possession of the U.S., D.C., Puerto Rico, the Northern Mariana Islands, Guam, American Samoa, or the Virgin Islands or any Federally recognized Indian tribe, as defined by the Interior Secretary under § 104(a) of the Federally Recognized Indian Tribe List Act of 1994 (25 U.S.C. 479a-1(a)).</p> <p><i>System certification date</i> means the date on which the FMIC Board certifies that the requirements of § 601 have been met.</p> <p><i>Very low-income</i> Means—</p> <ul style="list-style-type: none"> • In the case of owner-occupied units, families having incomes not greater than 		

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		<p>50% of the median income of the area; and</p> <ul style="list-style-type: none"> In the case of rental units, families having incomes not greater than 50% of the median income of the area, with adjustments for smaller and larger families, as determined by HUD. <p>For purposes of the Housing Trust Fund and the Capital Magnet Fund established under §§ 1338 and 1339 of the 1992 Act, and the Market Access Fund established under § 504, <i>very low-income</i> means—</p> <ul style="list-style-type: none"> In the case of owner-occupied units, income in excess of 30% but not greater than 50% of the median income of the area; In the case of rental units, income in excess of 30% but not greater than 50% of the median income of the area, with adjustments for smaller and larger families, as determined by HUD. 		
New Agency Created		<p>TITLE I—FANNIE MAE and FREDDIE MAC Effective on the agency transfer date, the FMIC shall take all steps necessary to dissolve and eliminate the GSEs pursuant to this Act. Their charters shall be repealed pursuant to title VI.</p> <p>TITLE II—FMIC § 201 Establishment <u>Establishment</u></p>	<p>§ 101 Establishment <u>Establishment</u> There is hereby established the NMFA which shall have the powers hereinafter granted.</p> <p><u>Purpose</u> NMFA’s purpose shall be to—</p> <ul style="list-style-type: none"> Provide access to affordable mortgage credit, including 30-year fixed rate mortgages, by supporting a robust secondary mortgage market and the 	

	PATH Act, H.R. 2767	S. 1217	Waters Discussion Draft	H.R. 5055
		<p>Effective on the agency transfer date, there is established the FMIC, which is charged with ensuring the safety and soundness of, and compliance with laws and regulations, fair access to financial services, and fair treatment of customers by the institutions and other persons subject to its jurisdiction and which shall have the powers hereinafter granted.</p> <p><u>Purpose</u> The purpose of the FMIC shall be to—</p> <ul style="list-style-type: none"> • Facilitate a liquid, transparent, and resilient single-family and multifamily mortgage credit market by supporting a robust secondary mortgage market, including during the transition to the new housing finance system; • Provide insurance on any mortgage-backed security that satisfies the requirements under this Act to become a covered security; • Monitor and supervise approved entities to the extent provided in this Act; • Supervise the regulated entities; and • Facilitate the broad availability of mortgage credit and secondary mortgage market financing through fluctuations in the business cycle for eligible single-family and multifamily lending across all— <ul style="list-style-type: none"> ○ Regions; ○ Localities; 	<p>production of RMBS; and</p> <ul style="list-style-type: none"> • Protect the taxpayer from absorbing losses incurred in the secondary mortgage market during periods of economic stress. <p><u>Federal Status</u> The NMFA shall be an independent agency of the Federal Government.</p> <p><u>Succession</u> The NMFA shall have succession until dissolved by Act of Congress.</p> <p><u>Principal Office</u> The NMFA shall maintain its principal office in D.C. and shall be deemed, for purposes of venue in civil actions, to be a resident thereof.</p> <p><u>Authority to Establish Other Offices</u> The NMFA may establish such other offices in such other place or places as it may deem necessary or appropriate in the conduct of its business.</p> <p><u>Prohibition</u> The NMFA shall not engage in mortgage origination.</p>	

	PATH Act, H.R. 2767	S. 1217	Waters Discussion Draft	H.R. 5055
		<ul style="list-style-type: none"> ○ Institutions; ○ Property types, including housing serving renters; and ○ Eligible borrowers. ● Ensure continued, widespread availability of an affordable, long-term, fixed-rate, prepayable mortgage, such as a 30-year, fixed-rate mortgage; and ● Preserve and maintain a liquid forward execution market for single-family eligible mortgage loans and single-family covered securities, such as the TBA market; <p><u>General Supervisory and Regulatory Authority</u></p> <ul style="list-style-type: none"> ● Each approved entity shall, to the extent provided in this Act, be subject to FMIC supervision and regulation. ● The FMIC shall have general regulatory authority over each regulated entity and the Office of Finance, and shall exercise such general regulatory authority to ensure that the purposes of this Act, any amendments made by this Act, and any other applicable law for which the FMIC has responsibility are carried out. <p><u>Federal Status</u></p> <p>The FMIC shall be an independent agency and an instrumentality of the Federal Government.</p>		

	PATH Act, H.R. 2767	S. 1217	Waters Discussion Draft	H.R. 5055
		<p><u>Succession</u> The FMIC shall have succession until dissolved by an Act of Congress.</p> <p><u>Principal Office</u> The FMIC shall maintain its principal office in the District of Columbia and shall be deemed, for purposes of venue in civil actions, to be a resident thereof.</p> <p><u>Authority to Establish Other Offices</u> The FMIC may establish such other offices in such other place or places as it may deem necessary or appropriate in the conduct of its business.</p> <p><u>Prohibition</u> The FMIC shall not engage in mortgage loan origination.</p>		
New Agency Management		<p>§ 202 Management of FMIC <u>Board of Directors</u></p> <ul style="list-style-type: none"> • The FMIC’s management shall be vested in a Board consisting of 5 members who shall be appointed by the President, by and with the advice and consent of the Senate, from among individuals who— <ul style="list-style-type: none"> ○ Are citizens of the United States; and ○ Have demonstrated technical, academic, or professional understanding of, and practical, disciplinary, vocational, or regulatory experience working in, housing and 	<p>§ 102 Director <u>Establishment of Position</u> There is established the position of the Director of the NMFA, who shall be the head of the NMFA.</p> <p><u>Appointment; Term</u></p> <ul style="list-style-type: none"> • The Director shall be appointed by the President, by and with the advice and consent of the Senate, from among individuals who— <ul style="list-style-type: none"> ○ Are citizens of the U.S.; and ○ Have a demonstrated understanding 	

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		<p>housing finance.</p> <ul style="list-style-type: none"> • Not more than 3 of the members of the Board may be members of the same political party. • The Board shall advise the Chairperson regarding overall strategies and policies to carry out the duties and purposes of this Act. <p><u>Chairperson and Vice Chairperson</u></p> <ul style="list-style-type: none"> • One of the appointed board members shall be designated by the President to serve as Chairperson of the Board. Except as provided for the initial term, the Chairperson shall be appointed for a term of 5 years, unless removed before the end of such term by the President for cause. The President may remove the Chairperson for inefficiency, neglect of duty, or malfeasance in office. • The Chairperson— <ul style="list-style-type: none"> ○ Shall— <ul style="list-style-type: none"> ▪ Be the active executive officer of the FMIC, subject to supervision by the Board; ▪ Oversee the prudential operations of each regulated entity; and ▪ Ensure that each approved entity and regulated entity operates in a safe and sound manner, including— 	<p>of financial management or oversight and have a demonstrated understanding of the capital markets, including the mortgage securities markets and housing finance.</p> <ul style="list-style-type: none"> • The Director shall be appointed for a term of 5 years, unless removed before the end of such term for cause by the President. • 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 same manner, and the Director appointed to fill such vacancy 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, the FHFA Director, or 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. • The Director shall be compensated at the rate prescribed for level II of the Executive Schedule under 5 U.S.C. 	

	PATH Act, H.R. 2767	S. 1217	Waters Discussion Draft	H.R. 5055
		<ul style="list-style-type: none"> ◆ Through the maintenance of adequate capital, standards, and internal controls; and ◆ By ensuring compliance with the rules, regulations, guidelines, and orders issued pursuant to this Act; and ○ May exercise such incidental powers as may be necessary or appropriate to assist the FMIC in fulfilling the duties and responsibilities of the FMIC in the supervision and regulation of each approved entity and regulated entity. • The Chairperson may delegate to officers and employees of the FMIC any of the functions, powers, or duties of the Chairperson, as the Chairperson considers appropriate. • One of the Board members shall be designated by the President to serve as Vice Chairperson of the Board. Except as provided for the initial term, the Vice Chairperson shall be appointed for a term of 5 years, unless removed before the end of such term by the President for cause. The President may remove the Vice Chairperson for inefficiency, neglect of duty, or malfeasance in office. • Except as provided in § 402 [FHFA transition], in the event of a vacancy in 	<p>§ 5313.</p> <p><u>FSOC Membership</u></p> <p>The Dodd-Frank Act is amended—</p> <ul style="list-style-type: none"> • In § 2(12)(E) (definition of primary financial regulatory agency) by replacing FHFA with the FMIC with respect to the MIF and the FHLBs or the FHLB System. • In § 111(b)(1)(H) (FSOC voting members) by replacing the FHFA Director with the NMFA Director. 	

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		<p>the position of Chairperson of the Board or during the absence or disability of the Chairperson, the Vice Chairperson shall act as Chairperson.</p> <ul style="list-style-type: none"> • Except as provided in § 402, in the event of vacancies in the positions of Chairperson and Vice Chairperson, or during the absence or disability of both the Chairperson and the Vice Chairperson, the President shall designate 1 of the other members as Acting Chairperson. • Any person confirmed to serve as Chairperson, or acting as Chairperson, whether designated to act as such by the President or acting in such capacity by operation of this paragraph or section 402, shall for the period that such person is serving as Chairperson or acting as Chairperson— <ul style="list-style-type: none"> ○ Act for all purposes as the Chairperson; and ○ Have all the rights, duties, powers, and responsibilities of the Chairperson. <p><u>Staggered Terms; Term Continuation</u></p> <ul style="list-style-type: none"> • The initial member of the Board designated as Chairperson shall serve a term of 30 months. • The initial member of the Board designated as Vice Chairperson shall 		

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		<p>serve a term of 30 months.</p> <ul style="list-style-type: none"> • One of the other initial members of the Board appointed pursuant to subsection (a)(1) and not designated as Chairperson or Vice Chairperson under subsection (b) shall serve a term of 30 months and the other 2 initial members shall serve a term of 4 years. • After the expiration of such initial terms, all subsequent appointed members of the Board shall serve for a term of 5 years. • Each appointed member of the Board, including any member appointed as Chairperson or Vice Chairperson, may continue to serve after the expiration of the term of office to which such member was appointed until the expiration of the next session of Congress subsequent to the expiration of said fixed term of office. <p><u>Vacancy: Manner of Fulfillment</u> Any vacancy on the Board shall be filled in the manner in which the original appointment was made, and the person appointed to fill such vacancy shall be appointed only for the remainder of such term.</p> <p><u>Compensation of Members</u> The Chairperson shall receive compensation at the rate prescribed for Level II of the Executive Schedule under 5 U.S.C. § 5313. All other members of the Board shall receive</p>		

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		<p>compensation at the rate prescribed for Level III of the Executive Schedule under 5 U.S.C. § 5314.</p> <p><u>Ineligibility for Other Offices During Service; Postservice Restriction</u> No member of the Board may, during the time such member is serving in such capacity and for the 2-year period beginning on the date such member ceases to serve as a member of the Board be an officer, employee, or director of, or hold stock or have beneficial ownership in, any—</p> <ul style="list-style-type: none"> • Insured depository institution; • Insured depository institution holding company; • Federal Reserve bank; • Regulated entity; • Approved entity; or • Non-bank financial institution or company that originates eligible mortgage loans. <p>Upon taking office, each member of the Board shall certify under oath that such member has complied, and will comply, with this subsection and such certification shall be filed with the secretary of the Board.</p> <p><u>Status of Directors, Officers, and Employees</u></p> <ul style="list-style-type: none"> • A member of the Board, officer, or employee of the FMIC has no liability under the Securities Act of 1933 (15 		

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		<p>U.S.C. 77b et seq.) with respect to any claim arising out of or resulting from any act or omission by such person within the scope of such person’s employment in connection with any transaction involving the disposition of assets (or any interests in any assets or any obligations backed by any assets) by the FMIC. This subsection shall not be construed to limit personal liability for criminal acts or omissions, willful or malicious misconduct, acts or omissions for private gain, or any other acts or omissions outside the scope of such person’s employment.</p> <ul style="list-style-type: none"> • This subsection does not affect— <ul style="list-style-type: none"> ○ Any other immunities and protections that may be available to such person under applicable law with respect to such transactions; or ○ Any other right or remedy against the FMIC, against the U.S. under applicable law, or against any person other than an FMIC Director, officer, or employee participating in such transactions. • This subsection shall not be construed to limit or alter in any way the immunities that are available under applicable law for Federal officials and employees not described in this subsection. <p><u>Independence</u></p>		

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		<p>Each member of the Board shall be independent in performing his or her duties. To be considered independent for purposes of this subsection, a member of the Board—</p> <ul style="list-style-type: none"> • May not, other than in his or her capacity as a member of the Board or any committee thereof— <ul style="list-style-type: none"> ○ Accept any consulting, advisory, or other compensatory fee from the FMIC; or ○ Be a person associated with the FMIC or with any of its affiliates; and • Shall be disqualified from any deliberation involving any transaction of the FMIC in which the member has a financial interest in the outcome of the transaction. <p><u>Administration</u> Except as may be otherwise provided in this Act, the Board shall administer the affairs of the FMIC fairly and impartially and without discrimination.</p> <p><u>Voting</u> A majority vote of all members of the Board is necessary to resolve all voting issues of the FMIC.</p> <p><u>Meetings</u> The Board shall meet in accordance with the</p>		

	PATH Act, H.R. 2767	S. 1217	Waters Discussion Draft	H.R. 5055
		<p>FMIC bylaws at the call of the Chairperson, and not less frequently than once each quarter.</p> <p><u>Quorum</u> Three members of the Board then in office shall constitute a quorum.</p> <p><u>Bylaws</u> A majority of the members of the Board may amend the bylaws.</p>		
Advisory Committee		<p>§ 203 Advisory Committee Establishment</p> <ul style="list-style-type: none"> • The FMIC shall establish an Advisory Committee to advise the Office of Consumer and Market Access and the Board of Directors on developments in the primary and secondary mortgage markets that have material effects on the ongoing mission of the FMIC. • The Advisory Committee shall provide advice and recommendations to the Office of Consumer and Market Access and the Board as to material developments in the following areas: <ul style="list-style-type: none"> ○ Housing prices and affordability. ○ The effectiveness of consumer protections in the housing market. ○ Volume and characteristics of mortgage loan originations. ○ The condition of the rental housing market. ○ Small lender participation in the 	<p>§ 103 Advisory Board; Status of Employees Establishment of Advisory Board</p> <ul style="list-style-type: none"> • The NMFA shall establish an Advisory Board to advise and consult with the NMFA in the exercise of its activities with regard to covered securities and covered multifamily securities, and to provide information on practices and market conditions in the secondary mortgage market. • In appointing the members of the Advisory Board, the Director shall appoint experts who— <ul style="list-style-type: none"> ○ Have demonstrated technical, academic or professional understanding of, and practical, disciplinary, vocational, or regulatory experience working in, the fields of mortgage lending, mortgage insurance markets, or asset management; ○ Have demonstrated technical, 	

	PATH Act, H.R. 2767	S. 1217	Waters Discussion Draft	H.R. 5055
		<p>secondary mortgage market.</p> <ul style="list-style-type: none"> ○ Access to credit in rural and underserved communities. ○ Competition among approved market entities. ○ Fair, equitable, and nondiscriminatory access to mortgage credit for individuals and communities. <p><u>Composition and Qualifications</u></p> <ul style="list-style-type: none"> ● The Advisory Committee shall be composed of 14 members as follows: <ul style="list-style-type: none"> ○ One member who shall have a demonstrated technical, academic, or professional understanding of, and practical, disciplinary, vocational, or regulatory experience working with, non-depository mortgage originators having less than \$10,000,000,000 in total assets. ○ One member who shall have a demonstrated technical, academic, or professional understanding of, and practical, disciplinary, vocational, or regulatory experience working with, credit unions having less than \$10,000,000,000 in total assets. ○ One member who shall have a demonstrated technical, academic, or professional understanding of, and practical, disciplinary, vocational, or regulatory experience working with, 	<p>academic, or professional understanding of, and practical, disciplinary, vocational, or regulatory experience working with lenders having less than \$10,000,000,000 in total assets, who shall comprise not fewer than one-third of the members of the Advisory Board;</p> <ul style="list-style-type: none"> ○ Have demonstrated technical, academic, or professional understanding of, and practical, disciplinary, vocational, or regulatory experience working in multifamily housing development, who shall comprise not fewer than one-fourth of the members of the Advisory Board; and ○ Have demonstrated technical, academic, or professional understanding of, and practical, disciplinary, vocational, or regulatory experience working in the development of housing for extremely-low, very-low, and low-income individuals, which shall comprise not fewer than one-fifth of the members of the Advisory Board. <ul style="list-style-type: none"> ● The Advisory Board shall meet from time to time, but, at a minimum, shall meet at least four times in each year. ● Members of the Advisory Board who are not full-time employees of the U.S. 	

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		<p>banks having less than \$10,000,000,000 in total assets.</p> <ul style="list-style-type: none"> ○ One member who shall have demonstrated technical, academic, or professional understanding of, and practical, disciplinary, vocational, or regulatory experience working with, banks having more than \$500 billion in total assets. ○ One member who shall have demonstrated technical, academic, or professional understanding of, and practical, disciplinary, vocational, or regulatory experience working with, regional banks having between \$10 billion and \$500 billion in total assets. ○ One member who shall have a demonstrated technical, academic, or professional understanding of, and practical, disciplinary, vocational, or regulatory experience with private mortgage insurance. ○ One member who shall have a demonstrated technical, academic, or professional understanding of, and practical, disciplinary, vocational, or regulatory experience with securitization. ○ One member who shall have a demonstrated technical, academic, or professional understanding of, and practical, disciplinary, vocational, or 	<p>shall—</p> <ul style="list-style-type: none"> ○ Be entitled to receive compensation at a rate fixed by the Director while attending meetings of the Advisory Board, including travel time; and ○ Be allowed travel expenses, including transportation and subsistence, while away from their homes or regular places of business. <ul style="list-style-type: none"> • The Director shall periodically submit to the Senate Banking and House Financial Services Committees a written report outlining the activities of the Advisory Board, the input provided to the NMFA from the Advisory Board, and any actions taken to act upon the recommendations of the Advisory Board. Such periodic reports may be included in the report required under § 106. <p><u>Status of Employees</u></p> <ul style="list-style-type: none"> • A director, Advisory Board member, officer, or NMFA employee has no liability under the Securities Act of 1933 with respect to any claim arising out of or resulting from any act or omission by such person within the scope of such person’s employment in connection with any transaction involving the NMFA. This subsection shall not be construed to limit personal liability for criminal acts or omissions, willful or malicious 	

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		<p>regulatory experience with investor protection and institutional investors.</p> <ul style="list-style-type: none"> ○ One member who shall have a demonstrated technical, academic, or professional understanding of, or practical, disciplinary, or vocational experience with consumer protection. ○ One member who shall have a demonstrated technical, academic, or professional understanding of, and practical, disciplinary, vocational, or regulatory experience with policies and programs to support sustainable homeownership. ○ One member who shall have a demonstrated technical, academic, or professional understanding of, or practical, disciplinary, or vocational experience with multifamily housing development. ○ One member who shall have a demonstrated technical, academic, or professional understanding of, or practical, disciplinary, or vocational experience with affordable rental housing. ○ One member who shall have a demonstrated technical, academic, or professional understanding of, or practical, disciplinary, or vocational experience with asset management. ○ One member who shall have a demonstrated technical, academic, or 	<p>misconduct, acts or omissions for private gain, or any other acts or omissions outside the scope of such person’s employment.</p> <ul style="list-style-type: none"> ● This subsection does not affect— <ul style="list-style-type: none"> ○ Any other immunities and protections that may be available to such person under applicable law with respect to such transactions; or ○ Any other right or remedy against the NMFA, against the U.S. under applicable law, or against any person other than a director, Advisory Board member, officer, or NMFA employee, participating in such transactions. ● This subsection shall not be construed to limit or alter in any way the immunities that are available under applicable law for Federal officials and employees not described in this subsection. 	

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		<p>professional understanding of, and vocational experience with State bank, non-bank, or insurance regulation.</p> <ul style="list-style-type: none"> • Of those members of the Advisory Committee with a credit union or bank background, at least 1 shall have practical, disciplinary, or vocational experience working in rural areas and with rural borrowers. • Of those members of the Advisory Committee, at least 1 shall have demonstrated practical, academic, disciplinary, or vocational experience with fair lending practices and policies and programs that promote fair, equitable, and nondiscriminatory access to credit in underserved markets. <p><u>Member Selection</u> Members of the Advisory Committee shall be appointed to the Committee by the Chairperson, subject to approval by a majority of the Board.</p> <p><u>Meetings</u> The Advisory Committee shall meet no less frequently than once during each calendar quarter.</p>		
OIG		<p>§ 204 Office of the Inspector General <u>Office of Inspector General</u></p> <ul style="list-style-type: none"> • On the agency transfer date, there is 	<p>§ 104 OIG <u>Office of Inspector General</u></p> <ul style="list-style-type: none"> • There is established the NMFA Office of 	

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		<p>established the FMIC Office of Inspector General (OIG).</p> <ul style="list-style-type: none"> • The head of the OIG shall be the FMIC Inspector General, who shall be appointed by the President, by and with the advice and consent of the Senate, in accordance with § 3(a) of the Inspector General Act of 1978 (5 U.S.C. App.). • During the period beginning on the agency transfer date and ending on the date on which the IG is confirmed, the person serving as the IG or the Acting IG for the OIG within the FHFA on the date that is 1 day prior to the agency transfer date shall act for all purposes as, and with the full powers of, the FMIC IG. • Beginning on the agency transfer date, the authority of the FMIC OIG shall include all rights and responsibilities of the FHFA OIG as such rights and responsibilities existed on the day before the agency transfer date. <p><u>Provision of Property and Facilities</u> The FMIC Chairperson shall provide the FMIC OIG with—</p> <ul style="list-style-type: none"> • Appropriate and adequate office space at each FMIC central and field office location, together with such equipment, office supplies, and communications facilities and services as may be necessary for the IG to operate such 	<p>the Inspector General (OIG). The head shall be the NMFA IG, who shall be appointed by the President.</p> <ul style="list-style-type: none"> • In addition to carrying out the requirements established under the Inspector General Act of 1978, the IG shall— <ul style="list-style-type: none"> ○ Conduct, supervise, and coordinate audits and investigations relating to the programs and operations of the NMFA, including the adequacy of placement of credit risk and oversight of approved entities, with respect to— <ul style="list-style-type: none"> ▪ The oversight and supervision of the FHLBs and the FHLB System; and ▪ The contracting practices and procedures of the NMFA; and ○ Recommend policies for the purpose of addressing any deficiencies, inefficiencies, gaps, or failures in the administration of such programs and operations. • Beginning 1 year after the NMFA certification date, and annually thereafter, the IG and an independent actuary contracted for by the Director shall each conduct an examination and issue a separate report regarding— <ul style="list-style-type: none"> ○ The adequacy of insurance fees charged by the Director under title II; 	

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		<p>offices; and</p> <ul style="list-style-type: none"> • The necessary maintenance services for any such office, and the equipment and facilities located in any such office. <p><u>Hiring of Employees, Experts, and Consultants</u> Notwithstanding paragraphs (7) and (8) of § 6(a) of the Inspector General Act of 1978 (5 U.S.C. App.), the FMIC IG may select, appoint, and employ such officers and employees as may be necessary—</p> <ul style="list-style-type: none"> • For carrying out the functions, powers, and duties of the OIG; and • To obtain the temporary or intermittent services of experts or consultants or an organization of experts or consultants, subject to the applicable laws and regulations that govern such selections, appointments, and employment, and the obtaining of such services, within the FMIC. <p><u>Submission of Budget</u> For each fiscal year, the FMIC IG shall transmit a budget estimate and request for funds to the FMIC Chairperson. The budget request shall—</p> <ul style="list-style-type: none"> • Specify— <ul style="list-style-type: none"> ○ The aggregate amount of funds requested for such fiscal year for OIG’s operations; and 	<ul style="list-style-type: none"> ○ The adequacy of the MIF established under title II; and ○ The effectiveness of credit risk placement and capital requirements adopted by the NMFA, including the extent to which the Government is protected from loss and the increase in costs to borrowers. <p><u>Amendments to Inspector General Act Of 1978</u> Section 11 of the Inspector General Act of 1978 [apparently meaning § 12] is amended—</p> <ul style="list-style-type: none"> • In paragraph (1) (defining head of establishment), by adding the NMFA Director; and • In paragraph (2) (defining establishment), by adding the NMFA. <p><u>Compensation</u> The annual rate of basic pay of the IG shall be the annual rate of basic pay provided for positions at level III of the Executive Schedule under 5 U.S.C. § 5314.</p>	

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		<ul style="list-style-type: none"> ○ The amount requested for all training needs, including a certification from the IG that the amount requested satisfies all training requirements for the OIG for that fiscal year; and • Specifically— <ul style="list-style-type: none"> ○ Identify and specify any resources necessary to support the Council of the Inspectors General on Integrity and Efficiency; and ○ Justify the need for any resources identified and specified for OIG’s operations for the fiscal year. <p><u>Amendments to Inspector General Act of 1978</u> The Inspector General Act of 1978 is amended—</p> <ul style="list-style-type: none"> • In § 6(e)(3), by inserting FMIC after FEMA; • In § 8G(a)(2), by striking FHFB; and • In § 12— <ul style="list-style-type: none"> ○ In paragraph (1) (defining head of establishment), by striking FHFA Director and inserting FMIC Chairperson; and ○ In paragraph (2) (defining establishment), by striking FHFA and inserting FMIC. <p><u>Effective Date</u> The amendments made by this section shall</p>		

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Staff, Experts, Consultants		<p>take effect on the agency transfer date.</p> <p>§ 205 Staff, Experts, and Consultants Compensation</p> <ul style="list-style-type: none"> • The Board may appoint and fix the compensation of such officers, attorneys, economists, examiners, and other employees as may be necessary for carrying out the FMIC’s functions. • Rates of basic pay and the total amount of compensation and benefits for all FMIC employees may be— <ul style="list-style-type: none"> ○ Set and adjusted by the Board without regard to the provisions of chapter 51 or subchapter III of chapter 53 of 5 U.S.C.; and ○ Reasonably increased, notwithstanding any parity limitation, if the Board determines such increases are necessary to attract and hire qualified employees. • The Board may provide additional compensation and benefits to FMIC employees, of the same type of compensation or benefits that are then being provided by any agency referred to under FIRREA § 1206 (12 U.S.C. 1833b) or, if not then being provided, could be provided by such an agency under applicable provisions of law, rule, or regulation. In setting and adjusting the total amount of compensation and benefits for employees, the Board shall 	<p>§ 105 Staff, Experts, and Consultants Compensation</p> <ul style="list-style-type: none"> • The Director may appoint and fix the compensation of such officers, attorneys, economists, examiners, and other employees as may be necessary for carrying out the NMFA’s functions. • Rates of basic pay and the total amount of compensation and benefits for all NMFA employees may be— <ul style="list-style-type: none"> ○ Set and adjusted by the Director without regard to the provisions of chapter 51 or subchapter III of chapter 53 of title 5 U.S.C.; and ○ Reasonably increased, notwithstanding any limitation set forth in paragraph (3), if the Director determines such increases are necessary to attract and hire qualified employees. • The Director may provide additional compensation and benefits to NMFA employees, of the same type of compensation or benefits that are then being provided by any agency referred to under FIRREA § 1206 (12 U.S.C. 1833b) or, if not then being provided, could be provided by such an agency under applicable provisions of law, rule, or regulation. In setting and adjusting the total amount of compensation and 	

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		<p>consult with and seek to maintain comparability with the agencies referred to under FIRREA § 1206.</p> <p><u>Detail of Government Employees</u> Upon the request of the Board, any Federal Government employee may be detailed to the FMIC without reimbursement from the FMIC, and such detail shall be without interruption or loss of civil service status or privilege.</p> <p><u>Experts and Consultants</u> The FMIC may procure the services of experts and consultants as the FMIC considers necessary or appropriate.</p> <p><u>Technical and Professional Advisory Committees</u> The Board may appoint such special advisory, technical, or professional committees as may be useful in carrying out the FMIC’s functions.</p>	<p>benefits for employees, the Director shall consult with and seek to maintain comparability with the agencies referred to under FIRREA § 1206.</p> <p><u>Detail of Government Employees</u> Upon the request of the Director, any Federal Government employee may be detailed to the NMFA without reimbursement, and such detail shall be without interruption or loss of civil service status or privilege.</p> <p><u>Experts and Consultants</u> The Director may procure the services of experts and consultants as the Director considers necessary or appropriate.</p> <p><u>Technical and Professional Advisory Committees</u> The Director may appoint such special advisory, technical, or professional committees as may be useful in carrying out the functions of the NMFA.</p>	
Reports, Testimony, Audits		<p>§ 206 Reports; Testimony; Audits <u>Reports</u> After the system certification date, the FMIC shall submit, on an annual basis, to the Senate Banking and House Financial Services Committees a written report of its operations, activities, budget, receipts, and expenditures for the preceding 12-month period. The report shall include—</p>	<p>§ 106 Reports; Testimony; Audits <u>Reports</u> The NMFA shall submit, on an annual basis, to the Senate Banking and House Financial Services Committees a written report of its operations, activities, budget, receipts, and expenditures for the preceding 12-month period. The report shall include an analysis of—</p>	

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		<ul style="list-style-type: none"> • An analysis of— <ul style="list-style-type: none"> ○ With respect to the MIF— <ul style="list-style-type: none"> ▪ The current financial condition of the MIF; ▪ The exposure of the MIF to economic conditions and an analysis of any stress tests conducted with respect to the Fund; ▪ An estimate of the resources needed for the MIF to achieve the purposes of this Act; and ▪ Any findings, conclusions, and recommendations for legislative and administrative actions considered appropriate to the future activities of the FMIC; ○ Whether or not the actual MIF reserve ratio met— <ul style="list-style-type: none"> ▪ The reserve ratio set for the preceding 12-month period; or ▪ The reserve ratio goals established in § 303(c)(7); ○ The detailed plan of the FMIC to ensure that the goals set for the MIF reserve ratio are met and maintained for the next 12-month period; ○ The state of the private label MBS market, including the submission of a reasonable set of administrative, regulatory, and legislative proposals on how to limit the Federal Government’s footprint in the 	<ul style="list-style-type: none"> • With respect to the MIF— <ul style="list-style-type: none"> ○ The current financial condition of the MIF; ○ The exposure of the MIF to changes in those economic factors most likely to affect the condition of that fund; ○ A current estimate of the resources needed for the MIF to achieve the purposes of this Act; and ○ Any findings, conclusions, and recommendations for legislative and administrative actions considered appropriate to the future activities of the NMFA; • The secondary mortgage market, the housing market, and the economy, including the affordability of mortgage finance, and the use of stress tests, and how such analysis was used to determine and set the reserve ratio for the MIF for the preceding 12-month period; • The state of the private markets for placement of first-loss credit risk, current optimal methods, and the estimated cost for a loan of placing such risk; • Whether or not the actual MIF reserve ratio met— <ul style="list-style-type: none"> ○ The reserve ratio set for the preceding 12-month period; or ○ The reserve ratio goals established in § 203(e); • How the NMFA intends to ensure that the 	

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		<p>secondary mortgage market;</p> <ul style="list-style-type: none"> ○ How and the extent to which the FMIC and the Small Lender Mutual established under § 315(a)(1) has fulfilled its obligations to ensure that community and mid-size banks, credit unions, and other small lenders have equitable and meaningful access to the secondary mortgage market; and ○ The report required under § 208(b)(2)(B) [state of covered securities market]; • A discussion of the significant problems faced by consumers in shopping for or obtaining mortgage credit or services; • A justification of the FMIC’s budget for the preceding 12-month period; • A list of the significant rules and orders adopted by the FMIC, as well as other significant initiatives conducted by the FMIC, during the preceding 12-month period and the plan of the FMIC for rules, orders, or other initiatives to be undertaken during the next 12-month period; • A list, with a brief statement of the issues, of the public supervisory and enforcement actions to which the FMIC was a party during the preceding 12-month period; • The actions of the FMIC taken regarding rules, orders, and supervisory actions with 	<p>goals set for the MIF reserve ratio are to be met and maintained for the next 12-month period, and such analysis shall include a detailed and descriptive plan of the actions that the NMFA intends to take pursuant to its authorities under this Act;</p> <ul style="list-style-type: none"> • How the NMFA has provided access to affordable mortgage credit, including 30-year fixed rate mortgages, in its support of a robust secondary mortgage market and the production of residential mortgage-backed securities; • The state of the private label MBS market, and such analysis shall include the submission of a reasonable set of administrative, regulatory, and any appropriate legislative proposals on how to minimize the Federal Government’s footprint in the secondary mortgage market; and • The effect that change in loan limits would have on the secondary mortgage market, the housing market, and the economy. <p><u>Testimony</u> The Director of the NMFA, on an annual basis, shall provide testimony to the Senate Banking and House Financial Services Committees.</p> <p><u>Audits</u></p>	

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		<p>respect to covered entities; and</p> <ul style="list-style-type: none"> An assessment of significant actions by State attorneys general or State regulators relating to Federal law within the FMIC’s jurisdiction. <p><u>Testimony</u> After the system certification date, the Chairperson shall appear annually before the Senate Banking and House Financial Services Committees to provide testimony on the report.</p> <p><u>Reports to OMB</u> The FMIC shall provide OMB copies of the—</p> <ul style="list-style-type: none"> FMIC’s financial operating plans and forecasts as prepared by the FMIC in the ordinary course of its operations; and Quarterly reports of the FMIC’s financial condition and results of operations as prepared by the FMIC in the ordinary course of its operations. <p>This subsection shall not be construed to—</p> <ul style="list-style-type: none"> Require any obligation on the part of the FMIC to consult with, or obtain the consent or approval of, OMB respect to any such reports, plans, forecasts, or other information; or Authorize any jurisdiction or oversight by OMB over the affairs or operations of the FMIC. 	<ul style="list-style-type: none"> GAO shall annually audit the financial transactions and conditions of the NMFA and the MIF in accordance with the U.S. generally accepted government auditing standards as may be prescribed by GAO. The audit shall be conducted at the place or places where accounts of the NMFA and the MIF, as applicable, are normally kept. GAO representatives shall have access to the personnel and to all books, accounts, documents, papers, records (including electronic records), reports, files, and all other papers, automated data, or property belonging to or under the control of or used or employed by the NMFA or the MIF pertaining to its financial transactions and necessary to facilitate the audit required under this subsection, and such representatives shall be afforded full facilities for verifying transactions with the balances or securities held by depositories, fiscal agents, and custodians. All such books, accounts, documents, records, reports, files, papers, and property of the NMFA and the MIF used to carry out the audit shall remain in the possession and custody of the NMFA and the MIF, as applicable. GAO may obtain and duplicate any such books, accounts, documents, records, 	

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		<p><u>Audit</u></p> <ul style="list-style-type: none"> • GAO shall annually audit the financial transactions of the FMIC and MIF. This audit shall be completed in accordance with the U.S. generally accepted government auditing standards as may be prescribed by GAO. The audit shall be conducted at the place or places where FMIC’s accounts are normally kept. • Notwithstanding any other provision of law, upon request and in such reasonable form as GAO may request, GAO shall have access to— <ul style="list-style-type: none"> ○ Any records, books, accounts, documents, reports, files, papers, property, or other information under the control of or used by the FMIC; ○ Any records or other information under the control of a person or entity acting on behalf of or under the authority of the FMIC, to the extent that such records or other information are relevant to an audit required under this subsection; and ○ The officers, directors, employees, financial advisors, staff, working groups, and agents and representatives of the FMIC (relating to the activities on behalf of the FMIC of such agent or representative). 	<p>working papers, automated data and files, or other information relevant to such audit without cost to GAO and GAO’s right of access to such information shall be enforceable pursuant to 31 U.S.C. § 716(c).</p> <ul style="list-style-type: none"> • GAO shall submit to Congress a report of each such annual audit. The report to Congress shall set forth the scope of the audit and include— <ul style="list-style-type: none"> ○ The statement of assets and liabilities and surplus or deficit; ○ The statement of income and expenses; ○ The statement of sources and application of funds; ○ Such comments and information as GAO may deem necessary to inform Congress of the financial operations and condition of the NMFA, together with such recommendations with respect thereto as GAO may deem advisable; ○ Condition of the MIF; ○ Actions of the NMFA regarding the placement of credit risk by originators or the issuer; ○ Adequacy of the NMFA’s analysis of the impact of such actions concerning credit risk on the affordability of mortgages for borrowers; ○ Adequacy of underwriting standards 	

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		<p>All such records, books, accounts, documents, reports, files, papers, property, or other information shall remain in the possession and custody of the FMIC.</p> <ul style="list-style-type: none"> • GAO may, as it considers appropriate, make and retain copies of the records, books, accounts, documents, reports, files, papers, property, or other information to which GAO is granted access. • GAO shall submit to Congress a report of each such annual audit not later than six and one-half months following the close of the year covered by such audit. The report shall set forth the scope of the audit and include— <ul style="list-style-type: none"> ○ The statement of assets and liabilities, as well as any surplus or deficit; ○ The statement of income and expenses; ○ The statement of sources and application of funds; ○ Such comments and information as GAO may deem necessary to inform Congress of the financial operations and condition of the FMIC, together with such recommendations with respect thereto as GAO may deem advisable; and ○ A description of any program, 	<p>imposed by the NMFA; and</p> <ul style="list-style-type: none"> ○ Adequacy of NMFA oversight of retained assets of the Issuer. • For the purpose of conducting an audit under this subsection, GAO may employ by contract, without regard to § 3709 of the Revised Statutes of the U.S. (41 U.S.C. 5), professional services of firms and organizations of certified public accountants for temporary periods or for special purposes. • Upon GAO request, the Director of the NMFA shall transfer to GAO from funds available, the amount requested by GAO to cover the reasonable costs of any such audit and report. GAO shall credit funds transferred to the account at Treasury established for salaries and expenses of GAO, and such amounts shall be available upon receipt and without fiscal year limitation to cover the full costs of the audit and report. 	

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		<p>expenditure, or other financial transaction or undertaking observed in the course of the audit, which, in GAO's opinion, has been carried on or made without authority of law.</p> <p>A copy of each report shall be furnished to the President and to the Chairperson at the time such report is submitted to Congress.</p> <ul style="list-style-type: none"> • For conducting this audit, GAO may employ by contract, without regard to § 3709 of the U.S. Revised Statutes (41 U.S.C. 5), professional services of firms and organizations of certified public accountants for temporary periods or for special purposes. • Upon GAO request, the Chairperson shall transfer to GAO from funds available the amount requested by GAO to cover the reasonable costs of any such audit and report. GAO shall credit funds transferred to the account at the Treasury established for GAO salaries and expenses, and such amounts shall be available upon receipt and without fiscal year limitation to cover the full costs of the audit and report. 		
Agency Offices		<p>§ 207 Specific Offices Establishment The FMIC shall establish within the FMIC any office required to be established by this Act, may establish such other offices or</p>	<p>§ 241 Office of Underwriting Establishment There is established within the NMFA an Office of Underwriting which shall be headed by the Deputy Director of Underwriting, who</p>	

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		<p>suboffices as are necessary and proper for the functioning of the FMIC, and may eliminate or consolidate such other offices or suboffices. Except as may otherwise be specifically provided, the head of any such office shall be appointed by the Board.</p> <p><u>Underwriting</u> The FMIC shall establish an Office of Underwriting in the FMIC, whose functions shall include ensuring that eligible single-family mortgage loans that collateralize a single-family covered security insured under this Act comply with the requirements of this Act and minimize risk to the MIF.</p> <p><u>Securitization</u> The FMIC shall establish an Office of Securitization in the FMIC, whose functions shall include—</p> <ul style="list-style-type: none"> • Overseeing and supervising the Securitization Platform established under part I of subtitle C of title III; and • Ensuring that small mortgage lenders have equitable access to— <ul style="list-style-type: none"> ○ The Securitization Platform, including through the development and facilitation of options such as multi-guarantor pools and multilender pools of eligible single-family mortgage loans to be securitized and issued as single- 	<p>shall be appointed by the Director.</p> <p><u>Responsibilities</u> The Office of Underwriting shall ensure, through oversight, analysis, and examination, that eligible mortgages that collateralize a covered security insured under this Act comply with the requirements of this Act, including with respect to—</p> <ul style="list-style-type: none"> • The submission of complete and accurate loan data on eligible mortgages; • The identification of ineligible mortgage loans; • Assisting lenders with originating high-quality, lower-risk eligible mortgages; and • Any other activity that the Director determines appropriate. <p>§ 242 Office of Securitization <u>Establishment</u> There is established within the NMFA an Office of Securitization which shall be headed by the Deputy Director of Securitization, who shall be appointed by the Director.</p> <p><u>Responsibilities</u></p> <ul style="list-style-type: none"> • The Office of Securitization shall— <ul style="list-style-type: none"> ○ Oversee and supervise the common securitization platform developed by the business entity announced by the FHFA and established by the GSEs, 	

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		<p>family covered securities through such Platform; and</p> <ul style="list-style-type: none"> ○ Any small lender mutual established or approved under § 315. <p>FHLBs</p> <ul style="list-style-type: none"> ● Upon the system certification date, the FMIC shall establish an Office of FHLB Supervision in the FMIC, whose functions shall include— <ul style="list-style-type: none"> ○ Overseeing, coordinating, and supervising the FHLBs and the FHLB System; ○ Supervising any authorized subsidiary of 1 or more FHLBs that is an approved aggregator pursuant to § 312(m), including with respect to the capitalization of any such subsidiary; ○ Serving as the central point of coordination with the FMIC with respect to any regulations or regulatory actions relating to the role of an FHLB or subsidiary or joint office thereof, as a covered entity; and ○ Monitoring whether any regulation or regulatory action taken with respect to an FHLB or subsidiary or joint office thereof, approved under § 312 in its role as a covered entity does not adversely impact the traditional liquidity and advance mission of the 	<p>including by requiring that the platform have system capabilities to permit the issuance of multi-lender covered securities; and</p> <ul style="list-style-type: none"> ○ Ensure that credit unions, community and mid-size banks, and small non-depository lenders have equitable access to any such platform, including through the development and facilitation of options for multi-lender pools of eligible mortgages to be securitized and issued as covered securities through such platform. ● The NMFA, acting through the Office of Securitization, may promulgate rules— <ul style="list-style-type: none"> ○ Regarding the use of such common securitization platform; and ○ To permit securities other than covered securities to be issued through such platform for reasonable compensation. <p>Any such rule may include a requirement that any security to be issued through the common securitization platform be subject to a uniform securitization agreement developed under § 233 and such other requirements as the NMFA shall specify. Such rules shall include any rules necessary to differentiate adequately between securities of a private sector issuer that are not guaranteed by the MIF and covered securities issued by the Issuer.</p>	

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		<p>FHLBs and FHLB System.</p> <ul style="list-style-type: none"> • Effective on the system certification date, there are transferred to the Office of FHLB Supervision all functions of the FHFA of the FMIC relating to— <ul style="list-style-type: none"> ○ The supervision of the FHLBs and the FHLB System; and ○ All rulemaking authority of the FHFA of the FMIC relating to the FHLBs and the FHLB System. <p>§ 208 Office of Consumer and Market Access <u>Establishment</u> The FMIC shall establish an Office of Consumer and Market Access in the FMIC.</p> <p><u>Responsibilities</u></p> <ul style="list-style-type: none"> • The Office of Consumer and Market Access shall administer the Market Access Fund established under § 504. • The Office of Consumer and Market Access shall— <ul style="list-style-type: none"> ○ Monitor, on a macro level, the national, regional, and area single-family and multifamily housing finance markets to identify underserved markets, communities, and consumers in accordance with the market segments identified and defined under § 210; ○ Coordinate with Federal and State 	<p>§ 243 Office of FHLB Supervision <u>Establishment</u> There is established within the NMFA an Office of FHLB Supervision which shall be headed by the Deputy Director of FHLB Supervision, who shall be appointed by the Director.</p> <p><u>Responsibilities</u> The Office of FHLB Supervision shall oversee, coordinate, and supervise the FHLBs and the FHLB System, including the transition of all activities transferred to the administration pursuant to § 301.</p>	

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		<p>agencies regarding existing policies and initiatives that address—</p> <ul style="list-style-type: none"> ▪ The housing needs of underserved markets, communities, and consumers; and ▪ The affordable housing needs of markets, communities, and consumers; and <ul style="list-style-type: none"> ○ Provide information on business practices and technical assistance to market participants regarding communities identified as underserved with regards to addressing the housing needs of consumers in that community. <ul style="list-style-type: none"> • The Office of Consumer and Market Access shall, on an annual basis, submit a report to Congress on the state of the covered securities market, and make such report available to the public. The report shall include— <ul style="list-style-type: none"> ○ An assessment of the extent to which the covered securities market is providing liquidity to eligible borrowers in all segments of the mortgage origination primary market, including underserved segments identified and defined by the FMIC under § 210; and ○ Provide recommendations for such legislative, regulatory, or administrative actions as may be 		

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		<p>necessary to address any deficiencies in the availability of mortgage credit in any market or region identified pursuant to § 208(b)(2)(B)(i) [may mean § 208(b)(2)(A)(i)] via existing Federal programs or the covered securities market.</p> <ul style="list-style-type: none"> • In preparing each such report, the Office of Consumer and Market Access— <ul style="list-style-type: none"> ○ Shall use, to the maximum extent practicable, publicly available data and data otherwise collected under this Act; and ○ Shall not include or review any confidential information or information collected by the FMIC as part of its supervisory or examination authorities that is confidential. • The Office of Consumer and Market Access shall, on a biennial basis, conduct a study on incentives to encourage mortgage lenders and mortgage originators to address the housing needs of underserved markets and communities. • The FMIC shall include the annual report on the state of the covered securities market, and the study on incentives, in the annual report required under § 206 [to Congress]. • The Office of Consumer and Market Access shall consult with the FHLBs and any small lender mutual established or 		

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		<p>approved under § 315 on approaches, methods, and practices designed to address the housing needs of underserved markets and communities.</p> <p>§ 209 Office of Multifamily Housing The FMIC shall establish an Office of Multifamily Housing in the FMIC, whose functions shall include—</p> <ul style="list-style-type: none"> • Developing, adopting, and publishing specific eligibility criteria to ensure that eligible multifamily mortgage loans that collateralize multifamily covered securities insured under this Act comply with the requirements of this Act; and • Performing any other activity relating to the multifamily housing finance system that the FMIC may determine appropriate to fulfill the requirements of this Act. 		
Market Access		<p>§ 210 Equitable Access for Lenders and Borrowers <u>Equitable Access in Underserved Market Segments</u></p> <ul style="list-style-type: none"> • The FMIC shall seek to support the primary mortgage market for eligible mortgage loans on an equitable, nondiscriminatory, and non-exclusionary basis to help ensure that all eligible borrowers have access to mortgage credit, including underserved segments of the primary mortgage market as identified and defined by the FMIC. 		

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		<ul style="list-style-type: none"> • The FMIC shall, by regulation, identify and define not more than 8 segments of the primary mortgage market in which lenders and eligible borrowers have been determined to lack equitable access to the housing finance system facilitated by the FMIC. This regulation shall set forth the criteria by which the FMIC identified such underserved market segments. The identified segments may include the following: <ul style="list-style-type: none"> ○ Historically underserved communities, including rural and urban communities. ○ Manufactured housing. ○ Small balance loans. ○ Low- and moderate-income creditworthy borrowers. ○ Preservation of existing housing stock created by state or Federal laws. ○ Affordable rental housing. • The FMIC shall require that each approved guarantor and approved aggregator engaged in a covered guarantee transaction or in a covered market-based risk-sharing transaction submit on annual basis a public report describing the actions taken by such approved guarantor or approved aggregator during the year, consistent with its business judgment, to provide 		

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		<p>credit to the underserved market segments identified and defined by the FMIC pursuant to this subsection, including corporate practices designed to serve such identified market segments. The annual report shall be approved by the board of directors and signed by the chief executive officer of the approved guarantor or approved aggregator submitting the report. The FMIC may establish an optional template for the annual report. Such an annual report shall not be subject to prior review or approval by the FMIC. The FMIC shall, in establishing the requirements for the annual report by guarantors and aggregators, coordinate with other Federal and State agencies, as necessary, to reduce duplicative reporting requirements.</p> <p><u>Limitations</u></p> <ul style="list-style-type: none"> • In carrying out this title, the FMIC shall not interfere with the exercise of business judgment of an approved aggregator or approved guarantor in determining which specific mortgage loans to include in a covered guarantee transaction or a covered market-based risk-sharing transaction, including through the FMIC's use of— <ul style="list-style-type: none"> ○ The approval process for a guarantor or an aggregator established under 		

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		<ul style="list-style-type: none"> ○ subtitle B of title III; ○ Its general supervisory and examination authorities under subtitle B of title III; or ○ Information collected under this section or §§ 501 or 208. ● Nothing in this subsection shall prevent the imposition of the variable incentive-based fees authorized in § 501, nor shall it exempt covered entities from compliance with the Fair Housing Act and ECOA as required in § 408(d). ● The FMIC shall take appropriate measures designed to ensure that the requirements under this section are implemented in a manner consistent with safety and soundness principles. 		
Taxpayer Protection		<p>§ 211 Office of Taxpayer Protection Establishment The FMIC shall establish an Office of Taxpayer Protection whose functions shall include the responsibilities set forth below.</p> <p><u>Responsibilities</u></p> <ul style="list-style-type: none"> ● The Office of Taxpayer Protection shall semi-annually study and report to the Senate Banking and House Financial Services Committees on: <ul style="list-style-type: none"> ○ Market concentration in the secondary mortgage markets, including MIF exposure to the ten largest approved aggregators and 		<p>§ 203 Authority to Protect Taxpayers in Unusual and Exigent Market Conditions In General If Ginnie Mae, upon the written agreement of the Federal Reserve Chairman and the Treasury Secretary, and in consultation with the HUD Secretary, 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 U.S. housing market that could materially and severely disrupt the functioning of the U.S. housing finance system, Ginnie Mae may, for a period of 6</p>

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		<p>approved guarantors, as measured by the total outstanding principal balance at origination of eligible single-family mortgage loans collateralizing single-family covered securities for which the aggregator or guarantor has obtained insurance provided under this Act in the previous 6 months;</p> <ul style="list-style-type: none"> ○ The general state of underwriting standards in the origination of eligible single-family mortgage loans and the effect of insurance provided under this Act on such underwriting standards; ○ Whether the insurance under this Act produces a subsidy to any approved entity or approved entities; ○ A comparison of the treatment in the secondary mortgage markets of Ginnie Mae MBS and single-family covered securities insured under this Act, including: <ul style="list-style-type: none"> ▪ A discussion of the characteristics of loans collateralizing Ginnie Mae MBS and eligible single-family mortgage loans collateralizing single-family covered securities insured under this Act. ▪ An analysis of any actions taken in the secondary mortgage markets to manipulate Ginnie 		<p>months—</p> <ul style="list-style-type: none"> • Modify or waive the reinsurance requirements of the Reinsurance Bid Program or the Guarantor Program; and • Establish provisional standards for approved entities. <p><u>Considerations</u> In exercising such authority under unusual and exigent circumstances, 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.</p> <p><u>Terms and Conditions</u> Insurance provided under unusual and exigent circumstances shall be subject to such additional or different limitations, restrictions, and regulations as Ginnie Mae may prescribe.</p> <p><u>Bailout Strictly Prohibited</u> In exercising the authority for unusual and exigent circumstances, Ginnie Mae may not—</p> <ul style="list-style-type: none"> • 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 • Provide aid for assisting a single and specific company avoid bankruptcy or any other Federal or State insolvency proceeding.

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		<p>Mae’s guarantee and the insurance provided under this Act to the advantage of the secondary mortgage markets; and</p> <ul style="list-style-type: none"> ○ What steps the FMIC has taken to minimize any potential long-term costs to taxpayers and the MIF relating to risks identified in the study. • The Office of Taxpayer Protection shall annually report to the Senate Banking and House Financial Services Committees on: <ul style="list-style-type: none"> ○ The adequacy of the first loss position required under this Act, including the sufficiency of any permissible risk-sharing or risk-mitigation permitted as a substitute for equity capital intended to cover the initial credit losses on a covered security before use of MIF, the ability of the first loss position to absorb credit loss on covered securities, and to protect taxpayers; and ○ The performance of eligible single-family mortgage loans collateralizing single-family covered securities insured under this Act based on current underwriting standards and how that performance differs from the performance of noneligible loans based on the underwriting standards 		<p><u>Notice</u> Not later than 7 days after authorizing insurance or establishing provisional standards under unusual and exigent circumstances, Ginnie Mae shall submit to the Senate Banking and House Financial Services Committees a report that includes—</p> <ul style="list-style-type: none"> • The justification for the exercise of such authority; • 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 housing market, or entire U.S. housing market that could materially and severely disrupt the functioning of the U.S. housing finance system; and • Evidence that failure to exercise such authority would have undermined the safety and soundness of the housing finance system. <p><u>Additional Exercise of Authority</u></p> <ul style="list-style-type: none"> • Subject to the limitation below (3 times in any 3-year period), the authority granted for unusual and exigent circumstances may be exercised for 2 additional 9-month periods within any given 3-year period, provided that Ginnie Mae, upon written agreement of the Chairman of the

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		<p>for such noneligible loans, including with respect to:</p> <ul style="list-style-type: none"> ▪ DTI ratios; ▪ LTV ratios; ▪ Credit history; ▪ Loan documentation; ▪ Occupancy status; ▪ Credit enhancements; ▪ Housing counseling by a HUD-approved counseling agency; ▪ Loan payments; ▪ Loan purpose, such as purchase or refinance; ▪ Loan product; ▪ Origination channel; ▪ Other underwriting criteria that would be useful to the Director of Taxpayer Protection; and <ul style="list-style-type: none"> ○ Recommended legislative, regulatory, or administrative actions to: <ul style="list-style-type: none"> ▪ Address any need to further limit MIF exposure to any one approved entity or business practice; ▪ Foster and encourage a robust private secondary mortgage market to noneligible mortgage loans and MBS that Ginnie Mae does not insure; and ▪ Assist the FMIC in protecting taxpayers, including recommending whether a 		<p>Federal Reserve and Treasury Secretary, and in consultation with the HUD Secretary—</p> <ul style="list-style-type: none"> ○ Determines— <ul style="list-style-type: none"> ▪ For a second exercise of unusual and exigent circumstances authority, that a second exercise is necessary; or ▪ For a third exercise of such authority, by an affirmative vote of the Director of Ginnie Mae and an affirmative vote of 2/3 or more of the Federal Reserve Board then serving, that a third exercise is necessary; and ○ Provides notice, justification, and evidence to Congress. • Any additional exercise of authority under this subsection may occur consecutively or non-consecutively. <p><u>Limitation</u> 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 such authority.</p> <p><u>Normalization and Reduction of Risk</u> Following any exercise of authority under this section, Ginnie Mae shall—</p> <ul style="list-style-type: none"> • Establish a timeline for approved entities

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		<p>countercyclical increase in the MIF reserve ratio or of approved guarantor capital standards is necessary to protect taxpayers.</p> <ul style="list-style-type: none"> • The Office of Taxpayer Protection shall annually report to the Senate Banking and House Financial Services Committees on system-wide leverage in the secondary mortgage market. • The Office of Taxpayer Protection shall annually report to the Senate Banking and House Financial Services Committees on early payment defaults in eligible single-family mortgage loans for the preceding year, including any eligible single-family mortgage loan that becomes delinquent or that is in default within 24 months of origination. • In preparing such reports, the Office of Taxpayer Protection: <ul style="list-style-type: none"> ○ Shall use, to the maximum extent practicable, publicly available data and data otherwise collected under this Act; ○ Shall not include or review any confidential information or information collected by the FMIC as part of its supervisory or examination authorities that is confidential. 		<p>to meet the approval standards set forth in this Act; and</p> <ul style="list-style-type: none"> • In a manner and pursuant to a timeline that will minimize losses to the Fund, establish a program to either— <ul style="list-style-type: none"> ○ Sell, in whole or in part, the first loss position on securities described in this section to private market holders; or ○ 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. <p><u>Authority to Respond to Sustained National Home Price Decline</u></p> <ul style="list-style-type: none"> • 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. Such authority may be exercised for additional 6-month periods. • Ginnie Mae shall not provide insurance under this Act to any security issued under this Act that includes mortgage

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				<p>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.</p> <ul style="list-style-type: none"> 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.
Agency Duties		<p>TITLE III—DUTIES and RESPONSIBILITIES Subtitle A—Duties and Authorities § 301 Duties and Responsibilities <u>Duties</u> The principal duties of the FMIC shall be to—</p> <ul style="list-style-type: none"> Carry out this Act in a manner that fulfills the purposes of the FMIC as described in § 201(b); Minimize any potential long-term cost to the taxpayer, including through the use of the MIF, the assessment of insurance fees, and the approval of approved entities and credit risk-sharing mechanisms; Facilitate fair access to the secondary mortgage market for small mortgage lenders originating eligible single-family and multifamily mortgage loans, including through the establishment, approval, and oversight of small lender mutuals; 	<p>§ 201 NMFA Duties and Responsibilities <u>Standards</u> In carrying out the duties under § 101(b), the NMFA shall—</p> <ul style="list-style-type: none"> Minimizes any potential long-term negative cost on the taxpayer; Ensure, to the maximum extent possible— <ul style="list-style-type: none"> A liquid and resilient national housing finance market for single-family and multifamily housing; and The availability of affordable mortgage credit, including the 30-year fixed rate mortgage; Develop standard form credit risk-sharing mechanisms, products, structures, contracts, or other security agreements that place private capital in the position of taking first losses on credit risk in front of the insurance fund for covered securities insured under this Act; Provide insurance on any covered 	

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		<ul style="list-style-type: none"> • Ensure integrity and discipline in the mortgage market, particularly by monitoring the safety and soundness of regulated entities and approved entities; • Ensure that approved entities maintain the capacity to further the requirements of the FMIC pursuant to § 201(b)(5) [FMIC purpose to credit and financing through business cycles] and that approved guarantors, approved multifamily guarantors, and approved aggregators are in compliance with § 210(a)(3) [required annual reports on underserved markets]; • Promote the standardization of the secondary mortgage market through the use of uniform securitization agreements, servicing agreements, and the Securitization Platform; and • Increase transparency in single-family and multifamily mortgage markets, including through the national mortgage loan database. • Take necessary steps to prevent abuse and deceptive practices in the use of the credit risk-sharing mechanisms, including by: <ul style="list-style-type: none"> ○ Creating appropriate standards relating to: <ul style="list-style-type: none"> ▪ The vintages or categories of covered securities that are referenced by a credit risk-sharing mechanism; ▪ Standardization of credit risk- 	<p>security on which requirements for first loss regarding credit risk have been met either in the markets or by the Issuer;</p> <ul style="list-style-type: none"> • Ensure that all geographic locations have access to both single-family and multifamily mortgage credit; • Charge and collect fees in exchange for providing such insurance, whereby such fees shall be sufficient to protect the taxpayer from the risk of providing such insurance and to fund the activities and operations of the NMFA; • Establish and maintain a MIF; • Facilitate securitization of eligible mortgages originated by credit unions and community and midsize banks without securitization capabilities; • Enforce discipline and integrity in the market for covered securities by setting standards for the Issuer and for approval of private mortgage insurers, servicers, bond guarantors, and other potential obligors; • Establish, operate, and maintain a database for the collection, public use, and dissemination of uniform loan level information on eligible mortgages consistent with protecting the privacy of the borrower; • Develop, adopt, and publish standard uniform securitization agreements for covered securities; 	

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		<p>sharing mechanism terms and features; and</p> <ul style="list-style-type: none"> ▪ Measures that prevent the duplicative sale by a guarantor of the same mortgage credit risk in the same pool of eligible single-family mortgage loans; and ○ Requiring additional disclosures and affirmative representations that must be made by entities that create and issue credit risk-sharing mechanisms. <p><u>Scope of Authority</u> The authority of the FMIC shall include the authority to exercise such incidental powers as may be necessary or appropriate to fulfill the duties and responsibilities of the FMIC set forth in this Act.</p> <p><u>Delegation of Authority</u> The Board of Directors may delegate to any duly authorized employee or representative, any power vested in the FMIC by law.</p>	<ul style="list-style-type: none"> • Establish, operate, and maintain an electronic registry system for eligible mortgages that collateralize covered securities insured under this Act; • Oversee and supervise use of the common securitization platform developed by the business entity announced by FHFA and established by the GSEs; • Examine any loans held by the Issuer to ensure that assets that can feasibly be securitized without excessive costs are sold; • Monitor the state of the markets for placing credit risk and determine the cost to the borrower of differing methods; • Ensure that capital requirement placed on the Issuer and the reserve requirements of the MIF are adequate to address credit or counterparty risk held by the Issuer; and • Ensure that credit unions and community and mid-size banks have equal access to the common securitization platform and any other securitization platforms and are not discriminated against through discounts for volume pricing or other mechanisms. <p><u>Scope of Authority</u> NMFA’s authority shall include the authority to exercise such incidental powers as may be necessary or appropriate to fulfill the NMFA’s duties and responsibilities set forth under</p>	

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			<p>§ 101(b).</p> <p><u>Delegation of Authority</u> The Director may delegate to NMFA officers and employees any of the NMFA functions, powers, or duties, as the Director determines appropriate.</p>	
Credit Risk Sharing Mechanisms	<p>§ 106 Mandatory Risk-Sharing The 1992 Act is amended by adding § 1328, Mandatory Risk-Sharing Transactions:</p> <ul style="list-style-type: none"> The Director shall require each GSE to develop and undertake transactions involving the GSEs' guarantee of securities and obligations based on or backed by mortgages on residential real properties designed principally for occupancy of from 1 to 4 families that provide for private market participants to share or assume credit risk associated with such mortgages, as follows: The Director shall require that not less than 10% of the annual business of each GSE (measured in a manner the Director shall determine) in guaranteeing such securities and obligations involve such transactions. The Director shall require that each GSE undertake multiple types of the following various transactions and structures: Transactions involving increased MI requirements, credit-linked notes and securities, senior and subordinated 	<p>§ 302 Standards for Credit Risk-Sharing Mechanisms <u>Approval</u></p> <ul style="list-style-type: none"> The FMIC shall develop, adopt, and publish, after notice and comment, standards for the consideration and, as appropriate, the approval of credit risk-sharing mechanisms that shall require that the first loss position of private market holders on single-family covered securities is— <ul style="list-style-type: none"> Adequate to cover losses that might be incurred in a period of economic stress, including national and regional home price declines, such as those observed during moderate to severe recessions in the U.S.; and Not less than 10% of the principal or face value of the single-family covered security at the time of issuance. It shall be unlawful for any person to intentionally create and issue any instrument or security as a first loss position on a single-family covered 	<p>§ 202 Credit Risk-Sharing Mechanisms, Products, Structures, Contracts, or Other Security Agreements <u>In General</u></p> <p>The Director shall adopt rules concerning credit risk sharing mechanisms, products, structures, contracts, or other security agreements used to place or retain first-loss positions regarding credit risk by the Issuer with regard to a covered security or the originator regarding loans placed in such securities.</p> <p><u>Private Capital</u> Private capital backing covered securities may include that of private market participants that purchase notes linked to credit risk or that guarantee credit risk, credit risk held by the originator, credit risk covered by capital set aside for credit risk by the Issuer, or similar mechanisms approved by the Director.</p> <p><u>Residual Credit Risk</u> With regard to each product developed, the Director shall determine the amounts of credit risk losses that the product would cover and, if</p>	<p>§ 202 Insurance Program – Either of Two <u>In General</u> Ginnie Mae shall insure 100% of each security issued by the Platform, as provided in this section.</p> <p><u>Private Reinsurance</u> Ginnie Mae shall establish either a Reinsurance Bid Program or a Guarantor Program. In selecting which, Ginnie Mae shall determine which program is the most efficient way to operate the insurance requirements under this Act by incorporating private sector pricing.</p> <p>Reinsurance Bid Program A Reinsurance Bid Program shall include the following:</p> <ul style="list-style-type: none"> Before 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% of loss on all securities issued by the Platform in such quarter (or other time period).

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	<p>security structures, and such other structures and transactions as the Director considers appropriate to increase private market assumption of credit risk.</p>	<p>security that such person knows or in the exercise of reasonable care should have known does not satisfy the requirements of this section. Violations shall be punishable in accordance with 18 U.S.C. § 1343.</p> <p><u>Approval of Credit Risk-Sharing Mechanisms</u></p> <ul style="list-style-type: none"> • In approving such credit risk-sharing mechanisms, the FMIC shall— <ul style="list-style-type: none"> ○ Consider proposals that include credit-linked structures or other instruments that are designed to absorb credit losses on single-family covered securities; ○ Consider any credit risk-sharing mechanisms undertaken by the GSEs; ○ Ensure that the first loss position is fully funded to meet the 10% requirements; ○ Ensure that each type of proposed mechanism— <ul style="list-style-type: none"> ▪ Enables the FMIC to verify that the first loss position is fully funded; ▪ Minimizes any potential long-term cost to the taxpayer; ▪ Accommodates the availability of mortgage credit on equal and transparent terms in the secondary mortgage market for small mortgage lenders and 	<p>relevant, the amount of counterparty credit risk created by the product. The Director shall determine the amount of capital that the Issuer shall hold to cover such residual credit and counterparty risk.</p> <p><u>Content of Rules</u></p> <p>Such credit risk-sharing rules shall be designed to maximize the amount of first loss credit risk that can be placed in the private markets, while minimizing additional costs to the borrowers. Such rules may apply to either the loan originators or the issuer, or both.</p> <p><u>Standard</u></p> <p>The Director shall ensure that the private capital used to cover first loss credit risk, combined with the capital required to be retained by the Issuer, is adequate to cover losses that might be incurred as a result of adverse economic conditions, wherein such conditions are generally consistent with the economic conditions, including national home price declines, observed in the U.S. during moderate to severe recessions experienced during the last 100 years.</p> <p><u>Protection of Taxpayers</u></p> <p>If the Director permits the Issuer to place or the originators to retain or place less than 5% of the first-loss credit risk, it shall adjust the amount of the capital requirements for the Issuer accordingly and may adjust the g-fee</p>	<ul style="list-style-type: none"> • Prior to any particular quarter (or such other time period determined by Ginnie Mae), Ginnie Mae shall sign— <ul style="list-style-type: none"> ○ Contracts with market participants to reinsure the last 95% of loss on all securities issued by the Platform in such quarter (or other time period); and ○ A retrocession contract with each such market participant under which Ginnie Mae will agree to offer retrocessional reinsurance to reinsure up to 90% of such 95% reinsured amount on a <i>pari passu</i> basis. (95 x 0.9 = 85.5) <p>Guarantor Program</p> <p>A Guarantor Program shall include the following:</p> <ul style="list-style-type: none"> • 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% of loss on all securities issued by the Platform that are securitized by such pool of eligible mortgage loans. • For each such Platform security, Ginnie Mae shall sign— <ul style="list-style-type: none"> ○ Contracts with market participants to reinsure the last 95% of loss on the

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		<p>lenders from all geographic locations, including rural locations;</p> <ul style="list-style-type: none"> ▪ Allows for broad availability of mortgage credit and secondary mortgage market financing through fluctuations in the business cycle for eligible single-family lending across all— <ul style="list-style-type: none"> ◆ Regions; ◆ Localities; ◆ Institutions; ◆ Property types, including housing serving renters; and ◆ Eligible borrowers; ▪ Fulfills the requirements under § 314 with respect to loan modifications and foreclosure prevention; ▪ Does not prevent the securitization of refinanced or modified single-family eligible mortgage loans within single-family covered securities during a period when the authority under § 305(i) [to respond to sustained home price declines] is exercised; ▪ Does not diminish market liquidity and resiliency; ▪ Does not prevent the refinancing 	<p>paid to the MIF to protect taxpayers against the additional risk assumed by the MIF. The Director also may determine to increase the extent to which private mortgage insurance is required in connection with loans placed in guaranteed securities.</p> <p><u>Consultation</u> In determining the appropriate balance between placement of first losses credit risk and capital requirements, the Director shall consult with Treasury and the Federal Reserve. The Director also shall conduct such consultation concerning the appropriate level of g-fees to be contributed to the MIF.</p> <p><u>Development Window for Risk-Sharing Mechanisms</u></p> <ul style="list-style-type: none"> • The Director shall complete the development and implementation of the initial mechanisms, products, structures, contracts, or other security agreements not later than 5 years after enactment. • In developing such mechanisms, products, structures, contracts, or other security agreements, the Director shall— <ul style="list-style-type: none"> ○ Examine proposals that include a senior-subordinated deal structure, credit-linked structures, and the use of regulated guarantors with sufficient equity capital to absorb losses associated with moderate or 	<p>security; and</p> <ul style="list-style-type: none"> ○ A retrocession contract with each such market participant under which Ginnie Mae will agree to offer retrocessional reinsurance to reinsure up to 90% of such 95% reinsured amount on a <i>pari passu</i> basis. • If Ginnie Mae determines that it would be an efficient way to operate the insurance requirements under this Act and would encourage the incorporation of private sector pricing, Ginnie Mae may allow mortgage originators and aggregators who insure the first 5% to select the market participant who reinsures the 95%. If a market participant is selected by a mortgage originator or aggregator: <ul style="list-style-type: none"> ○ Such market participants shall be required to meet the same standards as a market participant selected by Ginnie Mae; and ○ For purposes of determining the insurance fee, Ginnie Mae shall contract with a private sector insurer to estimate the risk that the market participant may default. <p><u>Additional Program Requirements</u></p> <ul style="list-style-type: none"> • Ginnie Mae shall use a competitive bidding process to determine which market participants should be granted contracts under the Reinsurance Bid

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		<p>of underwater eligible single-family mortgage loans; and</p> <ul style="list-style-type: none"> ▪ Does not present an unnecessary risk to the MIF; and ○ Consider whether the approval of any credit risk-sharing mechanism will impair the operation and liquidity of forward market executions for single-family eligible mortgage loans and single-family covered securities, such as the TBA market, taking into consideration other risk-sharing options available to market participants. • The FMIC shall— <ul style="list-style-type: none"> ○ Provide prompt notice to any person seeking approval for a credit risk-sharing mechanism of the approval or denial of that credit risk-sharing mechanism; and ○ Make available on the website of the FMIC detailed information regarding approved mechanisms. • The FMIC may, from time to time and in its discretion— <ul style="list-style-type: none"> ○ Conduct reviews of approved credit risk-sharing mechanisms to determine whether such credit risk-sharing mechanisms continue to satisfy the considerations for approval; ○ Assess the functioning of the forward 	<p>severe economic downturns;</p> <ul style="list-style-type: none"> ○ Consider any risk-sharing mechanisms, products, structures, contracts, or other security agreements undertaken by the business entity announced by FHFA and established by the GSEs to provide a common securitization platform for issuers in the secondary mortgage market; ○ Consider how each proposed mechanism, product, structure, contract, or other security agreement— <ul style="list-style-type: none"> ▪ Minimizes any potential long-term negative cost to the taxpayer; ▪ Impacts the availability of mortgage credit for consumers; ▪ Impacts the ability of small financial institutions, such as credit unions and community banks, to participate in the housing finance markets; ▪ Influences mortgage affordability; ▪ Allows for loan modifications and foreclosure prevention alternatives; ▪ Interacts with the TBA market; and ▪ Facilitates market liquidity and resiliency; and 	<p>Program, and under the Guarantor Program unless Ginnie Mae lets originators and aggregators select the 95% reinsurer.</p> <ul style="list-style-type: none"> • 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. • As part of a retrocession contract under either a Reinsurance Bid Program or a Guarantor Program, the market participants shall be paid a competitively-determined ceding commission for the underwriting and administrative costs of providing such reinsurance. • Ginnie Mae may, if it determines it appropriate— <ul style="list-style-type: none"> ○ Phase-in the 5 percent requirements under either program, by originally requiring a lower percentage; and ○ Phase-in the 90 percent requirement under either program, by originally requiring a higher percentage. <p><u>Insurance Fee and Terms</u></p> <ul style="list-style-type: none"> • 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

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		<p>market for eligible single-family mortgage loans and single-family covered securities, including the TBA market, to determine whether any approved credit risk-sharing mechanism has adversely affected the liquidity or resilience of such market; and</p> <ul style="list-style-type: none"> ○ Suspend the approval of— <ul style="list-style-type: none"> ▪ Any credit risk-sharing mechanism that it determines does not satisfy the considerations for approval; or ▪ Any credit risk-sharing mechanism that it determines has adversely affected the liquidity or resilience of the forward market for eligible single-family mortgage loans and single-family covered securities, or the TBA market. ○ The FMIC shall develop an expedited process for the reinstatement of the approval of any credit risk-sharing mechanism that is suspended. If a credit risk-sharing mechanism is suspended, the credit risk-sharing mechanism may be adapted or revised, as necessary, for reconsideration for reinstatement of the approval of the credit risk-sharing mechanism under this expedited process. The suspension of the 	<ul style="list-style-type: none"> ○ Ensure that lenders of all sizes and from all geographic locations, including rural locations, have equitable access to secondary mortgage market financing. • Not later than 1 year after enactment, and annually thereafter until 5 years after enactment, the Director shall submit a report to the Senate Banking and House Financial Services Committees that— <ul style="list-style-type: none"> ○ Analyzes of the cost of placing credit risk exposure in the private markets, examining credit spreads in the markets; surveys by other agencies of credit conditions; comparisons between the cost of raising funds in the capital markets and the pricing of mortgage credit risk; and such other measures as the NMFA believes are appropriate in analyzing the cost and availability of private credit risk placement; ○ Details the benefits and drawbacks of each mechanism, product, structure, contract, or other security agreement that the Director considered in carrying out the requirement of this section; ○ Describes the operation and execution of any mechanisms, products, structures, contracts, or other security agreements that the Director determines best fulfills the 	<p>established with market participants based on the volume and type of securities Ginnie Mae anticipates the Platform issuing during such quarter.</p> <ul style="list-style-type: none"> • The insurance fee shall reflect the anticipated cost to Ginnie Mae of providing insurance, including the cost of obtaining reinsurance. Ginnie Mae may adjust the insurance fee 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. • The rate charged by a private market participant that contracts with Ginnie Mae pursuant to either the Reinsurance Bid Program or the Guarantor Program— <ul style="list-style-type: none"> ○ May not change during the first 100-day period for which such reinsurance is effective; and ○ Shall be adjusted based on market conditions, on a period to be determined by the Director. <p><u>Standards for Market Participants</u></p> <ul style="list-style-type: none"> • Ginnie Mae shall issue such general

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		<p>approval of any credit risk-sharing mechanism shall have no effect on the status of single-family covered securities and related instruments using the credit risk-sharing mechanism that were issued prior to the suspension.</p> <ul style="list-style-type: none"> • In addition to credit risk-sharing mechanisms approved by the FMIC, the FMIC shall consider and may approve additional fully-funded credit risk-sharing mechanisms that— <ul style="list-style-type: none"> ○ May be employed by an approved guarantor to manage the credit risk relating to guarantees provided for single-family covered securities; and ○ Do not represent the first loss position with respect to single-family covered securities. <p>Nothing in this paragraph shall be construed to limit an approved guarantor from engaging in other forms of risk sharing or risk mitigation using mechanisms that have not been considered or approved by the FMIC.</p> <ul style="list-style-type: none"> • Not later than 1 year after the agency transfer date, and annually thereafter until the system certification date, the FMIC shall submit a report to the Senate Banking and House Financial Services Committees that— <ul style="list-style-type: none"> ○ Discusses each credit risk-sharing 	<p>requirements of this section, and explains how the Director arrived at this determination.</p> <p>After the 5-year period and submission of the report required under subparagraph (A) [which requires multiple annual reports], each time the Director develops an additional credit risk-sharing mechanism, product, structure, contract, or other security agreement that fulfills the requirements of this section, the Director shall submit a report to the Senate Banking and House Financial Services Committees addressing the identical concerns required to be addressed in those reports.</p>	<p>standards for market participants under either the Reinsurance Bid Program or the Guarantor Program as Ginnie Mae determines appropriate.</p> <ul style="list-style-type: none"> • Notwithstanding any other provision of law, Ginnie Mae shall require a market participant in either the Reinsurance Bid Program or the Guarantor Program 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. Ginnie Mae may waive or modify this credit rating requirement with respect to a new market participant. • For market participants in either the Reinsurance Bid Program or the Guarantor Program, Ginnie Mae shall establish, by regulation, capital standards and related solvency standards necessary to implement the provisions of this Act. <ul style="list-style-type: none"> ○ The regulations required under this paragraph shall define all such terms as are necessary to carry out the purposes of this paragraph. ○ In defining instruments and contracts that qualify as capital, Ginnie Mae— <ul style="list-style-type: none"> ▪ Shall include such instruments and contracts that will absorb losses before the Fund; and ▪ May assign significance to those instruments and contracts based

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		<p>mechanism that the Chairperson considered;</p> <ul style="list-style-type: none"> ○ Describes how the operation and execution of each approved credit risk-sharing mechanism fulfills the requirements of this section; and ○ Explains how the FMIC arrived at the determinations, including a discussion of the data considered. ● On the system certification date and annually thereafter, the FMIC shall publish in the Federal Register a list of the credit risk-sharing mechanisms that it approved or suspended, addressing the identical concerns as in the report to Congress and, with respect to any suspension, the considerations that are no longer satisfied. ● The FMIC shall include in the reports a description of the credit risk-sharing mechanisms approved for multifamily guarantors pursuant to § 703. <p><u>Collateral Diversification Standards</u> The FMIC shall establish, after notice and comment, standards for the appropriate minimum level of diversification for eligible single-family mortgage loans that collateralize single-family covered securities that are issued subject to an approved credit risk-sharing mechanism in order to reduce the credit risk such single-family covered</p>		<p>on the nature and risks of such instruments and contracts.</p> <ul style="list-style-type: none"> ○ Solely for the purposes of calculating a capital ratio appropriate to the business model of a market participant, Ginnie Mae shall consider for the denominator— <ul style="list-style-type: none"> ▪ Total assets; ▪ Total liabilities; ▪ Risk in force; or ▪ Unpaid principal balance. ○ The capital and related solvency standards shall be designed to— <ul style="list-style-type: none"> ▪ Ensure the safety and soundness of a market participant; ▪ Minimize the risk of loss to the Fund; ▪ In consultation and coordination with the Federal Reserve, FDIC, and OCC, 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 ▪ Be specifically tailored to accommodate a diverse range of business models that may be employed by market participants. ● To prevent or mitigate risks to the U.S.

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		<p>securities could pose to the MIF.</p> <p><u>Rule of Construction</u> Nothing in this section shall be construed to require the FMIC to approve any credit risk-sharing mechanism.</p> <p><u>Applicability of the Commodity Exchange and Securities Acts</u></p> <ul style="list-style-type: none"> • No counterparty that enters into a swap, as defined by § 1a of the Commodity Exchange Act (7 U.S.C. 1a) (CEA), for purposes of structuring any FMIC-approved credit risk-sharing mechanism, which is designed to be used or is used by a private market holder to assume losses and to reduce the specific risks arising from losses realized under such credit risk-sharing mechanism associated with any single-family covered security insured in accordance with §§ 303 or 305, shall be deemed, by reason of such swap transaction, to be a commodity pool, as defined in CEA § 1a. Before approving any credit risk-sharing mechanism that would be exempt from the CEA, the FMIC shall consult with the CFTC. • Any credit risk-sharing mechanism that is approved by the FMIC pursuant to this section, which is designed to be used or is used by a private market holder to assume losses and to reduce the specific risks 		<p>secondary mortgage market 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—</p> <ul style="list-style-type: none"> ○ Shall establish by regulation supplemental capital requirements for such large market participants; and ○ May establish by regulation such other standards that Ginnie Mae determines necessary or appropriate. ○ Shall define the term “large market participant”. <p><u>Conflict of Interests</u> Ginnie Mae shall issue regulations to prevent conflicts of interest by market participants contracting with Ginnie Mae under this section.</p> <p><u>Insurance Fund</u></p> <ul style="list-style-type: none"> • There is established an insurance fund (the “Fund”), which Ginnie Mae shall— <ul style="list-style-type: none"> ○ Maintain and administer; and ○ Use to cover losses incurred under this section with respect to MBS. • Ginnie Mae shall endeavor to ensure that the Fund attains a reserve balance— <ul style="list-style-type: none"> ○ Of 1.25% of the sum of the outstanding principal balance of the securities for which insurance is

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		<p>arising from losses realized under such credit risk-sharing mechanism associated with any single-family covered security insured in accordance with §§ 303 or 305, shall be exempt from section 27B of the Securities Act of 1933 (15 U.S.C. 77z-2a). Before approving any credit risk-sharing mechanism that would be exempt from § 27B, the FMIC shall consult with the SEC.</p>		<p>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</p> <ul style="list-style-type: none"> ○ Of 2.50% 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. • Notwithstanding insurance fees and terms set quarterly to cover Ginnie Mae’s costs, Ginnie Mae may raise or lower the fee charged for insurance under this section to maintain the reserve balance. • The Fund shall be credited with any fees received by Ginnie Mae in exchange for insurance made available under this section. • Amounts in the Fund may not be invested in any— <ul style="list-style-type: none"> ○ Standardized MBS insured under this Act; or ○ MBS issued by the GSEs. • The full faith and credit of the U.S. is pledged to the payment of all amounts that may be required to be paid under any

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				<p>insurance provided under this section.</p> <p>§ 302 Risk-Sharing Pilot Programs Not later than 12 months after enactment, each GSE shall establish a risk-sharing pilot program to develop private sector first-loss positions on MBS. Such first-loss positions shall be a percentage of the principal or face value of an MBS, 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.</p> <p>§ 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 GSEs relating to the multifamily housing business.</p> <p>§ 405 Ginnie Mae Securitization of FHA Risk-Sharing Loans <u>Qualified Participating Entities Risk-Sharing Program</u> Sections 542(b)(8) and 542(c)(6) of the Housing and Community Development Act of</p>

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				<p>1992 (12 U.S.C. 1715z-22(b)(8)) (which prohibits Ginnie Mae from securitizing certain multifamily loans in risk sharing arrangements) is amended to permit Ginnie Mae to securitize at the discretion of the Director, any multifamily loan insured under this section, provided that—</p> <ul style="list-style-type: none"> • FHA provides mortgage insurance based on the unpaid principal balance of the loan, as shall be described in the risk-sharing agreement; • FHA shall not require an assignment fee for mortgage insurance claims related to the securitized mortgages; and • 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 FHA 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. <p>There is a conforming amendment to Ginnie Mae's charter.</p>
MIF		§ 303 Insurance; MIF	§ 203 MIF	

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		<p><u>Authority</u> The FMIC shall, in exchange for a fee, insure the payment of principal and interest on a covered security with respect to any failure to pay on such covered security subject to the requirements of this section.</p> <p><u>Terms and Conditions</u> The FMIC shall, by regulation, establish terms and conditions for the provision of insurance under this Act. The terms and conditions shall, for single-family covered securities, include terms and conditions that ensure—</p> <ul style="list-style-type: none"> • Eligible single-family mortgage loans collateralizing single-family covered securities have been delivered to the Platform; and • With respect to each single-family covered security, either— <ul style="list-style-type: none"> ○ Private market holders have taken a first loss position that satisfies § 302; or ○ An approved guarantor has provided a guarantee in satisfaction of § 311. <p>The terms and conditions shall, for multifamily covered securities, include terms and conditions that ensure, with respect to each multifamily covered security, that an approved multifamily guarantor has provided a guarantee in satisfaction of § 703.</p> <p><u>Cash Payments; Continued Operations</u></p>	<p><u>Establishment</u> There is established the MIF, which the NMFA shall—</p> <ul style="list-style-type: none"> • Maintain and administer; and • Use to cover losses incurred on covered securities insured under this Act, when such losses exceed the first position losses absorbed by private market holders of such securities and the capital held by the Issuer pursuant to § 213. <p><u>Deposits</u> The MIF shall be credited with any—</p> <ul style="list-style-type: none"> • Insurance fee amounts required to be deposited in the Fund under this section; and • Amounts earned on investments of MIF funds that are not employed. <p><u>Fiduciary Responsibility</u> The Director shall have the responsibility to ensure that the MIF remains financially sound.</p> <p><u>Use</u></p> <ul style="list-style-type: none"> • The MIF shall be solely available to the NMFA for use by the NMFA to carry out the functions authorized by this Act and may not be used or otherwise diverted to cover any other expense of the Federal Government. • Notwithstanding any other provision of law, amounts received by the MIF 	

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		<p>The FMIC shall facilitate the timely and unconditional payment of principal and interest on covered securities insured under this Act by paying, in cash when due, any shortfalls of principal and interest due on the covered security, and continuing to charge and collect any fees for the provision of insurance relating to the covered security in the event of any losses that may be incurred:</p> <ul style="list-style-type: none"> • In excess of the first loss position assumed by a private market holder; • In the case of a covered security that is guaranteed by an approved guarantor or approved multifamily guarantor as a result of the guarantor’s insolvency; or • Upon the servicer’s or guarantor’s failure to transfer to the bond administrator for the covered security funds in amounts necessary to make timely payment of principal and interest due on the covered security. <p><u>Cost Recovery</u> If the FMIC makes a payment on a covered security based on a servicer’s or guarantor’s failure to transfer funds necessary to make timely payment of principal and interest due, the FMIC shall recover such amount paid, and reasonable costs and expenses, from the servicer or guarantor.</p> <p><u>MIF</u></p>	<p>pursuant to fees shall not be subject to apportionment for the purposes of 31 U.S.C. chapter 15 or under any other authority.</p> <p><u>MIF Reserve Ratio Goals</u></p> <ul style="list-style-type: none"> • The Director shall endeavor to ensure that the MIF attains a reserve balance— <ul style="list-style-type: none"> ○ Of 1.25% of the sum of the outstanding principal balance of the covered securities for which insurance is being provided under this title within 7 years of the NMFA certification date, and to strive to maintain such ratio thereafter, subject to the following; and ○ Of 2.25% of the sum of the outstanding principal balance of the covered securities for which insurance is being provided under this title within 12 years of the NMFA certification date, and to strive to maintain such ratio at all times thereafter. • The Director may reduce such percentages if a determination is made that the level of reserves held by the MIF is considered to be actuarially fair by an actuary hired by the NMFA for that purpose. To be considered to be actuarially fair for this purpose, reserves held in the MIF, in combination with the 	

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		<ul style="list-style-type: none"> • On the agency transfer date, there shall be established the MIF, which the FMIC shall— <ul style="list-style-type: none"> ○ Maintain and administer; ○ Use to carry out the insurance functions authorized under this Act, including any function or action authorized under § 305; and ○ Invest. • The MIF shall be credited with any— <ul style="list-style-type: none"> ○ Fee amounts required to be deposited in the MIF under this section; ○ Amounts earned on investments; ○ Assessment amounts authorized to be deposited into the Fund under § 405(b); and ○ Assessment amounts required to be deposited into the Fund under § 608(c). • In determining the amount of any FMIC-charged fee, the FMIC shall charge a separate fee for single-family covered securities and multifamily covered securities, as appropriate for each asset class. The FMIC shall keep and maintain separate accounting for deposits in the MIF related to fee amounts charged and collected for the insurance of single-family covered securities and multifamily covered securities. • The FMIC has the responsibility to ensure that the MIF remains financially sound. 	<p>capital held by the Issuer for the risks that it holds, should be adequate to cover losses at least equal to any experienced in the housing markets over the last 100 years.</p> <p><u>Maintenance of Reserve Ratio; Establishment of Fees</u></p> <ul style="list-style-type: none"> • The NMFA shall charge and collect a fee, and may in its discretion increase or decrease such fee, in connection with any insurance provided under this title to— <ul style="list-style-type: none"> ○ Achieve and maintain the reserve ratio goals; ○ Achieve such reserve ratio goals, if the actual balance of such reserve is below the goal amounts; and ○ Fund the operations of the NMFA. • In exercising the fee authority, the NMFA shall consider— <ul style="list-style-type: none"> ○ The expected operating expenses of the MIF; ○ The risk of loss to the MIF in carrying out the requirements under this Act; ○ The risk presented by, and the loss absorption capacity of, the credit enhancement that is provided on the pool of eligible mortgages collateralizing the covered security to be insured under this title; ○ Economic conditions generally 	

	PATH Act, H.R. 2767	S. 1217	Waters Discussion Draft	H.R. 5055
		<ul style="list-style-type: none"> • The MIF shall be solely available to the FMIC to carry out the functions authorized by this Act and for the expenses of the FMIC and for— <ul style="list-style-type: none"> ○ Compensation of FMIC employees; ○ Purposes of— <ul style="list-style-type: none"> ▪ Funding the CSP; and ▪ Establishing the Securitization Platform under § 321, multifamily subsidiaries under § 701, the initial Small Lender Mutual under § 315, and any other entity authorized by this Act that facilitates an orderly transition to the new housing finance system; and ○ All other FMIC expenses. <p>The MIF may not be used or otherwise diverted to cover any other expense of the Federal Government.</p> • Notwithstanding any other provision of law, amounts in the MIF shall not be subject to apportionment for the purposes of chapter 15 of 31 U.S.C. or under any other authority. • Amounts in the MIF shall not be construed to be Government or public funds or appropriated money. • The FMIC shall endeavor to ensure that the MIF attains a reserve ratio— <ul style="list-style-type: none"> ○ Of 1.25% of the sum of the outstanding principal balance of the 	<p>affecting the mortgage markets;</p> <ul style="list-style-type: none"> ○ The extent to which the reserve ratio of the MIF met— <ul style="list-style-type: none"> ▪ The reserve ratio set for the preceding 12-month period; or ▪ The reserve ratio goals; and ○ Any other factor that the NMFA determines appropriate. <ul style="list-style-type: none"> • The required fee— <ul style="list-style-type: none"> ○ Shall be set at a uniform amount applicable to all institutions purchasing insurance under this title; ○ May not vary— <ul style="list-style-type: none"> ▪ By geographic location; or ▪ By the size of the institution to which the fee is charged; ○ May not be based on the volume of insurance to be purchased by an originator; and ○ May vary based on past performance of loans supplied by the originator. • Any fee amounts collected under this subsection shall be deposited in the MIF. <p><u>Investments</u> Amounts in the MIF that are not otherwise employed—</p> <ul style="list-style-type: none"> • Shall be invested in obligations of the U.S.; and • May not be invested in any covered security insured under this Act. 	

	PATH Act, H.R. 2767	S. 1217	Waters Discussion Draft	H.R. 5055
		<p>covered securities for which insurance is being provided under this title within 5 years of the system certification date; and</p> <ul style="list-style-type: none"> ○ Of 2.50% of the sum of the outstanding principal balance of the covered securities for which insurance is being provided under this title within 10 years of the system certification date, and after that date, endeavor to ensure that the MIF maintains a reserve ratio of not less than 2.50% of the sum of the outstanding principal balance of the covered securities for which insurance is being provided under this title. ● The FMIC shall charge and collect a fee, and may in its discretion increase or decrease such fee, in connection with any insurance provided under this title to achieve and maintain the MIF reserve ratio goals and fund the FMIC’s operations. ● In establishing fees, the FMIC shall consider— <ul style="list-style-type: none"> ○ The expected operating expenses of the MIF; ○ The risk of loss to the MIF in carrying out the requirements under this Act; ○ The risk presented by, and the loss 	<p><u>Initial Funding</u> FHFA, in consultation with Treasury, shall have authority to dedicate a portion of the g-fees received by the GSEs during the period in which they continue to conduct new business to initial funding of the MIF.</p> <p>§ 204 Insurance Authority The Director shall, upon application and in exchange for a fee in accordance with § 203(f), insure the payment of principal and interest on a covered security with respect to losses that may be incurred on such security. Payment under the insurance shall take place after first loss credit risk placement or retention and the capital of the Issuer has been exhausted, as determined by the NMFA.</p> <p><u>Cash Payments; Continued Operations</u> In the event of a payment default on an eligible mortgage that collateralizes a covered security insured under this section that exceeds the first loss position assumed by a private market holder and the capital of the Issuer has been exhausted, the NMFA shall—</p> <ul style="list-style-type: none"> ● Pay, in cash when due, any shortfalls in payment of principal and interest under the eligible mortgage; and ● Continue to charge and collect any fees for the provision of insurance relating to the covered security. 	

	PATH Act, H.R. 2767	S. 1217	Waters Discussion Draft	H.R. 5055
		<p>absorption capacity of, the credit risk-sharing mechanism or guarantee that is provided on the pool of eligible mortgage loans collateralizing the covered security to be insured under this title;</p> <ul style="list-style-type: none"> ○ Economic conditions generally affecting the mortgage markets; ○ The extent to which the MIF reserve ratio met— <ul style="list-style-type: none"> ▪ The reserve ratio set for the preceding 12-month period; or ▪ The reserve ratio goals; and ○ Any other factors that the FMIC determines appropriate. <ul style="list-style-type: none"> ● The fee— <ul style="list-style-type: none"> ○ Except as below, shall be set at a uniform amount applicable to all institutions purchasing insurance under this title; ○ May not vary— <ul style="list-style-type: none"> ▪ By geographic location; or ▪ By the size of the institution to which the fee is charged; and ○ May not be based on the volume of insurance to be purchased. <p>This shall not prohibit or be construed to prohibit the FMIC from charging separate and distinct fees based on the type or form of credit risk-sharing mechanism applicable to the covered security to be insured.</p>	<p><u>Full Faith and Credit</u> The full faith and credit of the U.S. is pledged to the payment of all amounts which may be required to be paid under any insurance provided under this section.</p> <p><u>Prohibition on Federal Assistance</u> Subject to the next sentence and notwithstanding any other provision of law, no Federal funds may be used to purchase or guarantee obligations of, issue lines of credit to, provide direct or indirect access to any financing provided by the U.S. Government to, or provide direct or indirect grants and aid to any private market holder of the first loss position on a covered security which, on or after the date of enactment of this Act, has defaulted on its obligations, is at risk of defaulting, or is likely to default, absent such assistance from the U.S. Government. This prohibition shall not apply with respect to liquidity facilities intended to address market conditions or related to the timing of payments.</p>	

	PATH Act, H.R. 2767	S. 1217	Waters Discussion Draft	H.R. 5055
		<ul style="list-style-type: none"> • Any fee amounts collected shall be deposited in the MIF. • The full faith and credit of the U.S. is pledged to the payment of all amounts from the MIF which may be required to be paid under any insurance provided under this title. • The Board of Directors may request Treasury to invest such portion of amounts in the MIF that, in the judgment of the Board, is not required to meet the “current--suggested deletion needs of the” FMIC. Treasury shall invest such portions in U.S. obligations bearing interest at a rate determined by Treasury, taking into consideration, at the time of the investment, market yields on outstanding U.S. marketable obligations of comparable maturity. Amounts in the MIF may not be invested in any— <ul style="list-style-type: none"> ○ Covered security insured under this title; or ○ MBS issued by the GSEs. <p><u>Mandatory Loss Review by FMIC IG</u> If the MIF is required to make any payment of principal or interest, or both, on a covered security with respect to losses incurred on such covered security to any holder of such covered security, the FMIC IG shall—</p> <ul style="list-style-type: none"> • Review and make a written report to the FMIC regarding the FMIC’s decision to 		

	PATH Act, H.R. 2767	S. 1217	Waters Discussion Draft	H.R. 5055
		<p>insure such covered security and the FMIC's supervision of all market participants involved in the creation, issuance, servicing, guarantee of, or insurance of such covered security, which shall ascertain why the covered security resulted in a loss to the MIF, and make recommendations for preventing any such loss in the future; and</p> <ul style="list-style-type: none"> • Provide a copy of the report to <ul style="list-style-type: none"> ○ GAO; ○ The appropriate Federal banking agency or State regulatory authority, as appropriate, of any market participant involved in the creation, issuance, servicing, guarantee of, or insurance of such covered security; and ○ The Senate Banking and House Financial Services Committees. • The IG shall provide the report as expeditiously as possible, but in no event later than 6 months after the date on which the loss was incurred. • The FMIC shall disclose any such report on losses, upon a FOIA request, without excising— <ul style="list-style-type: none"> ○ Any portion under section 552(b)(5) [exemption from disclosure for inter-agency or intra-agency communication not available to nonlitigants]; or 		

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		<ul style="list-style-type: none"> ○ Any information under paragraph (4) (other than trade secrets) [trade secrets and confidential information] or paragraph (8) [examination reports] of 5 U.S.C. § 552(b). This does not require the FMIC to disclose the name of any holder of the covered security, or information from which the identity of such a person could reasonably be ascertained. ● GAO shall, under such conditions as it determines to be appropriate, review any such IG report and recommend to the FMIC improvements in the supervision of market participants. 		
MIF Initial Funding		<p>§ 608 Initial Fund Level for the MIF Fund Amount on System Certification Date The FMIC shall endeavor to ensure that the MIF attains a reserve ratio of 0.75% of the sum of the outstanding principal balance of the covered securities for which insurance is projected to be provided under this Act for the 5 year-period beginning on the system certification date.</p> <p><u>Report to Congress on Projection</u> The projection shall be determined by the FMIC and reported to the Senate Banking and House Financial Services Committees.</p> <p><u>Assessments</u> Pursuant to the authorities granted to the</p>		

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		FMIC under § 1316(i) of the 1992 Act, as added by § 405 (transition assessments), the amount of funds required to be held by the MIF under subsection (a) shall be acquired through assessments on the GSEs. The assessments required under this subsection shall be in effect for the period beginning on enactment and ending on the system certification date. The assessments required under this subsection shall be deposited in the MIF.																										
Loan Limits	<p>§ 105 Modifications to Increases in Conforming Loan Limits</p> <ul style="list-style-type: none"> The conforming loan limit under current law is adjusted by adding an amount tied to house price increases, and if house prices decrease, there is no adjustment. This would be amended to permit the adjustment to be a decrease when house prices decrease. The bill would strike a sentence (the “Repealed Sentence”) that increases the conforming loan limit, for a particular house size, in areas where 115% of the median house price, for that size house, exceeds the conforming loan limit for the same size house, to the lesser of 150% of the conforming loan limit for that size house, or 115% of the median house price for that size house. It would add a provision that increases the conforming loan limit in some 	<p>§ 304 Loan Limits; Housing Price Index Establishment</p> <p>The FMIC shall establish limitations governing the maximum original principal obligation of eligible single-family mortgage loans that may collateralize a covered security to be insured by the FMIC under this title.</p> <p><u>Calculation of Amount</u></p> <p>This loan limit shall be calculated with respect to the total original principal obligation of the eligible single-family mortgage loan and not merely with respect to the amount insured by the FMIC.</p> <p><u>Maximum Limits</u></p> <p>Except as provided below, the maximum loan limit shall not exceed:</p> <table border="1"> <thead> <tr> <th># Units</th> <th>Limit</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>\$417,000</td> </tr> </tbody> </table>	# Units	Limit	1	\$417,000	<p>§ 504 Conforming Loan Limits</p> <p>Beginning on the date of the enactment, the limitations governing the maximum original principal obligation of conventional mortgages that may be purchased by Fannie Mae or Freddie Mac the Federal National shall be:</p> <table border="1"> <thead> <tr> <th># Units</th> <th>Limit</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>\$417,000</td> </tr> <tr> <td>2</td> <td>\$533,850</td> </tr> <tr> <td>3</td> <td>\$645,300</td> </tr> <tr> <td>4</td> <td>\$801,950</td> </tr> </tbody> </table> <ul style="list-style-type: none"> These limitations shall be adjusted effective January 1 of each year beginning after the date of enactment of this Act. Each such adjustment shall be made by adding to each such amount (as it may have been previously adjusted) a percentage thereof equal to the percentage increase, during the most recent 12-month 	# Units	Limit	1	\$417,000	2	\$533,850	3	\$645,300	4	\$801,950	<p>§ 201(f)</p> <p><u>Loan Limits; Housing Price Index</u></p> <ul style="list-style-type: none"> Ginnie Mae shall establish limitations governing the maximum original principal obligation of eligible mortgage loans that may collateralize a security issued under this Act. The limitation loan limit shall be calculated with respect to the total original principal obligation of the eligible mortgage loan and not merely with respect to the amount insured by Ginnie Mae. The maximum loan limit amount shall not exceed: <table border="1"> <thead> <tr> <th># Units</th> <th>Limit</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>\$417,000</td> </tr> <tr> <td>2</td> <td>417,000 x 1.28 or \$533,760</td> </tr> <tr> <td>3</td> <td>417,000 x 1.55 or \$646,350</td> </tr> <tr> <td>4</td> <td>417,000 x 1.92 or \$800,640</td> </tr> </tbody> </table>	# Units	Limit	1	\$417,000	2	417,000 x 1.28 or \$533,760	3	417,000 x 1.55 or \$646,350	4	417,000 x 1.92 or \$800,640
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	<p>circumstances.</p> <ul style="list-style-type: none"> The new provision only applies, for properties of any size in a particular area, if, as of the date of enactment, the loan limits in effect for the area for any size property were determined under the Repealed Sentence. If the new provision applies, it applies only for five years. <p>Calculations under the new provision are as follows. They use an amount that varies for five years and that depends on house size:</p> <table border="1"> <thead> <tr> <th></th> <th>Year 1</th> <th>Year 2</th> <th>Year 3</th> <th>Year 4</th> <th>Year 5</th> </tr> </thead> <tbody> <tr> <td>\$</td> <td>20,000</td> <td>40,000</td> <td>60,000</td> <td>80,000</td> <td>100,000</td> </tr> <tr> <td></td> <td>25604</td> <td>51,208</td> <td>76,812</td> <td>102,416</td> <td>128,020</td> </tr> <tr> <td></td> <td>30,950</td> <td>61,900</td> <td>92,850</td> <td>123,800</td> <td>154,750</td> </tr> <tr> <td></td> <td>38,463</td> <td>76,926</td> <td>103,389</td> <td>153,852</td> <td>192,438</td> </tr> </tbody> </table> <p>To calculate the loan limit for an X-unit home in an area where 115% of the median house price for an X-unit home exceeds the conforming loan limit for an X-unit, use the lesser of the following three amounts:</p> <ul style="list-style-type: none"> The difference between: <ul style="list-style-type: none"> 150% of the conforming loan limit for a X-unit house (use 150% of the applicable limit for all calculations); and The dollar amount from the table for 							Year 1	Year 2	Year 3	Year 4	Year 5	\$	20,000	40,000	60,000	80,000	100,000		25604	51,208	76,812	102,416	128,020		30,950	61,900	92,850	123,800	154,750		38,463	76,926	103,389	153,852	192,438	<table border="1"> <tbody> <tr> <td>2</td> <td>417,000 x 1.28 or \$533,760</td> </tr> <tr> <td>3</td> <td>417,000 x 1.55 or \$646,350</td> </tr> <tr> <td>4</td> <td>417,000 x 1.92 or \$800,640</td> </tr> </tbody> </table>		2	417,000 x 1.28 or \$533,760	3	417,000 x 1.55 or \$646,350	4	417,000 x 1.92 or \$800,640	<ul style="list-style-type: none"> These limits shall be adjusted effective January 1 of each year beginning after the effective date of this Act. Each adjustment shall be made by adding to each such amount (as it may have been previously adjusted) a percentage thereof equal to the percentage increase, during the most recent 12-month or 4-quarter period ending before the time of determining such annual adjustment, in the housing price index maintained by the Chairperson. If the change in such house price index during the most recent 12-month or 4-quarter period ending 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 accumulated and then reduce increases until subsequent increases exceed prior declines. The limits may be increased by not more than 50% with respect to properties 	<p>or 4-quarter period ending before the time of determining such annual adjustment, in the housing price index maintained pursuant to § 1322 of the 1992 Act. If the change in such house price index during the most recent 12-month or 4-quarter period ending before the time of determining such annual adjustment is a decrease, then no adjustment shall be made for the next year, and the next 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 accumulated and then reduce increases until subsequent increases exceed prior declines.</p> <ul style="list-style-type: none"> The limitations shall be increased by not to exceed 50% with respect to properties located in Alaska, Guam, Hawaii, and the Virgin Islands. 	<ul style="list-style-type: none"> The limits shall be adjusted effective January 1 of each year beginning after the effective date of this Act. Each adjustment shall be made by adding to each such amount (as previously adjusted) a percentage thereof equal to the percentage increase, during the most recent 12-month or 4-quarter period ending before the time of determining such annual adjustment, in the housing price index maintained by Ginnie Mae pursuant to this section. If the change in such house price index during the most recent 12-month or 4-quarter period ending 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 accumulated and then reduce increases until subsequent increases exceed prior declines. The limits may be increased by not more than 50% with respect to properties located in Alaska, Guam, Hawaii, and the Virgin Islands. The limits shall also be increased, with respect to properties of a
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	<p>the house size and year;</p> <ul style="list-style-type: none"> 115% of the median house price in the area for an X-unit house; or <p>The limit in effect for the house size (number of units) and area under the Repealed Sentence, as in effect immediately before enactment, as of the date of enactment.</p>	<p>located in Alaska, Guam, Hawaii, and the Virgin Islands. Such foregoing limits shall also be increased, with respect to properties of a particular size located in any area for which 115% of the median house price for such size residence exceeds the otherwise applicable limit for such size residence, to the lesser of 150% of such limit for such size residence or the amount that is equal to 115% of the median house price in such area for such size residence.</p> <p><u>Housing Price Index</u> The FMIC shall establish and maintain a method of assessing a national average single-family house price for use in calculating the loan limits for eligible single-family mortgage loans, and other averages as the FMIC considers appropriate, including—</p> <ul style="list-style-type: none"> Averages based on different geographic regions; and An average for houses whose mortgage collateralized single-family covered securities. <p>In establishing the method of assessing house prices, the FMIC may take into consideration the data collected in carrying out the functions described under § 333, and such other data, existing house price indexes, and other measures as the FMIC considers appropriate.</p>		<p>particular size located in any area for which 115% of the median house price for such size residence exceeds the limit for such size residence set forth in the chart above, to the lesser of 150% of the limit for such size residence or the amount that is equal to 115% of the median house price in such area for such size residence.</p> <ul style="list-style-type: none"> 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-family mortgage loans, and other averages as Ginnie Mae considers appropriate, including— <ul style="list-style-type: none"> Averages based on different geographic regions; and An average for houses whose mortgage collateralized single-family covered securities. <p>In establishing the method of assessing house prices, Ginnie Mae may take into consideration such data, including existing house price indexes, and other measures as Ginnie Mae considers appropriate.</p> <p><u>Authority for Loan-Level Enhancement</u> 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</p>

	PATH Act, H.R. 2767	S. 1217	Waters Discussion Draft	H.R. 5055
				into agreements with market participants to provide loan-level enhancement of such mortgage loan.
Exigent Circumstances		<p>§ 305 Authority to Protect Taxpayers in Unusual and Exigent Market Conditions</p> <p><u>In General</u></p> <p>If the FMIC, upon the written agreement of the Chairman of the Federal Reserve and Treasury Secretary, and in consultation with HUD, 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 U.S. housing market that could materially and severely disrupt the functioning of the U.S. housing finance system, the FMIC may, for a period of 6 months—</p> <ul style="list-style-type: none"> • Provide insurance in accordance with § 303 to any single-family covered security regardless of whether such security has satisfied the requirements of § 302; and • Establish provisional standards for approved entities, notwithstanding any standard required under subtitle B or § 703, pursuant to § 607. <p><u>Considerations</u></p> <p>In exercising such authority, the FMIC shall consider the severity of the conditions present in the housing markets and the risks presented</p>		

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		<p>to the MIF in exercising such authority.</p> <p><u>Terms and Conditions</u> Insurance provided under such a determination shall be subject to such additional or different limitations, restrictions, and regulations as the FMIC may prescribe.</p> <p><u>Bailout Strictly Prohibited</u> In exercising this authority, the FMIC may not—</p> <ul style="list-style-type: none"> • 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 • Provide aid to assist a single and specific company avoid bankruptcy or any other Federal or State insolvency proceeding. <p><u>Notice</u> Not later than 7 days after authorizing insurance or establishing provisional standards under this section, the FMIC shall submit to the Senate Banking and House Financial Services Committees a report that includes—</p> <ul style="list-style-type: none"> • The justification for the exercise of authority to provide such insurance or establish such provisional standards; • Evidence that unusual and exigent circumstances have created or threatened to create an anomalous lack of mortgage 		

	PATH Act, H.R. 2767	S. 1217	Waters Discussion Draft	H.R. 5055
		<p>credit availability within the single-family housing market, multifamily housing market, or entire U.S. housing market that could materially and severely disrupt the functioning of the U.S. housing finance system; and</p> <ul style="list-style-type: none"> • Evidence that failure to exercise such authority would have undermined the safety and soundness of the housing finance system. <p><u>Additional Exercise of Authority</u> Subject to the limitation below, the authority to provide insurance in unusual and exigent circumstances may be exercised for 2 additional 9-month periods within any given 3-year period, provided that the FMIC, upon the written agreement of the Chairman of the Federal Reserve and the Treasury Secretary, in consultation with HUD—</p> <ul style="list-style-type: none"> • Determines— <ul style="list-style-type: none"> ○ For a second exercise of such authority, by an affirmative vote of 2/3 or more of the Board of Directors then serving, that a second exercise of such authority is necessary; or ○ For a third exercise of such authority, by an affirmative vote of 2/3 or more of the Board of Directors then serving, and an affirmative vote of 2/3 or more of the Federal Reserve Board then serving, that a third 		

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		<p>exercise of such authority is necessary; and</p> <ul style="list-style-type: none"> • Provides the same notice to Congress as for any exercise of such authority. <p>Any additional exercise of authority under this subsection may occur consecutively or non-consecutively.</p> <p><u>Limitation</u> The authority granted to the FMIC 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.</p> <p><u>Normalization and Reduction of Risk</u> Following any exercise of authority under this section, the FMIC shall—</p> <ul style="list-style-type: none"> • Establish a timeline for approved entities to meet the approval standards set forth in this Act; and • In a manner and pursuant to a timeline that will minimize losses to the MIF, establish a program to either— <ul style="list-style-type: none"> ○ Sell, in whole or in part, the first loss position on covered securities issued pursuant to this section to private market holders; or ○ Transfer for value to approved entities, or work with approved entities to sell, in whole or in part, the first lost position on covered 		

	PATH Act, H.R. 2767	S. 1217	Waters Discussion Draft	H.R. 5055
		<p>securities issued pursuant to this section.</p> <p><u>Authority to Respond to Sustained National Home Price Decline</u></p> <ul style="list-style-type: none"> • In the event of a significant decline of national home prices, in at least 2 consecutive calendar quarters, the FMIC, by an affirmative vote of 2/3 or more of the Board of Directors then serving, may for a period of 6 months permit the transfer of guarantees of eligible mortgage loans that secure covered securities if such eligible mortgage loans are refinanced, regardless of the value of the underlying collateral securing such eligible mortgage loans. • This authority may be exercised for additional 6-month periods, if upon each additional extension of such authority there is an affirmative vote of 2/3 or more of the Board of Directors then serving. • The FMIC shall not provide insurance under this section to any covered security that includes mortgage loans that do not meet the definition of an eligible mortgage loan, as defined by this Act, except for mortgage loans refinanced from eligible mortgage loans in covered securities. • No provision in this section shall be construed as permitting the FMIC to 		

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		lower any other requirement related to the requirements set forth under the definition of an eligible mortgage loan.		
Agency Powers		<p>§ 306 General Powers <u>Corporate Powers</u> The FMIC shall have the power—</p> <ul style="list-style-type: none"> • To adopt, alter, and use a corporate seal, which shall be judicially noticed; • To enter into, execute, and perform contracts, leases, cooperative agreements, or other transactions, on such terms as it may deem appropriate, with any agency or instrumentality of the U.S., or with any political subdivision thereof, or with any person, firm, association, or corporation; • To execute, in accordance with its bylaws, all instruments necessary or appropriate in the exercise of any of its powers; • In its corporate name, to sue and to be sued, and to complain and to defend, in any court or tribunal of competent jurisdiction, Federal or State, but no attachment, injunction, or other similar process, mesne or final, shall be issued against the property of the FMIC; • To conduct its business without regard to any qualification or similar statute in any U.S. State; • To lease, purchase, or acquire any property, real, personal, or mixed, or any interest therein, to hold, rent, maintain, 	<p>§ 205 General Powers <u>Corporate Powers</u> The NMFA shall have power—</p> <ul style="list-style-type: none"> • To adopt, alter, and use a corporate seal, which shall be judicially noticed; • To enter into and perform contracts, leases, cooperative agreements, or other transactions, on such terms as it may deem appropriate, with any agency or instrumentality of the U.S., or with any State, Territory, or possession, or Puerto Rico, or with any political subdivision thereof, or with any person, firm, association, or corporation; • To execute, in accordance with its bylaws, all instruments necessary or appropriate in the exercise of any of its powers; • In its corporate name, to sue and to be sued, and to complain and to defend, in any court of competent jurisdiction, State or Federal, but no attachment, injunction, or other similar process, mesne or final, shall be issued against the property of the NMFA; • To conduct its business without regard to any qualification or similar statute in any State of the U.S., including D.C., Puerto Rico, and the Territories and possessions 	

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		<p>modernize, renovate, improve, use, and operate such property, and to sell, for cash credit, lease, or otherwise dispose of the same, at such time and in such manner as and to the extent that it may deem necessary or appropriate;</p> <ul style="list-style-type: none"> • To prescribe, repeal, and amend or modify, rules, regulations, or requirements governing the manner in which its general business may be conducted; • To accept gifts or donations of services, or property, real, personal, or mixed, tangible, or intangible, in aid of any of its purposes; • To appoint and supervise personnel employed by the FMIC; • To establish and maintain divisions, units, other offices within the FMIC, including those established in §§ 207, 208, and 209, to carry out the responsibilities of this Act, and to satisfy the requirements of other applicable law; and • To manage the affairs of the FMIC and conduct the business of the FMIC, as necessary. <p><u>Litigation Authority</u></p> <ul style="list-style-type: none"> • In enforcing any provision of this Act, any regulation or order prescribed under this Act, or any other provision of law, rule, regulation, or order, or in any other 	<p>of the U.S.;</p> <ul style="list-style-type: none"> • To lease, purchase, or acquire any property, real, personal, or mixed, or any interest therein, to hold, rent, maintain, modernize, renovate, improve, use, and operate such property, and to sell, for cash or credit, lease, or otherwise dispose of the same, at such time and in such manner as and to the extent that it may deem necessary or appropriate; • To prescribe, repeal, and amend or modify, rules, regulations, or requirements governing the manner in which its general business may be conducted; • To accept gifts or donations of services, or of property, real, personal, or mixed, tangible, or intangible, in aid of any of its purposes; and • To do all things as are necessary or incidental to the proper management of its affairs and the proper conduct of its business, including the establishment of such subgroups or corporate entities as are useful in conducting its business. <p><u>Expenditures</u></p> <p>Except as may be otherwise provided in this title, in 31 U.S.C. chapter 91, or in other laws specifically applicable to Government corporations, the NMFA shall determine the necessity for, and the character and amount of</p>	

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		<p>action, suit, or proceeding to which the FMIC is a party or in which it is interested, and in the administration of conservatorships and receiverships, the FMIC may act in its own name and through attorneys or other agents acting on its behalf.</p> <ul style="list-style-type: none"> • Except as otherwise provided by law, the FMIC shall be subject to suit (other than suits for claims for money damages) by a regulated entity or market participant with respect to any matter under this Act or any other applicable provision of law, rule, order, or regulation under this Act, in the U.S. district court for the judicial district in which the regulated entity or market participant has its principal place of business, or in the U.S. District Court for D.C., and the FMIC may be served with process in the manner prescribed by the Federal Rules of Civil Procedure. <p><u>Expenditures</u> Except as may be otherwise provided in this title, the FMIC shall determine the necessity for, and the character and amount of its obligations and expenditures, and the manner in which they shall be incurred, allowed, paid, and accounted for.</p> <p><u>Exemption from Certain Taxes</u> The FMIC, including its franchise, capital, reserves, surplus, mortgage loans or other</p>	<p>its obligations and expenditures, and the manner in which they shall be incurred, allowed, paid, and accounted for.</p> <p><u>Exemption from Certain Taxes</u> The NMFA, including its franchise, capital, reserves, surplus, mortgages or other security holdings, and income shall be exempt from all taxation now or hereafter imposed by the U.S., by any territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority, except that any real property of the NMFA shall be subject to State, territorial, county, municipal, or local taxation to the same extent according to its value as other real property is taxed.</p> <p><u>Exclusive Use of Name</u> No individual, association, partnership, or corporation, except the bodies corporate named under section 101, shall hereafter use the words “National Mortgage Finance Administration” or any combination of such words, as the name or a part thereof under which the individual, association, partnership, or corporation shall do business. Violations of the foregoing may be enjoined by any court of general jurisdiction at the suit of the proper body corporate. In any such suit, the plaintiff may recover any actual damages flowing from such violation, and, in addition, shall be entitled to punitive damages (regardless of the existence or nonexistence of actual damages)</p>	

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		<p>security holdings, and income shall be exempt from all taxation now or hereafter imposed by the U.S., by any territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority, except that any real property of the FMIC shall be subject to State, county, municipal, or local taxation to the same extent according to its value as other real property is taxed.</p> <p><u>Exclusive Use of Name</u> No individual, association, partnership, or corporation, except the FMIC, shall hereafter use the words “Federal Mortgage Insurance Corporation” or any combination of such words, as the name or a part thereof under which such individual, association, partnership, or corporation shall do business. Violations may be enjoined by any court of general jurisdiction at the suit of the FMIC. In any such suit, the plaintiff may recover any actual damages flowing from such violation, and, in addition, shall be entitled to punitive damages (regardless of the existence or nonexistence of actual damages) of not exceeding \$1,000 for each day during which such violation is committed or repeated.</p> <p><u>Fiscal Agents</u> The Federal Reserve banks are authorized and directed to act as depositories, custodians, and fiscal agents for the FMIC, for its own account or as fiduciary, and such banks shall</p>	<p>of not exceeding \$100 for each day during which such violation is committed or repeated.</p> <p><u>Fiscal Agents</u> The Federal Reserve banks are authorized and directed to act as depositories, custodians, and fiscal agents for the NMFA on behalf of the MIF, and such banks shall be reimbursed for such services in such manner as may be agreed upon. The NMFA, in consultation Federal Reserve, may authorize use of the Federal Reserve banks by the Issuer.</p> <p>§ 801 Authority to Issue Regulations The NMFA may prescribe such regulations and issue such guidelines, orders, requirements, or standards as are necessary to carry out this Act, or any amendment made by this Act.</p>	

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		<p>be reimbursed for such services in such manner as may be agreed upon, and the FMIC may itself act in such capacities, for its own account or as fiduciary, and for the account of others.</p> <p><u>Other Powers</u> The FMIC is authorized to assess and collect fees on regulated entities and approved entities, including for applications, examinations, and other purposes, as authorized by this Act.</p> <p><u>FHLB Assessment</u> The FMIC shall have authority to assess a fee on the FHLBs to cover the necessary costs related to supervising the FHLBs. The costs associated with the FHLBs' secondary market activities pursuant to § 312 shall be covered by this fee.</p> <p><u>Fair Housing Rule of Construction</u> Nothing in this Act shall be construed as authorizing the FMIC to waive, repeal, amend, or modify fair housing requirements, including under the Fair Housing Act or ECOA.</p>		
Exemptions / Risk Retention Amendment	<p>§ 407 Repeal of Credit Risk Retention Regulations The Dodd-Frank Act is amended:</p> <ul style="list-style-type: none"> To strike § 941, risk retention. Section 941(a), which defines ABS in the 	<p>§ 307 Exemptions <u>Securities Exempt from SEC Regulation</u></p> <ul style="list-style-type: none"> All securities insured or guaranteed by the FMIC shall, to the same extent as securities that are direct obligations of or 	<p>§ 206 Exemptions <u>Securities Exempt from SEC Regulation</u></p> <ul style="list-style-type: none"> All covered securities insured or guaranteed by the NMFA shall, to the same extent as securities that are direct 	

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	<p>Securities Exchange Act, is also repealed.</p> <ul style="list-style-type: none"> • The OCC, Federal Reserve, FDIC, CFPB, and SEC “may not issue any rule or regulation to require risk retention, the creation or maintenance of a premium capture cash reserve account, or any similar mechanism, unless directly authorized by an Act of Congress.” • To make both of these amendments effective on July 21, 2010, “as if included in” the Dodd-Frank Act. 	<p>obligations guaranteed as to principal or interest by the U.S., be deemed to be exempt securities within the meaning of the laws administered by the SEC.</p> <ul style="list-style-type: none"> • The first sentence of § 3(a)(2) of the Securities Act of 1933 (15 U.S.C. 77c(a)(2)) is amended by inserting “or any security insured or guaranteed by the Federal Mortgage Insurance Corporation;” after “Federal Reserve bank;”. • Section 27B(c) of the Securities Act of 1933 (15 U.S.C. 77z-2a(c)) is amended by adding at the end the following: “(3) purchases or sales of any asset-backed security that is a credit risk-sharing mechanism approved by the Federal Mortgage Insurance Corporation in accordance with section 302 or section 703(c) of the Housing Finance Reform and Taxpayer Protection Act of 2014, which credit risk-sharing mechanism is designed to be used or is used, as determined by the [FMIC], by a private market holder to assume losses and to reduce the specific risks arising from losses realized under such credit risk-sharing mechanism associated with any pool of eligible mortgage loans that collateralizes a covered security insured in accordance with section 303 or 305 of that Act.”. 	<p>obligations of or obligations guaranteed as to principal or interest by the U.S., be deemed to be exempt securities within the meaning of the laws administered by the SEC.</p> <ul style="list-style-type: none"> • The first sentence of § 3(a)(2) of the Securities Act of 1933 (15 U.S.C. 77c(a)(2)) is amended by adding “or any covered security, as such term is defined under section 2 of the Housing Opportunities Move the Economy Forward Act of 2014;” after “Federal Reserve bank;”. <p><u>ORM Exemption</u> Section 15G(e) of the Securities Exchange Act of 1934 (risk retention) is amended—</p> <ul style="list-style-type: none"> • In paragraph (3)(B). This language currently exempts from all of § 15G mortgage loan assets or securitizations based on an asset insured or guaranteed by federal agencies, but the GSEs and FHLBs are not agencies for this purpose. The bill would remove the FHLBs from this exclusion from the agency definition. • By adding at the end the following: Notwithstanding any other provision of this section, the requirements of this section shall not apply to any covered security, as such term is defined in § 2 of the Housing Opportunities Move the Economy Forward Act of 2014, insured 	

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		<p><u>Risk Retention Exemption</u> Section 15G(e) of the Securities Exchange Act of 1934 (risk retention) is amended—</p> <ul style="list-style-type: none"> • In paragraph (3)(B). This language currently exempts from all of § 15G mortgage loan assets or securitizations based on an asset insured or guaranteed by federal agencies, but the GSEs and FHLBs are not an agencies for this purpose. The bill would remove the FHLBs from this exclusion from the agency definition. • By adding at the end the following: Notwithstanding any other provision of this section, the requirements of this section shall not apply to any covered security, as such term is defined under § 2 of the Housing Finance Reform and Taxpayer Protection Act of 2014, insured or guaranteed by the FMIC or any institution that is subject to the supervision of the FMIC. <p><u>Counterparties Exempt from the CEA</u> Section 1a(10) of the Commodity Exchange Act is amended by adding at the end: “Solely as it relates to the specific role of a counterparty in connection with the swap transaction described in this paragraph, the term ‘commodity pool’ does not include any counterparty that enters into any swap for</p>	<p>or guaranteed by the NMFA.</p>	

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		<p>purposes of structuring a credit risk-sharing mechanism that is approved by the Federal Mortgage Insurance Corporation in accordance with section 302 or section 703(c) of the Housing Finance Reform and Taxpayer Protection Act of 2014, which credit risk-sharing mechanism is designed to be used or is used, as determined by the Federal Mortgage Insurance Corporation, by a private market holder to assume losses and to reduce the specific risks arising from losses realized under such credit risk-sharing mechanism associated with any pool of eligible mortgage loans that collateralizes a covered security insured in accordance with section 303 or 305 of that Act.”</p>		
Regulatory Coordination		<p>§ 308 Regulatory Consultation and Coordination <u>Consultation Permitted</u> The FMIC 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, Treasury, HUD, any State banking regulator, any State insurance regulator, and any other State agency, as the FMIC determines necessary and appropriate.</p> <p><u>Coordination Required</u> The FMIC shall, as required by this Act, in carrying out any duty, responsibility, requirement, or action authorized under this</p>	<p>§ 226 Protection of Privilege and Other Matters Relating to Disclosures by Market Participants <u>Information Sharing and Maintenance of Privilege</u> The <i>FDIA</i> is amended—</p> <ul style="list-style-type: none"> • In § 11(t), which currently provides that covered agencies may share information without waiving privileges, by adding the NMFA to the definition of covered agency. This change is also made in § 306(g)(3). • In § 18(x), which currently provides that submitting information to certain regulators does not waive privileges, by adding the NMFA to the list of agencies. 	<p>§ 104 Regulatory Consultation and Coordination <u>Consultation Permitted</u> 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, Treasury, any State banking regulator, any State insurance regulator, and any other State agency, as the Director necessary and appropriate.</p> <p><u>Coordination Required</u> The Director shall, as appropriate, in carrying out any duty, responsibility, requirement, or action authorized under this Act, coordinate with the Federal regulatory agencies, any</p>

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		<p>Act, coordinate with the Federal regulatory agencies, any individual Federal regulatory agency, Treasury, HUD, any State banking regulator, any State insurance regulator, any other State agency.</p> <p><u>Avoidance of Duplication</u> To the fullest extent possible, the FMIC shall—</p> <ul style="list-style-type: none"> • Avoid duplication of examination activities, reporting requirements, and requests for information; • Rely on examination reports made by other Federal or State regulatory agencies relating to an approved entity and its subsidiaries, if any; and • Ensure that approved entities are not subject to conflicting supervisory demands by the FMIC and other Federal regulatory agencies. <p><u>Protection of Privileges</u></p> <ul style="list-style-type: none"> • Pursuant to these authorities to consult and coordinate, to facilitate the consultative process and coordination, the FMIC may share information with the Federal regulatory agencies, any individual Federal regulatory agency, Treasury, HUD, any State bank supervisor, any State insurance regulator, any other State agency, or any foreign banking authority, on a one-time, regular, 	<p><u>Permissible Consultation with Federal Banking Agencies</u></p> <ul style="list-style-type: none"> • Pursuant to its authority under § 103(c), to facilitate the consultative process, the NMFA may share information with the Federal banking agencies, or any individual Federal banking agency, or any State bank supervisor, or foreign banking authority, on a one-time, regular, or periodic basis as determined by the NMFA regarding the capital, asset and liabilities, financial condition, risk management practices or any other practice of the Issuer or any approved private mortgage insurer, servicer, bond guarantor, or other entity. • Information so shared by the NMFA shall not be construed as waiving, destroying, or otherwise affecting any privilege or confidential status that the Issuer or any approved private mortgage insurer, servicer, bond guarantor or any other person may claim with respect to such information under Federal or State law as to any person or entity other than such agencies, agency, supervisor, or authority. • No provision of this subsection may be construed as implying or establishing that— <ul style="list-style-type: none"> ○ Any person waives any privilege applicable to information that is 	<p>individual Federal regulatory agency, Treasury, any State banking regulator, any State insurance regulator, any other State agency.</p> <p><u>Avoidance of Duplication</u> To the fullest extent possible, the Director shall—</p> <ul style="list-style-type: none"> • Avoid duplication of examination activities, reporting requirements, and requests for information; • Rely on examination reports made by other Federal or State regulatory agencies relating to an approved entity and its subsidiaries, if any; and • Ensure that market participants and participating aggregators are not subject to conflicting supervisory demands by Ginnie Mae and other Federal regulatory agencies. <p><u>Protection of Privileges</u></p> <ul style="list-style-type: none"> • Pursuant to the authorities to consult and coordinate, to facilitate the consultative process and coordination, the Director may share information with the Federal regulatory agencies, any individual Federal regulatory agency, Treasury, any State bank supervisor, any State insurance regulator, any other State agency, or any foreign banking authority, on a one-time, regular, or periodic basis, as determined

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		<p>or periodic basis, as determined by the FMIC, regarding the capital assets and liabilities, financial condition, risk management practices, or any other practice of any market participant.</p> <ul style="list-style-type: none"> • Information so shared by the FMIC shall not be construed as waiving, destroying, or otherwise affecting any privilege or confidential status that any market participant or any other person may claim with respect to such information under Federal or State law as to any person or entity other than such agencies, agency, supervisor, or authority. • No provision of this subsection may be construed as implying or establishing that— <ul style="list-style-type: none"> ○ Any person waives any privilege applicable to information that is shared or transferred under any circumstance to which this subsection does not apply; or ○ 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 subsection. 	<p>shared or transferred under any circumstance to which this subsection does not apply; or</p> <ul style="list-style-type: none"> ○ Any person would waive any privilege applicable to any information by submitting the information directly to the Federal banking agencies, or any individual Federal banking agency, or any State bank supervisor, or foreign banking authority, but for this subsection. 	<p>by the Director, regarding the capital assets and liabilities, financial condition, risk management practices, or any other practice of any market participant or participating aggregator.</p> <ul style="list-style-type: none"> • Information so shared by the Director shall not be construed as waiving, destroying, or otherwise affecting any privilege or confidential status that any market participant, participating aggregator, or any other person may claim with respect to such information under Federal or State law as to any person or entity other than such agencies, agency, supervisor, or authority. • No provision of this subsection (protection of privileges) may be construed as implying or establishing that— <ul style="list-style-type: none"> ○ Any person waives any privilege applicable to information that is shared or transferred under any circumstance to which this subsection does not apply; or ○ 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

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		<p><u>Federal Agency Authority Preserved</u> 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.</p>		<p>any foreign banking authority, but for this subsection.</p> <p><u>Federal Agency Authority Preserved</u> 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.</p> <p><u>Federal Regulatory Agency</u> For purposes of this section, the term “Federal regulatory agency” means, individually, the Federal Reserve, OCC, FDIC, CFPB, NCUA, SEC, CFTC, and FHFA.</p>
Eligible Mortgages and QM	<p>§ 408 Mortgages in Qualified Securities TILA § 129C (15 U.S.C. 1639c) is amended by adding: “This section and any regulations promulgated under this section do not apply to a mortgage serving as collateral for a qualified security, as such term is defined under § 321 of the Protecting American Taxpayers and Homeowners Act of 2013.” TILA § 129C contains the ability-to-repay rule, and prohibitions on: prepayment penalties on non-QM loans; financing single-premium credit insurance; mandatory arbitration in mortgages; and agreements to waive a cause of action relating to a mortgage.</p>	<p>§ 336 Required Harmonization of Standards Within Eligible Mortgage Criteria <u>In General</u> The FMIC shall consult and coordinate with the CFPB to ensure that the minimum standards issued by the FMIC with respect to eligible single-family mortgage loans pursuant to § 2(29) remain, to the greatest extent possible, substantially similar to rules promulgated by the Bureau pursuant to TILA § 129C(b) (QM) provided that any revisions to, or amendments of, such minimum standards issued by the FMIC—</p> <ul style="list-style-type: none"> • Conform to all of the other requirements set forth under § 2(29); and • In the determination of the FMIC, do not negatively impact the MIF. 		

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		<p><u>Annual Report on any Changes or Differences in Rules</u></p> <p>The FMIC shall annually submit to the Chair and Ranking Member of the Senate Banking and House Financial Services Committees a report that—</p> <ul style="list-style-type: none"> • Describes any such changes to the minimum standards; • Describes the economic analysis developed and used by the FMIC for any such changes to ensure such changes do not violate the duties of the FMIC to protect the MIF; and • Identifies any changes that occurred and differences that exist between the minimum standards developed, adopted, and maintained by the FMIC and the CFPB’s QM rules. 		
Rulewriting Authority		<p>§ 309 Authority to Issue Regulations</p> <p><u>General Authority</u></p> <p>The FMIC may prescribe such regulations and issue such guidelines, orders, requirements, or standards, as necessary to carry out this Act, or any amendment made by this Act, and to ensure—</p> <ul style="list-style-type: none"> • Competition among approved entities in the secondary mortgage market; • Liquidity in the secondary mortgage market and the forward execution market for single-family eligible mortgage loans and single-family covered securities, such 		

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		<p>as the TBA market; and</p> <ul style="list-style-type: none"> • Mitigation of systemic risk in the secondary mortgage market. <p><u>Capital Standards</u></p> <ul style="list-style-type: none"> • For each type of covered entity the FMIC shall establish, by regulation, capital standards and related solvency standards necessary to implement the provisions of this Act. • The regulations required under this subsection shall define all such terms as are necessary to carry out the purposes of this subsection. In defining instruments and contracts that qualify as capital, the FMIC— <ul style="list-style-type: none"> ○ Shall include such instruments and contracts that will absorb losses before the MIF; and ○ May assign significance to those instruments and contracts based on the nature and risks of such instruments and contracts. • Solely for the purposes of calculating a capital ratio appropriate to the business model of the applicable entity, the FMIC shall consider for the denominator— <ul style="list-style-type: none"> ○ Total assets; ○ Total liabilities; ○ Risk in force; or ○ Unpaid principal balance. • The capital and related solvency 		

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		<p>standards established under this subsection shall be designed to—</p> <ul style="list-style-type: none"> ○ Ensure the safety and soundness of a covered entity; ○ Minimize the risk of loss to the MIF; ○ In consultation and coordination with Federal Reserve, FDIC, OCC, and NCUA, reduce the potential for regulatory arbitrage between capital standards for covered entities and capital standards promulgated by Federal regulatory agencies for insured depository institutions and their affiliates; and ○ Be specifically tailored to accommodate a diverse range of business models that may be employed by covered entities. <ul style="list-style-type: none"> ● To prevent or mitigate risks to the U.S. secondary mortgage market that could arise from the material financial distress or failure, or ongoing activities, of covered entities that are large approved aggregators and approved guarantors that engage in covered guarantee transactions, the FMIC, by regulation— <ul style="list-style-type: none"> ○ Shall establish supplemental capital requirements for covered entities that are large approved aggregators and approved guarantors; and ○ May establish such other standards for covered entities that are large approved aggregators and approved 		

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		<p>guarantors that the FMIC determines necessary or appropriate.</p> <p><u>Market Share Limitation for Certain Large Entities</u> The FMIC shall establish, by regulation, market share limitations for large approved aggregators and approved guarantors that would take effect only in the event the FMIC has reason to believe the supplemental capital requirements and other standards are insufficient to prevent or mitigate risks to the U.S. secondary mortgage market that could arise from the material financial distress or failure, or ongoing activities, of such approved aggregators and approved guarantors.</p> <p><u>Recognition of Distinctions Between Approved Entities and FHLBs</u></p> <ul style="list-style-type: none"> • Prior to promulgating any regulation or taking any other formal or informal action of general applicability and future effect relating to the FHLBs, including the issuance of an advisory document or examination guidance, the Chairperson, in consultation with the Office of FHLB Supervision, shall consider the differences between the FHLBs and the approved entities with respect to— <ul style="list-style-type: none"> ○ The FHLB— <ul style="list-style-type: none"> ▪ Cooperative ownership structure; ▪ Mission of providing liquidity to 		

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		<p>its members;</p> <ul style="list-style-type: none"> ▪ Affordable housing and community development mission; ▪ Capital structure; and ▪ Joint and several liability; and <ul style="list-style-type: none"> ○ Any other differences that the FMIC considers appropriate. <ul style="list-style-type: none"> • The FMIC, in coordination with the Office of FHLB Supervision, shall establish capital standards, as required under § 309(b), with respect to an FHLB, or subsidiary or joint office thereof, that is approved as an aggregator under § 312, that: <ul style="list-style-type: none"> ○ Are adequate to support the role of an FHLB as a covered entity, consistent with the safe and sound operations of the FHLB(s) involved; and ○ Do not adversely impact the traditional liquidity and advance business of the FHLB system or the marketability or creditworthiness of FHLB consolidated obligations. <p><u>Regulations Relating to Force-Placed Insurance</u></p> <p>The FMIC shall, by regulation, set standards for the purchase of force-placed insurance by market participants. These standards shall not concern the regulation of the business of insurance or preempt any state law, regulation,</p>		

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		<p>or procedure concerning the regulation of the business of insurance.</p> <p><u>Use and Protection of Personally Identifiable Information</u></p> <ul style="list-style-type: none"> • In collecting information from any person, in publicly releasing information held by the FMIC, or in requiring approved entities to publicly report information, the FMIC shall take steps to ensure that proprietary, personal, or confidential consumer information that is protected from public disclosure under the FOIA, the Privacy Act of 1974, or any other provision of law, is not made public. • With respect to the application of any provision of the Right to Financial Privacy Act of 1978 to a disclosure by an approved entity subject to this subsection, the approved entity shall be treated as if it were a financial institution, as defined in 12 U.S.C. § 3401. • Unless otherwise specified by this Act, any personally identifiable information obtained or maintained by the FMIC in connection with any supervision or enforcement authority or function, including the Office of General Counsel and FMIC OIG, may not be disclosed to any non supervisory or non enforcement office, division, or employee of the 		

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		<p>FMIC, or to any other Federal or State agency unless—</p> <ul style="list-style-type: none"> ○ The information is necessary and appropriate for such office, division, or employee of the FMIC to comply with this Act, and the office, division, or employee cannot reasonably obtain the information through the normal course of business of such office, division, or employee; ○ The other Federal or State agency has satisfied any conditions of information ○ Sharing that the FMIC may establish, including treatment of personally identifiable information and sharing of information that shall conform to the standards for protection of the confidentiality of personally identifiable information and for data integrity and security that are applicable to Federal agencies; or ○ The records are relevant to a legitimate law enforcement inquiry, or intelligence or counterintelligence activity, investigation or analysis related to international terrorism within the jurisdiction of the receiving entity. <ul style="list-style-type: none"> • Any office created under § 207(a)(1)(B) [other offices the FMIC establishes as necessary and proper] shall develop 		

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		<p>standards regarding treatment and confidentiality of personally identifiable information and the collection and sharing of information that are tailored to the purpose or mission of the office; and obtain approval from the Chairperson of such standards prior to the operation of the office.</p> <p><u>Consumer Privacy</u> The FMIC shall not obtain from an approved entity any personally identifiable financial information about a consumer from the financial records of the approved entity, except—</p> <ul style="list-style-type: none"> • If the financial records are reasonably described in a request by the FMIC and the consumer provides written permission for the disclosure of such information by an approved entity to the FMIC; or • As may be specifically permitted or required under other applicable provisions of law and in accordance with the Right to Financial Privacy Act of 1978 (12 U.S.C. 3401 et seq.). 		
Approval of Guarantors		<p>§ 310 Equivalency in Protection of the MIF In order to protect the MIF and promote multiple sources of first loss positions, the FMIC shall seek to ensure equivalent loss absorption capacity between approved credit risk-sharing mechanisms pursuant to § 302 and capital standards for approved guarantors</p>	<p>§ 223 Authority Related to Oversight of Bond Guarantors and Other Private Market Credit Risk Guarantors <u>Standards for Approval</u> The NMFA shall develop, adopt, and publish standards for the approval by the NMFA of bond guarantors or private market participants</p>	<p>§ 403 Approval and Supervision of Multifamily Guarantors <u>In General</u> The Director shall develop, adopt, publish, and enforce standards for the approval by the Director of multifamily guarantors to—</p> <ul style="list-style-type: none"> • Issue securities collateralized by eligible

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		<p>pursuant to § 311.</p> <p>Subtitle B—Approval and Supervision of Guarantors</p> <p>§ 311 Approval and Supervision of Guarantors <u>Standards for Approval of Guarantors</u> The FMIC shall develop, adopt, and publish standards for the approval by the FMIC of guarantors to guarantee the timely payment of principal and interest on securities collateralized by eligible single-family mortgage loans and insured by the FMIC. The standards shall include—</p> <ul style="list-style-type: none"> • The financial history and condition of the guarantor; • A requirement that the guarantor maintain capital levels as defined by the FMIC; • The capability of the guarantor’s management; • The general character and fitness of the guarantor’s officers and directors, including their compliance history with Federal and State laws and rules and regulations of self-regulatory organizations as defined in § 3(a)(26) of the Exchange Act as applicable; • The risk presented by the guarantor to the MIF; • The adequacy of insurance and fidelity coverage of the guarantor; 	<p>that will guarantee credit risk related to covered securities. Such standards shall cover any credit risk holder that will have a continuing obligation to the originator or Issuer. The standards shall include—</p> <ul style="list-style-type: none"> • The financial history and condition of the guarantor; • Minimum capital levels adequate to ensure that the guarantor can meet any credit losses it guarantees; • The general character and fitness of the management of the guarantor, including compliance history with Federal and State laws; • The risk presented by the guarantor to the MIF; • The adequacy of insurance and fidelity coverage of the guarantor; • A requirement that the guarantor submit audited financial statements to the Director; • A requirement that the guarantor meet a minimum tangible threshold as the NMFA determines necessary; and • Any other standard the NMFA deems appropriate. <p><u>Rule of Construction</u> A covered security that a bond guarantor has insured or in which a bond guarantor or other private market entity has guaranteed credit risk shall be deemed to have satisfied the</p>	<p>multifamily mortgage loans; and</p> <ul style="list-style-type: none"> • Guarantee the timely payment of principal and interest on such securities collateralized by eligible multifamily mortgage loans and insured by Ginnie Mae. <p><u>Required Standards</u> The standards shall include standards sufficient to ensure that—</p> <ul style="list-style-type: none"> • Each multifamily guarantor is well-capitalized; and • Credit risk-sharing levels under any such guarantees are commensurate with such levels under the Delegated Underwriting and Servicing Lender Program and the Capital Market Execution Program Series K Structured 2Pass-Through Certificates originated and offered under the Program Plus Lender Program. <p><u>Pricing</u> Ginnie Mae shall charge a g-fee for guarantees provided pursuant to this section and such fee shall be determined by Ginnie Mae—</p> <ul style="list-style-type: none"> • In the same manner and using the same procedures used pursuant to title II to determine g-fees for securities backed by single-family housing mortgages, with such changes as Ginnie Mae determines to be necessary to account for the

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		<ul style="list-style-type: none"> • The ability of the guarantor to— <ul style="list-style-type: none"> ○ At the discretion of the guarantor, transfer investment risk and credit risk to private market holders in the single-family market in accordance with the credit risk-sharing mechanisms approved by the FMIC under § 302; ○ Create mechanisms to guarantee multi-lender pools; and ○ Ensure that eligible single-family mortgage loans that collateralize a single-family covered security insured under this title are originated in compliance with the requirements of this Act; • The capacity of the guarantor to take the first loss position; • That the guarantor has the capacity to guarantee eligible single-family mortgage loans in a manner that furthers the purposes of the FMIC described in § 201(b)(5) [FMIC purpose to credit and financing through business cycles], but this shall not be construed to prevent the FMIC from approving a small or specialty guarantor, provided that the guarantor has the capacity to adequately diversify its risk to meet appropriate safety and soundness concerns; • A requirement that the guarantor timely issue publicly available audited financials 	<p>requirements for placement of credit risk under § 202, provided that it meets all requirements of the NMFA.</p> <p><u>Application and Approval</u></p> <ul style="list-style-type: none"> • The NMFA shall establish an application process, in such form and manner and requiring such information as the NMFA may require, for the approval under this section of bond guarantors and private market entities that will guarantee credit risk. • If an insured depository institution seeks such approval, such institution may only submit its application via a separately capitalized affiliate or subsidiary. • The NMFA may approve any such application provided the bond guarantor or private market entity meets the required standards. • The NMFA shall— <ul style="list-style-type: none"> ○ Publish in the Federal Register a list of newly approved bond guarantors and private market entities that will guarantee credit risk; and ○ Maintain an updated list of approved bond guarantors and private market entities that will guarantee credit risk on the NMFA’s website. <p><u>Review, Suspension, and Revocation of Approved Status</u></p>	<p>differences between the single-family guarantee business and the multifamily guarantee business; and</p> <ul style="list-style-type: none"> • Taking into account the differences between the g-fees structures of the two GSEs. <p><u>Distinctions</u></p> <p>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 eligible 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.</p>

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		<p>prepared in accordance with GAAP used in the industry;</p> <ul style="list-style-type: none"> • That the guarantor is in compliance with § 210(a)(3) [required annual reports on underserved markets]; • That the guarantor has substantial analytical capabilities to effectively manage credit risk; • That the guarantor does not originate eligible single-family mortgage loans and is not an affiliate of a person that actively engages in the business of originating eligible single-family mortgage loans; and • Any other standard the FMIC determines necessary to protect the MIF. <p>To promote consistency and minimize regulatory conflict, the FMIC shall consult and coordinate with appropriate Federal and State regulators and officials when developing standards pursuant to this subsection.</p> <p><u>Application and Approval</u></p> <ul style="list-style-type: none"> • The FMIC shall establish an application process, in such form and manner and requiring such information as the FMIC may require, for the approval of guarantors under this section. The FMIC shall establish internal timelines for its processing of applications, including timelines for any action to approve or to deny an application. 	<ul style="list-style-type: none"> • The NMFA may review the status of any approved bond guarantor or private market entities that will guarantee credit risk if the NMFA is notified of or becomes aware of any violation by the insurer of this Act or the rules promulgated pursuant to this Act. • If the NMFA determines, in such a review that an approved bond guarantor or private market entity that will guarantee credit risk no longer meets the standards for approval, the NMFA shall revoke the approved status of such guarantor or entity. • The revocation of the approved status of a bond guarantor or private market entity to guarantee credit risk shall have no effect on the status of any covered security. • The NMFA shall— <ul style="list-style-type: none"> ○ Publish in the Federal Register a list of any approved bond guarantors or private market entities that will guarantee credit risk who lost their approved status; and ○ Maintain an updated list of such guarantors and entities on the NMFA’s website. <p><u>Appeals</u></p> <ul style="list-style-type: none"> • A bond guarantor or private market entity that will guarantee credit risk who submits an application to become 	

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		<ul style="list-style-type: none"> • The FMIC may approve any guarantor application, provided the guarantor meets the applicable standards. • The FMIC shall have authority to deny any application if an officer or director of the guarantor has, at any time before approval been subject to a statutory disqualification pursuant to § 3(a)(39) of the Exchange Act or suspended, removed, or prohibited under FDIA § 8(g), prohibited pursuant to FDIA § 8(e)(6) or (7), subject to an action resulting in a written agreement or statement under FDIA § 8(u)(1), for which a violation may be enforced by an appropriate Federal banking agency, or subject to any final order issued under FDIA § 8. • The FMIC shall— <ul style="list-style-type: none"> ○ Provide prompt notice to a guarantor of the approval or denial of any application of the guarantor to become an approved guarantor under this section; ○ Publish a notice in the Federal Register upon approval of any guarantor; and ○ Maintain an updated list of approved guarantors on the FMIC’s website. <p><u>Requirement to Maintain Approval Status</u></p> <ul style="list-style-type: none"> • If the FMIC determines that an approved guarantor no longer meets the standards 	<p>approved under this section may appeal a decision of the NMFA denying such application.</p> <ul style="list-style-type: none"> • An approved bond guarantor or private market entity that will guarantee credit risk may appeal a decision of the NMFA suspending or revoking the approved status of such guarantor or entity. • Any bond guarantor or private market entity that will guarantee credit risk who files such an appeal shall file the appeal with the NMFA not later than 90 days after the date on which the person receives notice of the decision of the NMFA being appealed. • The NMFA shall make a final determination with respect to an appeal not later than 180 days after the date on which the appeal is filed. <p><u>Limitations on Approved Bond Guarantors or Other Private Market Credit Risk Guarantor</u></p> <p>With respect to any eligible mortgage or covered security insured under this Act, an approved bond insurer or other private market credit insurer may not also provide insurance unless it meets such additional standards as the NMFA may specify.</p>	

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		<p>for such approval or violates the requirements under this Act, including any standards, regulations, or orders promulgated in accordance with this Act, the FMIC may—</p> <ul style="list-style-type: none"> ○ Suspend or revoke the approved status of the approved guarantor; or ○ Take any other action with respect to such approved guarantor as may be authorized under this Act. <ul style="list-style-type: none"> • The suspension or revocation of the approved status of an approved guarantor shall have no effect on the status as a covered security of any covered security collateralized by eligible mortgage loans with which the approved guarantor contracted before the suspension or revocation. • The FMIC shall— <ul style="list-style-type: none"> ○ Promptly publish a notice in the Federal Register upon suspension or revocation of the approval of any approved guarantor; and ○ Maintain an updated list of such approved guarantors on the website of the FMIC. • 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. 		

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		<p><u>Prudential Standards for Supervision</u> The FMIC shall prescribe prudential standards for approved guarantors in order to—</p> <ul style="list-style-type: none"> • Ensure— <ul style="list-style-type: none"> ○ The safety and soundness of approved guarantors; and ○ The maintenance of approval standards by approved guarantors; and • Minimize the risk presented to the MIF. <p><u>Reports and Examinations</u> For purposes of determining whether an approved guarantor is fulfilling the requirements under this Act, the FMIC shall have the authority to require reports from and examine approved guarantors, in the same manner and to the same extent as the FDIC has with respect to insured depository institutions under FDIA § 9.</p> <p><u>Enforcement</u> The FMIC shall have the authority to enforce the provisions of this Act with respect to approved guarantors, in the same manner and to the same extent as the FDIC has with respect to insured depository institutions under 12 U.S.C. 1818(b) through (n).</p> <p><u>Capital Standards</u></p> <ul style="list-style-type: none"> • Pursuant to the requirement to establish 		

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		<p>capital and related solvency standards under § 309(b), the FMIC shall establish standards for approved guarantors that require an approved guarantor—</p> <ul style="list-style-type: none"> ○ To hold 10 percent capital; and ○ To maintain solvency levels adequate for the approved guarantor to withstand losses that might be incurred by the approved guarantor in a period of economic stress, including national and regional home price declines, such as those observed during moderate to severe recessions in the U.S. For these purposes, the FMIC shall consider the extent, amount, and form of risk-sharing and risk mitigation through the use by approved guarantors of credit risk-sharing mechanisms approved pursuant to § 302(b)(4). The FMIC shall allow such risk-sharing and risk mitigation to fulfill required amounts of capital such that it ensures an equivalent amount of loss absorption capacity as required under § 302(a)(1)(B) while maintaining an appropriate structure of capital as determined by the FMIC. <ul style="list-style-type: none"> • The FMIC shall conduct appropriate stress tests of approved guarantors that have total assets of more than \$10,000,000,000, provided that such 		

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		<p>stress tests shall be—</p> <ul style="list-style-type: none"> ○ Specifically tailored to the business model of the approved guarantor; ○ Utilized to— <ul style="list-style-type: none"> ▪ Ensure the safety and soundness of the approved guarantor; and ▪ Minimize the risk the approved guarantor may present to the MIF; and ○ Coordinated with the Federal Reserve, if the approved guarantor is an affiliate of an insured depository institution. <p><u>Resolution Authority for Failing Guarantors</u></p> <ul style="list-style-type: none"> • Notwithstanding any other provision of Federal law, the law of any State, or the constitution of any State, the FMIC shall— <ul style="list-style-type: none"> ○ Have the authority to act, in the same manner and to the same extent, with respect to an approved guarantor, as the FDIC has with respect to insured depository institutions under 12 U.S.C. §§ 1821(c) through (s), 1822, and 1823 [conservatorship and receivership authority], while tailoring such actions to the specific business model of the approved guarantor, as may be necessary to properly exercise such authority under this subsection; ○ In carrying out any such authority, 		

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		<p>act, in the same manner and to the same extent, with respect to the MIF as the FDIC may act with respect to the Deposit Insurance Fund under such FDIA authorities;</p> <ul style="list-style-type: none"> ○ Prescribe regulations governing the applicable rights, duties, and obligations of an approved guarantor placed into resolution under this subsection, its creditors, counterparties, and other persons, as the FMIC deems necessary to properly exercise such receivership and conservatorship authority; ○ Consistent with such FDIA authorities provided to the FMIC, immediately place an insolvent approved guarantor into receivership; and ○ Upon placing an approved guarantor into receivership, treat single-family covered securities insured under § 303 in the same manner as the FDIC treats deposit liabilities under FDIA § 11(d)(11)(A)(ii) and insured deposits under FDIA § 11(f), where the FMIC has the same right of subrogation as the FDIC has under FDIA § 11(g). <ul style="list-style-type: none"> • The FMIC may not exercise any such authority with respect to any approved guarantor unless the total amount of the expenditures by the FMIC and obligations 		

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		<p>incurred by the FMIC in connection with the exercise of any such authority with respect to such approved guarantor is the least costly to the MIF, consistent with the least cost approach specified in the FDIA (12 U.S.C. 1811 et seq.), of all possible methods for meeting the FMIC's obligations under this Act and expeditiously concluding its resolution activities, subject to FDIA § 13, where the FMIC and Board of Directors have the same authority as the FDIC and the FDIC's board.</p> <ul style="list-style-type: none"> • The FMIC, in carrying out any authority provided in this subsection, shall prescribe regulations to ensure that any amounts owed to the U.S., unless the U.S. agrees or consents otherwise, shall have priority following administrative expenses of the receiver when satisfying unsecured claims against an approved guarantor, or the receiver therefor, that are proven to the satisfaction of the receiver. <p><u>Hearing</u> Upon notice of denial of an application for approval or upon a notice of suspension or revocation of the approved status of an approved guarantor, the applicant or approved guarantor shall be afforded a hearing under 12 U.S.C. 1818(h), in the same manner and to the same extent as if the FMIC were the</p>		

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		<p>appropriate Federal banking agency, provided that the approved guarantor submits a request to the FMIC for a hearing not later than 10 days after the date on which the notice is published.</p> <p><u>Permission to Carry Out Other Activities</u> Nothing in this Act prohibits an approved guarantor from being an affiliate of an approved aggregator, provided that each aggregator and each guarantor, independent of each other, meets the approval standards established by the FMIC under this title.</p> <p><u>Provision of Pool Level Insurance</u> Subject to such standards as the FMIC may provide, an approved guarantor may provide insurance or other credit enhancement on a pool of eligible single-family mortgage loans collateralizing a single-family covered security insured under this title.</p> <p><u>Prohibited Activity</u> An approved guarantor may not—</p> <ul style="list-style-type: none"> • Originate eligible single-family mortgage loans; or • Be an affiliate of a person that actively engages in the business of originating eligible single-family mortgage loans. <p><u>Guarantors Required to Pay Claims</u> Subject to such standards as the FMIC may</p>		

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		provide, an approved guarantor may not for any reason withhold payment of funds that would ensure holders of single-family covered securities receive timely payment of principal and interest on single-family covered securities. The FMIC shall by regulation develop a process for the mediation and resolution of disputed payment amounts.		
Approval of Aggregators, or Originators and Aggregators	<p>§ 322(f) Standards for Aggregators The Utility may develop, adopt, and publish standards for aggregation of eligible collateral by entities, institutions, or companies other than an issuer. Notwithstanding any such standards developed by the Utility, any FHLB may act as an aggregator and offer the service of aggregation to any member of such FHLB, subject to regulations prescribed by the Director.</p>	<p>§ 312 Approval and Supervision of Aggregators <u>Standards for Approval of Mortgage Aggregators</u></p> <ul style="list-style-type: none"> • The FMIC shall develop, adopt, and publish standards for the approval by the FMIC of mortgage aggregators to deliver eligible single-family mortgage loans to the Securitization Platform for securitization by such aggregator as a single-family covered security. • The standards shall include standards with respect to the ability of mortgage aggregator to— <ul style="list-style-type: none"> ○ Aggregate eligible single-family mortgage loans into pools, including multi-lender pools, as appropriate; ○ Transfer investment risk and credit risk to private market participants in accordance with the credit risk-sharing mechanisms approved by the FMIC under § 302; ○ Ensure equitable access to the secondary mortgage market for 		<p>§ 103 Regulation of Market Participants and Aggregators <u>Approval Authority</u> The Platform [created in § 201] 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 Ginnie Mae Director (in this section referred to as the “Director”).</p> <p><u>General Supervisory and Regulatory Authority</u> Pursuant to such authority:</p> <ul style="list-style-type: none"> • All market participants and participating aggregators shall, to the extent provided in this section, be subject to the supervision and regulation of the Director. • 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.

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		<p>single-family covered securities for all institutions regardless of size or geographic location; and</p> <ul style="list-style-type: none"> ○ Ensure that eligible single-family mortgage loans that collateralize a single-family covered security insured under this title are originated in compliance with the requirements of this Act. • The standards shall also include— <ul style="list-style-type: none"> ○ The financial history and condition of the mortgage aggregator; ○ The adequacy of the capital structure of the mortgage aggregator; ○ The capability of the mortgage aggregator’s management; ○ The general character and fitness of the mortgage aggregator’s officers and directors, including their compliance history with Federal and State laws and rules and regulations of self-regulatory organizations as defined in § 3(a)(26) of the Exchange Act as applicable; ○ The risk presented by the mortgage aggregator to the MIF; ○ The adequacy of insurance and fidelity coverage of the mortgage aggregator; ○ A requirement that the mortgage aggregator submit audited financial statements to the FMIC; ○ That the mortgage aggregator has the 		<p><u>Principal Duties</u> Among the principal duties of the Director shall be—</p> <ul style="list-style-type: none"> • To oversee the prudential operations of each market participant and participating aggregator; and • To ensure that— <ul style="list-style-type: none"> ○ Each market participant and participating aggregator operates in a safe and sound manner, including maintenance of adequate capital and internal controls; and ○ Each market participant and participating aggregator complies with this section and the rules, regulations, guidelines, and orders issued under this section. <p><u>Prudential Management and Operations Standards</u></p> <ul style="list-style-type: none"> • The Director shall establish prudential standards, by regulation or guideline, for market participants and participating aggregators to— <ul style="list-style-type: none"> ○ Ensure— <ul style="list-style-type: none"> ▪ The safety and soundness of market participants and participating aggregators; and ▪ The maintenance of approval standards by market participants and participating aggregators;

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		<p>capacity to aggregate mortgage loans in a manner that furthers purposes of the FMIC described in section § 201(b)(5). This shall not be construed to prevent the FMIC from approving a small or specialty mortgage aggregator, provided that the mortgage aggregator has the capacity to adequately diversify its risk to meet appropriate safety and soundness concerns;</p> <ul style="list-style-type: none"> ○ That the mortgage aggregator is in compliance with § 210(a)(3); and ○ Any other standard the FMIC determines necessary to protect the MIF. <p>To promote consistency and minimize regulatory conflict, the FMIC shall consult and coordinate with appropriate Federal and State regulators and officials when developing standards pursuant to this subsection.</p> <p><u>Application and Approval</u></p> <ul style="list-style-type: none"> • The FMIC shall establish an application process, in such form and manner and requiring such information as the FMIC may require, for the approval of mortgage aggregators under this section. • The FMIC shall establish internal timelines for its processing of applications under this section, including timelines for any action to approve or to 		<p>and</p> <ul style="list-style-type: none"> ○ Minimize the risk presented to the Fund. <ul style="list-style-type: none"> • In establishing such prudential standards, the Director shall distinguish between prudential standards for market participants and such standards for participating aggregators. <p><u>Authority to Require Reports</u></p> <ul style="list-style-type: none"> • 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 operations of the market participant or participating aggregator, as the Director considers appropriate. • The Director may require, by general or specific orders, a market participant or participating aggregator to submit special reports on any of these topics or any other relevant topics, if, in the judgment of the Director, such reports are necessary to carry out the purposes of this Act. <p><u>Examinations and Audits</u></p> <p>The Director may conduct such examinations and audits, including on-site examinations and audits, of market participants and participating</p>

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		<p>deny an application under this section.</p> <ul style="list-style-type: none"> • The FMIC may approve any application, provided the mortgage aggregator meets the applicable standards. • The FMIC shall have authority to deny any application if an officer or director of the mortgage aggregator has, at any time before approval been subject to a statutory disqualification pursuant to § 3(a)(39) of the Exchange Act or suspended, removed, or prohibited under FDIA § 8(g), prohibited pursuant to FDIA § 8(e)(6) or (7), subject to an action resulting in a written agreement or statement under FDIA § 8(u)(1), for which a violation may be enforced by an appropriate Federal banking agency, or subject to any final order issued under FDIA § 8. • The FMIC shall— <ul style="list-style-type: none"> ○ Provide prompt notice to a mortgage aggregator of the approval or denial of any application of the mortgage aggregator to become an approved aggregator under this section; ○ Publish a notice in the Federal Register upon approval of any mortgage aggregator; and ○ Maintain an updated list of approved aggregators on the website of the FMIC. 		<p>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.</p> <p><u>Conflict of Interest Standards</u> 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.</p> <p><u>Capital Stress Tests</u> The Director, in consultation with the Federal Reserve, shall—</p> <ul style="list-style-type: none"> • 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 • Establish capital standards for market participants and participating aggregators based on such tests, which shall include

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		<p><u>Requirement to Maintain Approval Status</u></p> <ul style="list-style-type: none"> • If the FMIC determines that an approved aggregator 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 FMIC may— <ul style="list-style-type: none"> ○ Suspend or revoke the approved status of the approved aggregator; or ○ Take any other action with respect to such approved aggregator as may be authorized under this Act. • The suspension or revocation of the approved status of an approved aggregator shall have no effect on the status as a covered security of any covered security collateralized by eligible mortgage loans with which the approved aggregator contracted before the suspension or revocation. • The FMIC shall— <ul style="list-style-type: none"> ○ Promptly publish a notice in the Federal Register upon suspension or revocation of the approval of any approved aggregator; and ○ Maintain an updated list of such approved aggregators on the FMIC’s website. • In this subsection, the term “violate” includes any action, taken alone or with others, for or toward causing, bringing 		<p>the following classifications: well capitalized, adequately capitalized, undercapitalized, significantly undercapitalized, and critically undercapitalized.</p> <p><u>Enforcement</u> 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 FDIC has with respect to insured depository institutions under the provisions of FDIA § 8(b) through (n).</p> <p><u>Requirement to Maintain Approved Status</u></p> <ul style="list-style-type: none"> • 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— <ul style="list-style-type: none"> ○ Suspend or revoke the status of the market participant or participating aggregator as approved to utilize the Platform; or ○ Take any other action with respect to such market participant or a participating aggregator as may be authorized under this Act.

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		<p>about, participating in, counseling, or aiding or abetting, a violation of the requirements under this Act.</p> <p><u>Prudential Standards for Supervision</u></p> <ul style="list-style-type: none"> • Subject to the requirement below for the FMIC to consult with regulators for approval standards for depositories, the FMIC shall prescribe prudential standards for approved aggregators in order to— <ul style="list-style-type: none"> ○ Ensure— <ul style="list-style-type: none"> ▪ The safety and soundness of approved aggregators; and ▪ The maintenance of approval standards by approved aggregators; and ○ Minimize the risk presented to the MIF. • In prescribing such prudential standards, the FMIC shall— <ul style="list-style-type: none"> ○ Distinguish between prudential standards for approved aggregators that are insured depository institutions, approved aggregators that are affiliates of insured depository institutions, and approved aggregators that are neither insured depository institutions nor affiliates of insured depository institutions; and ○ Consult and coordinate with Federal and State banking agencies when 		<ul style="list-style-type: none"> • 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. • The Director shall— <ul style="list-style-type: none"> ○ Promptly publish a notice in the Federal Register upon suspension or revocation of the approval of any market participant or a participating aggregator; and ○ Maintain an updated list of such approved market participants and participating aggregators on the website of Ginnie Mae. • In this subsection, the term <i>violate</i> 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. <p><u>Resolution Authority</u></p> <ul style="list-style-type: none"> • Notwithstanding any other provision of Federal law, the law of any State, or the constitution of any State, the Director shall— <ul style="list-style-type: none"> ○ Have the authority to act, in the same manner and to the same extent, with

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		<p>establishing prudential standards for approved aggregators that either are insured depository institutions or affiliates of insured depository institutions, to minimize duplication and conflicts with the prudential standards set by the appropriate Federal or State banking agencies of insured depository institutions or the affiliates of insured depository institutions.</p> <ul style="list-style-type: none"> • Nothing in this section shall supersede the prudential standards established by the appropriate Federal banking agency. <p><u>Reports and Examinations</u> For purposes of gathering information to determine whether an approved aggregator is fulfilling the requirements under this Act, the FMIC shall have the authority to require reports from and examine approved aggregators as follows:</p> <ul style="list-style-type: none"> • For approved aggregators that are neither an insured depository institution nor an affiliate of an insured depository institution, the FMIC shall have the authority to require reports from and examine approved aggregators, in the same manner and to the same extent as the FDIC has with respect to insured depository institutions under FDIA § 9(a). • For approved aggregators that are an 		<p>respect to a market participant or participating aggregator that the Director determines is classified as critically undercapitalized, as the FDIC has with respect to insured depository institutions under FDIA §§ 11(c) through (s), 12, and 13, 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;</p> <ul style="list-style-type: none"> ○ In carrying out such authority with respect to a critically undercapitalized market participant or participating aggregator, act, in the same manner and to the same extent, with respect to the Fund as the FDIC may act with respect to the Deposit Insurance Fund under FDIA §§ 11(c) through (s), 12, and 13; and ○ Consistent with FDIA §§ 11(c) through (s), 12, and 13, immediately place an insolvent market participant or participating aggregator into receivership. <ul style="list-style-type: none"> • Notwithstanding such resolution authority, if an insolvent participating aggregator is an insured depository institution or an affiliate of an insured depository institution, the Director shall

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		<p>insured depository institution or an affiliate of an insured depository institutions:</p> <ul style="list-style-type: none"> ○ To the fullest extent possible, the FMIC shall— <ul style="list-style-type: none"> ▪ Rely on the examinations, inspections, and reports of the appropriate Federal or State regulatory agencies; ▪ Avoid duplication of examination activities, reporting requirements, and requests for information; and ▪ Ensure that the depository institution holding company and the subsidiaries of the depository institution holding company are not subject to conflicting supervisory demands by the FMIC and appropriate Federal and State banking agencies. ○ If the FMIC determines that the examinations, inspections, and reports obtained from other regulators are insufficient for the FMIC to adequately supervise approved aggregators, for compliance with this Act, the FMIC shall have the authority to require reports from and examine approved aggregators, in the same manner and to the same extent as the Federal Reserve has with respect to 		<p>recommend, in writing, to such participating aggregator’s appropriate Federal banking agency or State banking regulator to resolve such participating aggregator pursuant to FDIA § 11(c) and other appropriate FDIA sections or appropriate Federal or State law, as applicable.</p> <ul style="list-style-type: none"> • The Director may not exercise any resolution authority 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— <ul style="list-style-type: none"> ○ The Director determines that the exercise of such authority is necessary to ensure proper and continued functioning of the secondary mortgage market; and ○ 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 FDIA, of all possible methods for meeting Ginnie Mae’s obligations under this Act and expeditiously concluding its resolution activities.

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		<p>subsidiaries of bank holding companies institutions under 12 U.S.C. § 1844(c)(1) and (2).</p> <ul style="list-style-type: none"> ○ Before commencing an examination of an approved aggregator, the FMIC shall provide reasonable notice to, and coordinate with, the appropriate Federal banking agency or State regulatory agency. ○ Nothing in this Act shall limit the authority of the FMIC to require reports of and examine an approved aggregator— <ul style="list-style-type: none"> ▪ To verify the sale of, and funds received, from the first loss position; and ▪ When the FMIC becomes aware— <ul style="list-style-type: none"> ◆ Of a material threat to the safety and soundness of the approved aggregator; ◆ That the approved aggregator is in material violation of this Act or FMIC rules; or ◆ That the activities of the approved aggregator threaten the financial stability of the housing finance system or the MIF. <p><u>Enforcement</u></p>		<ul style="list-style-type: none"> • The Director, in carrying out any resolution authority, shall ensure that any amounts owed to the U.S., unless the U.S. 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.

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		<p>The FMIC shall have the authority to enforce the provisions of this Act with respect to approved aggregators, in the same manner and to the same extent as the FDIC has with respect to insured depository institutions under FDIA § 8(b) through (n), provided that to the extent that the FMIC and an appropriate Federal banking agency are each authorized to enforce prudential standards with respect to an approved aggregator that is an insured depository institution or an affiliate of an insured depository institution, the appropriate Federal banking agency shall have primary authority to enforce such standards.</p> <p><u>Capital Standards</u> For approved aggregators that are neither an insured depository institution nor an affiliate of an insured depository institution:</p> <ul style="list-style-type: none"> • Pursuant to the requirement to establish capital and related solvency standards under § 309(b), the FMIC shall establish standards for approved aggregators that require an approved aggregator— <ul style="list-style-type: none"> ○ To hold capital in an amount comparable to that which is required to be held by insured depository institutions and their affiliates with respect to their applicable aggregating activities; and ○ To maintain solvency levels adequate for the approved aggregator to withstand losses that might be 		

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		<p>incurred by the approved aggregator in a period of economic stress, including national and regional home price declines, such as those observed during moderate to severe recessions in the U.S.</p> <ul style="list-style-type: none"> • The FMIC shall conduct appropriate stress tests of such approved aggregators that have total assets of more than \$10,000,000,000, provided that such stress tests shall be— <ul style="list-style-type: none"> ○ Specifically tailored to the business model of the approved aggregator; and ○ Utilized to— <ul style="list-style-type: none"> ▪ Ensure the safety and soundness of the approved aggregator; and ▪ Minimize the risk the approved aggregator may present to the MIF. <p><u>Resolution Authority for Failing Aggregators</u></p> <ul style="list-style-type: none"> • Notwithstanding any other provision of Federal law, the law of any State, or the constitution of any State, the FMIC shall— <ul style="list-style-type: none"> ○ Have the authority to act, in the same manner and to the same extent, with respect to an approved aggregator that is not an insured depository institution as the FDIC with respect to insured depository institutions 		

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		<p>under 12 U.S.C. §§ 1821(c) through (s), 1822, and 1823 [conservatorship and receivership authority], while tailoring such actions to the specific business model of the approved aggregator, as may be necessary to properly exercise such authority under this subsection;</p> <ul style="list-style-type: none"> ○ In carrying out any such authority, act, in the same manner and to the same extent, with respect to the MIF as the FDIC may act with respect to the Deposit Insurance Fund under such FDIA authorities; ○ Prescribe regulations governing the applicable rights, duties, and obligations of an approved aggregator that is not an insured depository institution placed into resolution under this subsection, its creditors, counterparties, and other persons, as the FMIC deems necessary to properly exercise its conservatorship and receivership authorities; and ○ Consistent with such FDIA authorities provided to the FMIC immediately place an insolvent approved aggregator that is not an insured depository institution into receivership. <ul style="list-style-type: none"> ● If an insolvent approved aggregator is an insured depository institution, the FMIC 		

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		<p>shall recommend, in writing, to such approved aggregator's appropriate Federal banking agency or State banking regulator to resolve such approved aggregator, which agency shall have sole authority to resolve such aggregator pursuant to FDIA § 11(c) or appropriate Federal or State law, as applicable.</p> <ul style="list-style-type: none"> • The FMIC may not exercise any resolution authority with respect to any approved aggregator that is not an insured depository institution or an affiliate of an insured depository institution unless the total amount of the expenditures by the FMIC and obligations incurred by the FMIC in connection with the exercise of any such authority with respect to such approved aggregator is the least costly to the MIF, consistent with the least cost approach specified in the FDIA, of all possible methods for meeting the FMIC's obligations under this Act and expeditiously concluding its resolution activities, subject to FDIA § 13 where the FMIC and Board of Directors shall have the same authority as the FDIC and its board. • The FMIC, in carrying out any authority provided in this subsection, shall prescribe regulations to ensure that any amounts owed to the U.S., unless the U.S. agrees or consents otherwise, shall have 		

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		<p>priority following administrative expenses of the receiver when satisfying unsecured claims against an approved aggregator, or the receiver therefor, that are proven to the satisfaction of the receiver.</p> <p><u>Hearing</u> Upon notice of denial of an application for approval or upon a notice of suspension or revocation of the approved status of an approved aggregator, the applicant or approved aggregator shall be afforded a hearing under FDIA § 8(h), in the same manner and to the same extent as if the FMIC were the appropriate Federal banking agency, provided that the approved aggregator submits a request for a hearing not later than 10 days after the date on which the notice is published.</p> <p><u>Permission to Carry Out Other Activities</u> Nothing in this Act prohibits an approved aggregator from being an affiliate of an approved guarantor, if each aggregator and each guarantor, independent of each other, meets the approval standards established by the FMIC under this title.</p> <p><u>Information Sharing Regarding Insured Depositories and Their Affiliates</u></p> <ul style="list-style-type: none"> • To the extent the FMIC has relevant information indicating that an approved aggregator that is an insured depository or 		

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		<p>an affiliate of an insured depository:</p> <ul style="list-style-type: none"> ○ Faces a material threat to its safety and soundness, including insufficient capital, ○ May be in material violation of Federal banking law, or ○ May threaten the financial stability of the housing finance system or the MIF, the FMIC shall notify, in writing, such appropriate Federal banking agency that such conditions exist. The FMIC shall have no authority to enforce prudential standards established by an appropriate Federal banking agency pursuant to the appropriate Federal banking agency's authority. <ul style="list-style-type: none"> ● To the extent an appropriate Federal banking agency or State banking agency has relevant information indicating that an approved aggregator that is an insured depository institution or an affiliate of an insured depository institution <ul style="list-style-type: none"> ○ Faces a material threat to its safety and soundness, including insufficient capital, ○ May be in material violation of this Act or FMIC rules, or ○ May threaten the financial stability of the housing finance system or the MIF, <p>such appropriate Federal banking agency or State banking agency shall notify, in</p>		

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		<p>writing, the FMIC that such conditions exist.</p> <p><u>Rule of Construction Regarding Preservation of FMIC Authority</u> Nothing in this section limits, or shall be construed to limit, the authority of the FMIC to provide exemptions to, or adjustments for, the provisions of this section based on the asset size of approved aggregators, or other criteria, as the FMIC deems appropriate, in order to reduce regulatory burdens while appropriately balancing protection of the MIF.</p> <p><u>FHLBs, Joint Offices, and Bank Subsidiaries as Aggregators</u></p> <ul style="list-style-type: none"> Section 12 of the FHLB Act (12 U.S.C. 1432) is amended, effective on the system certification date, by adding at the end: “(c) Subject to such regulations as may be prescribed by the Agency, in coordination with the Federal Mortgage Insurance Corporation, 1 or more Federal Home Loan Banks may establish a subsidiary or joint office in any form under the laws of any state, subject to approval of the Corporation. Any subsidiary or joint office established under this subsection shall be restricted to engaging in activities related to being an approved aggregator, as that term is defined under section 2 of Housing Finance Reform and Taxpayer Protection Act of 2014. 		

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		<p>“(d) Subject to such regulations as may be prescribed by the Agency, in coordination with the Federal Mortgage Insurance Corporation, 1 or more Federal Home Loan Banks or any subsidiary or joint office of a Federal Home Loan Bank established under subsection (c) may apply to become, and may become, an approved aggregator, as that term is defined under section 2 of the Housing Finance Reform and Taxpayer Protection Act of 2014.”</p> <ul style="list-style-type: none"> • Section 10(a) of the FHLB is amended, effective on the agency transfer date— <ul style="list-style-type: none"> ○ In paragraph (2)(B), by adding that long-term advances made be made for the purpose of CDFIs (even if not for small businesses, small farms, small agri-businesses, and community development activities, as under current law). ○ In paragraph (3)(E), by adding the bold text below, that advances may be secured by “Secured loans for small business, agriculture, or community development activities or securities representing a whole interest in such secured loans, in the case of any community financial institution or community development financial institution” and it would define CDFI the same as in § 103 of the Riegle Community 		

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		<p>Development and Regulatory Improvement Act (12 U.S.C. § 4702).</p> <ul style="list-style-type: none"> • Notwithstanding FHLB Act § 11, and covered security secured by eligible mortgage loans transferred to the Platform by an FHLB or subsidiary or joint office thereof, acting as an approved aggregator, shall not be designated as, or considered to be the joint and several obligations of the FHLBs. 		
Standards for Qualified Issuers	<p>§ 322(g) Standards for Qualified Issuers <u>Standards for Qualified Issuers</u></p> <ul style="list-style-type: none"> • The Utility shall develop, adopt, and publish standards for an issuer to qualify as a qualified issuer. Such standards shall only include— <ul style="list-style-type: none"> ○ The experience, financial resources, and integrity of the issuer and its principals, including compliance history with Federal and State laws; ○ The adequacy of insurance and fidelity coverage of the issuer with respect to errors and omissions; and ○ A requirement that the issuer submit audited financial statements to the Utility, who shall make such statements publicly available through its website. • The Utility shall establish an application process for the qualification of issuers, in such form and manner and requiring such 			

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	<p>information as the Utility may prescribe, in accordance with such standards.</p> <ul style="list-style-type: none"> ○ The Utility shall approve any application unless the issuer does not meet the adopted standards. ○ The Agency shall publish a list of newly qualified issuers in the Federal Register and the Utility shall maintain an updated list of qualified issuers on its Web site. • The Utility may review the status of a qualified issuer if the Utility is notified that a claim has been made against the issuer by a trustee with respect to a violation of a contractual term in a securitization document of the issuer. <ul style="list-style-type: none"> ○ If the Utility determines, subject to the approval of the Director, in such a review, that an issuer no longer meets the standards for qualification, the Utility shall revoke the issuer's qualified status. The revocation of an issuer's qualified status shall— <ul style="list-style-type: none"> ▪ Have no effect on the qualified status of any security issued before such revocation; and ▪ Not relieve the issuer of any obligation associated with any representation or warranty or any repurchase obligations related to any qualified security issued before such revocation. ○ The Utility shall establish standards 			

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	<p>by which a qualified issuer who no longer meets the standards for qualification may remediate and return to meeting the standards, without losing the issuer's qualified status.</p> <ul style="list-style-type: none"> ○ The Agency shall publish a list of issuers who are no longer qualified in the Federal Register and the Utility shall maintain an updated list of such issuers on its Web site. 			
Standards for Trustees	<p>§ 322(h) Standards for Trustees</p> <ul style="list-style-type: none"> • There shall at all times be one or more trustee for each pool of mortgages that acts as collateral for a qualified security. • The Director shall issue regulations regarding the qualifications of trustees that shall, to the extent practicable, be consistent with the qualification provisions applicable to trustees under section 310(a) of the Trust Indenture Act of 1934 (15 U.S.C. 77jjj(a)). • The Director shall issue conflict of interest regulations that apply to a qualified trustee. Such regulations shall, to the extent practicable, be consistent with those conflict of interest provisions applicable to an indenture trustee under section 310(b) of the Trust Indenture Act of 1934 (15 U.S.C. 77jjj(b)). • Any time a trustee brings a claim against a qualified issuer on behalf of investors 			

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	<p>with respect to a standard form securitization agreement, the trustee shall notify the Director of such claim.</p> <ul style="list-style-type: none"> • For the purpose of protecting investor rights, each trustee shall— <ul style="list-style-type: none"> ○ Maintain a list of all investors (beneficial owners) in a qualified security; ○ Update such list from time to time; ○ Not make such list available to investors (beneficial owners); and ○ Act as a means to communicate information about the qualified security to investors (beneficial owners) and act as a means for investors (beneficial owners) to communicate with each other. • A trustee shall not be liable for the content of any information provided to the trustee by an investor (beneficial owner) that the trustee communicates to another investor (beneficial owner). • A person who becomes an investor (beneficial owner) in a qualified security shall promptly notify the trustee of such security of the change in ownership. 			
Approval of PMIs		<p>§ 313 Approval of PMIs <u>Approval Standards</u> The FMIC shall develop, adopt, and publish standards for its approval of private mortgage insurers to provide private mortgage loan insurance on eligible single-family mortgages</p>	<p>§ 221 Approval of PMIs <u>Standards for Approval of Private Mortgage Insurers</u> The NMFA shall develop, adopt, and publish standards for the approval by the NMFA of private mortgage insurers to provide private</p>	

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		<p>that collateralize single-family covered securities. The standards shall include—</p> <ul style="list-style-type: none"> • The financial history and current financial condition, including capital and loss reserves to comply with any applicable State law or regulation, of the insurer; • The capability of the insurer’s management; • The general character and fitness of the insurer’s officers and directors, including their compliance history with Federal and State laws and rules and regulations of self-regulatory organizations as defined in § 3(a)(26) of the Exchange Act as applicable; • That the insurer has the capacity to insure eligible single-family mortgage loans in a manner to comply with any applicable State law or regulation that furthers the purposes of the FMIC to facilitate the broad availability of mortgage credit and secondary mortgage market financing through fluctuations in the business cycle for eligible single-family and multifamily lending across all regions, localities, institutions, property types including rental, and eligible borrowers. This shall not be construed to prevent the FMIC from approving a small or specialty private mortgage insurer, provided that the private insurer has the capacity to adequately diversify its risk to meet 	<p>mortgage insurance on eligible mortgages. The required standards shall include—</p> <ul style="list-style-type: none"> • The financial history and condition of the insurer; • The adequacy of the insurer’s capital structure, including whether the insurer has sufficient capital to cover the first loss insurance obligations it assumes under this Act and that might be incurred in a period of economic stress, including, but not limited to, any period of economic stress that would result in a 30% (or greater) national home price decline; • The general character and fitness of the management of the insurer, including compliance history with Federal and State laws; • The risk presented by such insurer to the MIF; • The adequacy of insurance and fidelity coverage of the insurer; • A requirement that the insurer submit audited financial statements to the Director; and • Any other standard the NMFA determines necessary or appropriate. <p><u>Application and Approval</u></p> <ul style="list-style-type: none"> • The NMFA shall establish an application process, in such form and manner and requiring such information as the NMFA may require, for the approval of private 	

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		<p>solvency standards required by any applicable State law or regulation.</p> <ul style="list-style-type: none"> • The risk presented by such insurer to the MIF; • The adequacy of insurance and fidelity coverage of the insurer; • A requirement that the insurer submit audited financial statements to the FMIC; and • Any other standard the FMIC, after notice and comment, determines necessary to avoid significant risk to the MIF, provided the standard does not materially conflict with State law. <p>To promote consistency and minimize regulatory conflict, the FMIC shall consult and coordinate with appropriate Federal regulators and State regulators and officials when developing these standards.</p> <p><u>Application and Approval</u></p> <ul style="list-style-type: none"> • The FMIC shall establish an application process, in such form and manner and requiring such information as the FMIC may require, for the approval of private mortgage insurers under this section. The FMIC shall establish internal timelines for its processing of applications, including timelines for any action to approve or to deny an application. • The FMIC shall notify the appropriate State insurance regulator upon receipt of 	<p>mortgage insurers under this section.</p> <ul style="list-style-type: none"> • The NMFA may approve any application provided the private mortgage insurer meets the required standards. • The NMFA shall— <ul style="list-style-type: none"> ○ Publish in the Federal Register a list of newly approved private mortgage insurers; and ○ Maintain an updated list of approved private mortgage insurers on its website. <p><u>Review, Suspension, and Revocation of Approved Status</u></p> <ul style="list-style-type: none"> • The NMFA may review the status of any approved private mortgage insurer if the NMFA is notified of or becomes aware of any violation by the insurer of this Act or the rules promulgated pursuant to this Act. • If the NMFA determines, in such a review, that an approved private mortgage insurer no longer meets the standards for approval, the NMFA may suspend or revoke the approved status of such insurer. • The suspension or revocation of an approved private mortgage insurer's approved status shall have no effect on the status of any covered security or on previously contracted insurance written by such private mortgage insurer. 	

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		<p>any application of by a private mortgage insurer to become an approved private mortgage insurer.</p> <ul style="list-style-type: none"> • The FMIC may approve any such application if the insurer meets the adopted standards. • The FMIC shall have authority to deny any application if an officer or director of the insurer has, at any time before approval been subject to a statutory disqualification pursuant to § 3(a)(39) of the Exchange Act or suspended, removed, or prohibited under FDIA § 8(g), prohibited pursuant to FDIA § 8(e)(6) or (7), subject to an action resulting in a written agreement or statement under FDIA § 8(u)(1), for which a violation may be enforced by an appropriate Federal banking agency, or subject to any final order issued under FDIA § 8. • The FMIC shall: <ul style="list-style-type: none"> ○ Provide prompt notice to a private mortgage insurer of the approval or denial of any application of the private mortgage insurer to become an approved private mortgage; ○ Publish a notice in the Federal Register upon approval of any private mortgage insurer; ○ Maintain an updated list of approved private mortgage insurers on the FMIC's website; and 	<ul style="list-style-type: none"> • The NMFA shall— <ul style="list-style-type: none"> ○ Publish in the Federal Register a list of any approved private mortgage insurers who lost their approved status; and ○ Maintain an updated list of such insurers on its website. <p><u>Appeals</u></p> <ul style="list-style-type: none"> • A private mortgage insurer who submits an application to become an approved private mortgage insurer may appeal a decision of the NMFA denying such application. An approved private mortgage insurer may appeal a decision of the NMFA suspending or revoking the approved status of such insurer. • Any insurer who files such an appeal shall file the appeal with the NMFA not later than 90 days after the date on which the person receives notice of the decision of the NMFA being appealed. • The NMFA shall make a final determination with respect to an appeal not later than 180 days after the date on which the appeal is filed. <p><u>Avoidance of Conflicts of Interest</u> With respect to any eligible mortgage collateralizing a covered security insured under this Act, an approved private mortgage insurer may not provide insurance both—</p>	

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		<ul style="list-style-type: none"> ○ Provide prompt notice to the appropriate State insurance regulator upon the approval or denial of any application of a private mortgage insurer. • Any insurer who was approved to insure mortgage loans for a GSE the day before the FMIC publishes provisional standards for approving insurers under § 607(a)(2) and was in good standing on that day: <ul style="list-style-type: none"> ○ Shall be deemed conditionally approved for one year from the date the FMIC publishes those § 607(a)(2) provisional standards; ○ Shall, within six months after the FMIC publishes insurer approval standards under § 313(a) apply for approval and; ○ Shall, if it applied within that six months, receive approval or denial of its application within one year after the FMIC publishes § 607(a)(2) provisional standards. <p><u>Review, Suspension, and Revocation of Approved Status</u></p> <ul style="list-style-type: none"> • If the FMIC determines that an approved private mortgage insurer no longer meets the standards for approval, or violates the requirements under this section, including any standards, regulations, or orders promulgated in accordance with this Act, 	<ul style="list-style-type: none"> • In satisfaction of the credit enhancement required under § 2(7)(C) [apparently meaning § 2(7)(A)], and • To cover the first loss position of private market holders of such covered security, unless such mortgage insurer meets such heightened standards as the NMFA may establish. 	

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		<p>the FMIC may:</p> <ul style="list-style-type: none"> ○ Provide prompt notice to the appropriate State insurance regulator that the FMIC determines that an approved private mortgage insurer no longer meets the approval standards; ○ Suspend or revoke the approved status of such insurer, or ○ Take any other action with respect to such approved insurer as may be authorized under this Act. <ul style="list-style-type: none"> • The suspension or revocation of an approved private mortgage insurer’s approved status shall have no effect on the status as a covered security of any covered security collateralized by eligible mortgage loans with which the approved private mortgage insurer contracted prior to the suspension or revocation. • The FMIC shall: <ul style="list-style-type: none"> ○ Promptly publish in the Federal Register a notice of suspension or revocation of an insurer’s approval, and ○ Maintain an updated list of approved insurers on its website. • 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. 		

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		<p><u>State Regulation</u> The appropriate State insurance regulator of an approved private mortgage insurer has primary authority to examine and supervise the approved private mortgage insurer.</p> <p><u>Reports and Examinations</u></p> <ul style="list-style-type: none"> • For purposes of determining whether an approved private mortgage insurer is fulfilling the requirements under this Act, the FMIC may, in coordination with the insurer’s appropriate State insurance regulator, including providing that regulator to join the FMIC in an on-site examination, examine or review any approved private mortgage insurer if the FMIC has substantial reason to believe— <ul style="list-style-type: none"> ○ That an approved private mortgage insurer has engaged in a material violation or pattern of violations of this Act or the rules promulgated pursuant to this Act; or ○ That the activities of an approved private mortgage insurer may threaten the financial stability of the housing finance system or the MIF. • The FMIC shall conduct an examination of an approved private mortgage insurer once, but not more than once, every 3 years, provided the approved private mortgage insurer has not been examined 		

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		<p>on-site by an appropriate State insurance regulator.</p> <ul style="list-style-type: none"> • In conducting such an exam or review, the FMIC shall— <ul style="list-style-type: none"> ○ Provide reasonable notice to, and coordinate with, the appropriate State insurance regulator before commencing an examination of the insurer ○ To the fullest extent possible, avoid duplication of examination activities, reporting requirements, and requests for information, including by relying on existing examinations, inspections, and reports of the appropriate State insurance regulator; and ○ Ensure that the approved private mortgage insurer is not subject to conflicting supervisory demands by the FMIC and State insurance regulators, as appropriate. • The State insurance regulator of an approved private mortgage insurer shall notify the FMIC if there has been a final determination that the insurer is in a troubled hazardous financial condition, provided that the FMIC agrees to maintain the confidentiality or privileged status of the documents, material, or other information received from the insurer’s state insurance regulator. 		

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		<p><u>Enforcement</u></p> <ul style="list-style-type: none"> • The FMIC shall have the authority to enforce the provisions of this section with respect to private mortgage insurers, in the same manner and to the same extent as the FDIC has with respect to insured depository institutions under FDIA § 8(b) through (n), provided the FMIC demonstrates that the enforcement action is necessary to avoid significant risk to the MIF. • Before taking any enforcement action against an approved private mortgage insurer, the FMIC shall promptly notify, consult, and coordinate with, the appropriate State insurance regulator. <p><u>Resolution Authority</u></p> <ul style="list-style-type: none"> • For any approved private mortgage insurer that the FMIC has substantial reason to believe is insolvent, as defined by State law, and would otherwise be subject to receivership proceedings under State law, the FMIC shall recommend, in writing, that the State insurance regulator for such private mortgage insurer take such actions as are necessary and authorized under applicable State law to resolve such private mortgage insurer. • Notwithstanding this requirement, if, after the end of the 60-day period beginning on 		

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		<p>the date on which the FMIC provides its written recommendation to the regulator, the appropriate State insurance regulator has not filed the appropriate judicial action in the appropriate State court to place such private mortgage insurer into receivership under the laws and requirements of the State, the FMIC shall have the authority to stand in the place of the appropriate regulatory agency and file the appropriate judicial action in the appropriate State court to place such a private mortgage insurer into receivership under the laws and requirements of the State.</p> <p><u>Hearing</u> Upon notice of denial of an application or upon a notice of suspension or revocation of the approved status of an approved private mortgage insurer, the applicant or approved private mortgage insurer shall be afforded a hearing under FDIA § 8(h), in the same manner and to the same extent as if the FMIC were the appropriate Federal banking agency, provided that the approved private mortgage insurer submits a request to the FMIC for a hearing not later than 10 days after the date on which the notice is published.</p> <p><u>Rule of Construction Regarding Preservation of FMIC Authority</u> Nothing in this section limits, or shall be</p>		

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		construed to limit, the authority of the FMIC to provide exemptions to, or adjustments for, the provisions of this section based on the asset size of approved private mortgage insurers, or other criteria, as the FMIC deems appropriate, in order to reduce regulatory burdens while appropriately balancing the protection of the MIF.		
Approval of Servicers / Servicing Standards	<p>§ 322(b) Servicing Standards The Utility shall develop, adopt, and publish—</p> <ul style="list-style-type: none"> • Servicing standards, including for the modification, restructuring, or work-out of any mortgage that serves as collateral for a qualified security; and • A servicer succession plan, which may include provisions for— <ul style="list-style-type: none"> ○ A specialty servicer that can replace the existing servicer if the performance of the mortgage pool deteriorates to specified levels; and ○ A plan to achieve consistency in servicing systems related to systematic note-taking, consistent mailing addresses, and other points of contact for borrowers to use, among other items. <p><u>Standards for Servicer Reporting</u> The Utility shall develop, adopt, and publish standards for the reporting obligations of servicers of any mortgage that serves as</p>	<p>§ 314 Approval of Servicers <u>Standards for Approval of Servicers</u></p> <ul style="list-style-type: none"> • The FMIC shall, by regulation, establish standards for the approval by the FMIC of servicers to administer eligible single-family mortgage loans, including standards with respect to— <ul style="list-style-type: none"> ○ The collection and forwarding of principal and interest payments; ○ The maintenance of escrow accounts; ○ The collection and payment of taxes and bona fide insurance premiums; ○ The maintenance of records on eligible single-family mortgage loans; ○ The establishment of loss mitigation options that seek to enhance value and prevent, to greatest extent possible, the need to trigger a claim on insurance offered by the FMIC pursuant to this title, including by— <ul style="list-style-type: none"> ▪ Establishing, by rule, a consistent process through which borrowers who submitted an 	<p>§ 222 Approval of Servicers and Mortgage Servicing Standards <u>Standards for Servicers</u> The NMFA shall develop, adapt, and publish standards for the approval by the NMFA of servicers to administer eligible mortgages, including standards with respect to—</p> <ul style="list-style-type: none"> • The financial history and condition of the servicer; • The general character and fitness of the management of the servicer, including compliance history with Federal and State laws; • The risk presented by such servicer to the MIF; • A requirement that the servicer submit audited financial statements to the NMFA; and • Any other standard the NMFA determines necessary or appropriate. <p><u>Additional Required Servicer Standards</u> The NMFA shall also develop and publish additional standards for servicers that</p>	<p>§ 204 Servicing Rights; Representations and Warranties <u>Servicing Rights</u> The servicing rights for MBS issued by the issuing platform shall be controlled by—</p> <ul style="list-style-type: none"> • The reinsurance company reinsuring the first 5% loss position on such securities; or • In the case of securities that do not have a reinsurance company reinsuring the first 5% or with respect to which the reinsurance company is insolvent, Ginnie Mae. <p><u>Advancing Payments</u> The party controlling the servicing rights shall also control the advancing of payments.</p> <p><u>Representations and Warranties</u></p> <ul style="list-style-type: none"> • With respect to each pool securitized by the Issuing Platform, there shall be a collateral manager who shall— <ul style="list-style-type: none"> ○ Oversee representations and warranties;

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	collateral for a qualified security.	<p>initial loan modification request will be evaluated by servicers and the securitization trust for an affordable loan modification; and</p> <ul style="list-style-type: none"> ▪ Providing clear guidance regarding the treatment of second lien holders, taking into consideration the priority and subordination of liens under Federal and State laws; ○ The advancement of principal and interest payments to investors in the case of a delinquency by a borrower until such time as the borrower has made all payments in arrears, the borrower entered into a repayment plan or modification, a regulated entity has purchased the loan, or the property securing the eligible single-family mortgage loan has been liquidated, including specification that the servicer shall recover advances upon a permanent modification; ○ The establishment of procedures under which the servicer may initiate or continue a foreclosure, in accordance with applicable Federal and State laws and regulations that— <ul style="list-style-type: none"> ▪ Take into account— <ul style="list-style-type: none"> ◆ The servicer’s evaluation of, and agreements with, 	<p>administer eligible mortgages, including standards with respect to—</p> <ul style="list-style-type: none"> • Compensation structures which incent servicers to maximize returns to investors on both performing and non-performing eligible mortgages; • The collection and forwarding of principal and interest payments; • The maintenance of escrow accounts; • The collection and payment of taxes and bona fide and reasonable insurance premiums; • The application of fees imposed on borrowers in connection with the servicing of an eligible mortgage, which shall be reasonably related to costs; • The maintenance of records on eligible mortgages; • The establishment of foreclosure loss mitigation programs that seek to enhance investor value and prevent, to the greatest extent possible, the need to trigger any claim on insurance offered by the NMFA pursuant to this title, including through affordable loan modifications, which shall include as an option modifications that reduce the unpaid principal balance of an eligible mortgage, consistent with a publically available net present value determination as defined by the NMFA; • The establishment of procedures for the servicer to refrain from initiating a 	<ul style="list-style-type: none"> ○ Act for the benefit of investors; and ○ 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. • In general. <ul style="list-style-type: none"> ○ All contracts for private label securities issued after enactment shall include the following provisions: <ul style="list-style-type: none"> ▪ 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.). ▪ Trustees of private label securities shall have a fiduciary duty to protect the financial interests of investors of such securities. • 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

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		<p>borrowers for loss mitigation options;</p> <ul style="list-style-type: none"> ◆ Potential losses caused by delays in collateral recovery; and ◆ The need to minimize risks to the MIF; and ▪ Provide the borrower, upon request, documentation establishing the right of the mortgagee to foreclose; ○ The provision of eligible single-family mortgage loan information to borrowers, upon request, including a copy of the pooling and servicing agreement and securitization trust requirements that address the ability of the servicer to offer loss mitigation options; and ○ Implementing the terms of any loss mitigation and foreclosure prevention as required by any uniform securitization agreement developed under § 326. • The standards shall also include— <ul style="list-style-type: none"> ○ The financial history and condition of the servicer; ○ The capability of the servicer’s management; ○ The general character and fitness of the servicer’s officers and directors, including their compliance history 	<p>judicial or non-judicial foreclosure, or where a foreclosure has been initiated, from taking any additional steps in the judicial or non-judicial foreclosure, once an initial request for loss mitigation has been made by the homeowner, until completion of the review of any loss mitigation application, including written notice to the homeowner documenting any denial and a requisite appeal process;</p> <ul style="list-style-type: none"> • A proscription against any servicer maintaining any financial interest in insurance products related to mortgages serviced by the servicer or its affiliates other than the coverage provided by the insurance; • The advancement of principal and interest payments to investors in the case of a delinquency by a borrower until such time as the borrower has made all payments in arrears or the property securing the eligible mortgage has been liquidated, including provisions for the cessation of advances when there is no longer any reasonable possibility of the recovery of such advances from the liquidation of the property or as appropriate to facilitate modification of the loan pursuant to subparagraph (G); • The provision of information to the borrower, upon request, documentation establishing the right to foreclose; and 	<p>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.</p> <ul style="list-style-type: none"> • 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. • 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.). • To the extent that the provisions of this paragraph conflict with any provision of

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		<p>with Federal and State laws and rules and regulations of self-regulatory organizations as defined in § 3(a)(26) of the Exchange Act as applicable;</p> <ul style="list-style-type: none"> ○ The risk presented by such servicer to the MIF; and ○ Minimum operational and management standards for the servicer, including with respect to— <ul style="list-style-type: none"> ▪ Internal controls; ▪ Recordkeeping; ▪ Internal audit systems; ▪ The maintenance of adequate liquidity and reserves; and ▪ Reporting standards to the FMIC and investors, including audited financial statements. • To promote consistency and minimize regulatory conflict, the OCC, Federal Reserve, FDIC, CFPB, NCUA, and the FMIC shall— <ul style="list-style-type: none"> ○ Consult and coordinate with each other in developing and issuing regulations with respect to the rules and standards for the servicing of eligible single-family mortgage loans; and ○ Review existing regulations with respect to mortgage loan servicing rules and standards. • To promote consistency and minimize regulatory conflict, the FMIC shall 	<ul style="list-style-type: none"> • The provision of eligible single-family mortgage loan information to borrowers, upon request, including a copy of the pooling and servicing agreement and securitization trust requirements that may restrict the ability of the servicer to offer loss mitigation options. <p><u>Standards for Servicing Eligible Mortgages</u> The NMFA shall develop, adopt, and publish standards regarding the servicing of eligible mortgages which shall provide as follows:</p> <ul style="list-style-type: none"> • A servicer of an eligible mortgage, approved pursuant to this subsection, or any affiliate of such servicer, may not own, or hold any interest in, any other residential mortgage loan that is secured by a mortgage, deed of trust, or other equivalent consensual security interest on the same dwelling or residential real property that is subject to the eligible mortgage. This shall not apply to— <ul style="list-style-type: none"> ○ A servicer of a residential mortgage loan, or an affiliate of such a server, that owns the sole interest in the mortgage, deed of trust, or other security interest that secures the residential loan serviced by the servicer; or ○ A servicer that is a State or local housing agency or State or local housing finance agency. 	<p>the Trust Indenture Act of 1939, the provisions of the Trust Indenture Act shall apply, but only to the extent of the conflict.</p> <ul style="list-style-type: none"> • Ginnie Mae shall— <ul style="list-style-type: none"> ○ Within 3 years of enactment, conduct a first study to evaluate— <ul style="list-style-type: none"> ▪ The structure of compensation for trustees of private label securities; ▪ Any changes to such compensation attributable to the imposition of the fiduciary duty required under this paragraph; and ▪ Any effects of the imposition of such fiduciary duty on liquidity in the market for private label securities; ○ Within 3 years of enactment, conduct a second 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 ○ Report to Congress describing any findings and conclusions of the studies, within a year of commencing each. • For purposes of this paragraph, the term

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		<p>consult and coordinate with appropriate State regulators when developing and issuing regulations with respect to the rules and standards for the servicing of eligible single-family mortgage loans.</p> <p><u>Application and Approval</u></p> <ul style="list-style-type: none"> • The FMIC shall establish an application process— <ul style="list-style-type: none"> ○ In such form and manner and requiring such information as the FMIC may require, for the approval of servicers under this section; and ○ That does not discriminate against or otherwise disadvantage small servicers. • The FMIC may approve any application provided the servicer meets the adopted standards. The FMIC shall notify any applicant seeking to become an approved servicer of the decision of the FMIC with respect to such approval as promptly as practicable. • The FMIC shall have authority to deny any application if an officer or director of the servicer has, at any time before approval been subject to a statutory disqualification pursuant to § 3(a)(39) of the Exchange Act or suspended, removed, or prohibited under FDIA § 8(g), prohibited pursuant to FDIA § 8(e)(6) or (7), subject to an action resulting in a 	<p>For this purpose, “affiliate” means, with respect to a servicer, any person or entity that controls, or is controlled by, or is under common control with such servicer, as the NMFA shall prescribe by regulation.</p> <ul style="list-style-type: none"> • If a borrower’s insurance policy has not been paid, the servicer shall make payments on the current policy or seek reinstatement of such policy where necessary and then make such payments, unless the policy has been terminated for reasons other than nonpayment. If escrow funds are not available, the servicer shall advance such funds. If the current policy cannot be, continued and force-placed insurance is provided, the costs and the coverage should be substantially equivalent to that provided in a standard homeowner’s insurance policy. For this purpose, “force-placed insurance” has the meaning given such term in RESPA § 6(k). • No servicer of an eligible mortgage shall render a real estate settlement service in connection with a transaction involving an eligible mortgage through a subsidiary of such person or through insourcing. For this purpose, “insourcing” means providing for services to be conducted by the servicer’s affiliated entities. • Each servicer of an eligible mortgage, or 	<p>“private label security” means MBS not issued by the Platform.</p> <p><u>Mandatory Arbitration</u> Disputes between parties to a security issued by the Issuing Platform shall be subject to mandatory arbitration.</p>

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		<p>written agreement or statement under FDIA § 8(u)(1), for which a violation may be enforced by an appropriate Federal banking agency, or subject to any final order issued under FDIA § 8.</p> <ul style="list-style-type: none"> • Any servicer who was approved to service mortgage loans for a GSE on the day before enactment, and was in good standing as of such date, shall be deemed to be an approved servicer for purposes of initial servicer approval by the FMIC and thereafter and subject to the requirements of this section as an approved servicer. • The FMIC shall, by regulation, provide exemptions to, or adjustments for, approved servicers that service 7,500 or fewer eligible single-family mortgage loans, to reduce regulatory burdens while appropriately balancing protection of the MIF. An approved servicer and its subsidiaries and affiliates are considered a single entity for this purpose. • RESPA § 6 is amended by adding: The CFPB shall, by regulation, provide exemptions to, or adjustments for, the provisions of this section for servicers that service 7,500 or fewer mortgage loans, to reduce regulatory burdens while appropriately balancing consumer protections. An approved servicer and its subsidiaries and affiliates are considered a single entity for this purpose. 	<p>agents of such servicer, shall, with respect to the borrower, establish—</p> <ul style="list-style-type: none"> ○ A single electronic record for each account, the contents of which shall be accessible throughout the servicer, or agents of such servicer, including to all loss mitigation staff, all foreclosure staff, and all bankruptcy staff; and ○ A single point of contact for the borrower for all loss mitigation activities. <ul style="list-style-type: none"> • Each servicer of an eligible mortgage, or agents of such servicer, shall— <ul style="list-style-type: none"> ○ Maintain adequate staffing and systems for tracking borrower documents and information that are relevant to foreclosure, loss mitigation, bankruptcy, and ○ Other servicing operations; ○ Maintain adequate staffing and caseload limits for employees responsible for handling foreclosure, loss mitigation, bankruptcy, and related communication with borrowers and housing counselors; ○ Set reasonable minimum experience, education, and training requirements for loan modification staff; and ○ Document electronically each action on a foreclosure, loan modification, bankruptcy, or other servicing file, including all communication with the 	

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		<ul style="list-style-type: none"> • The FMIC shall— <ul style="list-style-type: none"> ○ Publish a notice in the Federal Register upon approving any servicer under this section; and ○ Maintain an updated list of approved servicers on its website. <p><u>Review, Suspension, and Revocation of Approved Status</u></p> <ul style="list-style-type: none"> • The FMIC may examine or review any approved servicer if the FMIC has substantial reason to believe that a servicer has engaged in a material violation or pattern of violations of this Act or the rules promulgated pursuant to this Act, including— <ul style="list-style-type: none"> ○ Any failure by an approved servicer to comply with terms set forth in any uniform securitization agreement developed under § 326; or ○ Through the identification of any information indicating abnormal eligible single-family mortgage loan performance within the loan portfolio of the approved servicer. • In addition to this authority, the FMIC shall conduct an examination or review of an approved servicer once, but not more than once, every 2 years, provided that such examination or review shall be limited to compliance with this Act or regulations promulgated under this Act. 	<p>borrower and other parties.</p> <ul style="list-style-type: none"> • Each servicer of an eligible mortgage, for any transfer of servicing to a successor servicer, shall— <ul style="list-style-type: none"> ○ Inform the successor servicer (including a subservicer) whether a loan modification is pending; ○ Ensure that the successor servicer shall accept and continue processing prior loan modification requests; and ○ Ensure that successor servicer shall honor trial and permanent loan modification agreements entered into by the transferring servicer. <p><u>Coordination with Other Regulators</u> In developing the servicer and servicing standards, the NMFA shall coordinate with the CFPB, and, to the extent the NMFA determines practical and appropriate, the other Federal Banking agencies.</p> <p><u>Application and Approval</u></p> <ul style="list-style-type: none"> • The NMFA shall establish an application process— <ul style="list-style-type: none"> ○ In such form and manner and requiring such information as the NMFA may require, for the approval of servicers; and ○ That does not discriminate against or otherwise disadvantage small servicers. 	

	PATH Act, H.R. 2767	S. 1217	Waters Discussion Draft	H.R. 5055
		<ul style="list-style-type: none"> • In conducting such an exam or review, the FMIC shall— <ul style="list-style-type: none"> ○ Provide reasonable notice to, and coordinate with, the appropriate Federal banking agency, CFPB, or State regulatory agency, as appropriate, for an approved servicer that is regulated by such Federal banking agency, CFPB, or State regulatory agency before commencing an examination of the approved servicer under this section; and ○ To the fullest extent possible— <ul style="list-style-type: none"> ▪ Rely on the examinations, inspections, and reports of the appropriate Federal banking agency, CFPB, or State regulatory agency, as appropriate, for an approved servicer that is regulated by such Federal banking agency, CFPB, or State regulatory agency; ▪ Avoid duplication of examination activities, reporting requirements, and requests for information; and ▪ Ensure that approved servicers are not subject to conflicting supervisory demands by the FMIC, appropriate Federal banking agencies, CFPB, or State regulatory agencies, as 	<ul style="list-style-type: none"> • The NMFA may approve any servicer’s application provided the servicer meets the required standards. • The NMFA shall— <ul style="list-style-type: none"> ○ Cause to be published in the Federal Register a list of newly approved servicers; and ○ Maintain an updated list of approved servicers on its website. • The NMFA shall by rule, after consultation with the CFPB, provide exemptions to, or adjustments for, the provisions of this section for approved small servicers, in order to reduce the regulatory burdens while appropriately balancing protection of the MIF. <p><u>Review, Penalty Assessment, Suspension and Revocation of Approved Status</u></p> <ul style="list-style-type: none"> • The NMFA shall periodically review the performance of approved servicers. In connection with such review, the NMFA shall periodically publish a publicly-available scorecard outlining servicer performance relative to benchmarks. • The NMFA may assess civil monetary penalties, consistent with § 225, in connection with a servicer failing to comply with any standards pursuant to the servicing of eligible mortgages under this section. • The NMFA may review the status of any 	

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		<p>appropriate.</p> <ul style="list-style-type: none"> • To facilitate any such exam or review, each approved servicer shall, on an annual basis and in accordance with such requirements as the FMIC may establish, certify in writing to the FMIC that the approved servicer is in compliance with the approval standards, all other requirements of this Act, and any rules promulgated pursuant to this Act. <ul style="list-style-type: none"> ○ The FMIC shall have the authority to impose enforcement penalties with respect to an approved servicer who submits a certification that contains false or misleading information, in the same manner and to the same extent as the FDIC has with respect to insured depository institutions under FDIA § 8(b) through (n), except that the penalties under subsection (j) shall not apply. ○ If the FMIC takes any enforcement action against an approved servicer, the FMIC shall notify the approved servicer’s appropriate Federal banking agency, CFPB, or State regulator, if applicable. • If the FMIC determines, in any such exam or review, that an approved servicer no longer meets the standards for approval, the FMIC may suspend or revoke the approved status of such 	<p>approved servicer if the NMFA is notified of or becomes aware of any violation by the servicer of this Act or the rules promulgated pursuant to this Act, including any failure by an approved servicer to comply with the terms set forth in any uniform securitization agreement developed under this Act.</p> <ul style="list-style-type: none"> • In conducting such a review, the NMFA shall— <ul style="list-style-type: none"> ○ Provide reasonable notice to, and coordinate with, the appropriate Federal banking agency or State regulatory agency, as appropriate, for an approved servicer that is regulated by such Federal banking agency or State regulatory agency before commencing an examination of the approved servicer; and ○ To the fullest extent possible— <ul style="list-style-type: none"> ▪ Rely on the examinations, inspections, and reports of the appropriate Federal banking agency or State regulatory agency, as appropriate, for an approved servicer that is regulated by such Federal banking agency or State regulatory agency; ▪ Avoid duplication of examination activities, reporting requirements, and requests for information; and 	

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		<p>servicer.</p> <ul style="list-style-type: none"> • The suspension or revocation of an approved servicer’s approved status shall have no effect on the status of any covered security. • The FMIC shall— <ul style="list-style-type: none"> ○ Publish in the Federal Register a list of any approved servicers who lost their approved status; and ○ Maintain an updated list of such servicers on its website. <p><u>Appeals</u> A servicer who submits an application to become an approved servicer may appeal a decision of the FMIC denying such application. An approved servicer may appeal a decision of the FMIC suspending or revoking the approved status of such servicer.</p> <ul style="list-style-type: none"> • Any servicer who files such an appeal shall file the appeal with the FMIC not later than 90 days after the date on which the person receives notice of the decision being appealed. • The FMIC shall make a final determination with respect to an appeal not later than 180 days after it is filed. <p><u>Transfer of Servicing</u></p> <ul style="list-style-type: none"> • For any eligible single-family mortgage loan or pool of eligible single-family mortgage loans insured by the FMIC 	<ul style="list-style-type: none"> ▪ Ensure that approved servicers are not subject to conflicting supervisory demands by the NMFA, appropriate Federal banking agencies, or State regulatory agencies, as appropriate. • If the NMFA determines, in such a review, that an approved servicer no longer meets the standards for approval, the NMFA may suspend or revoke the approved status of such servicer. The suspension or revocation of an approved servicer’s approved status shall have no effect on the status of any covered security. • The NMFA shall— <ul style="list-style-type: none"> ○ Cause to be published in the Federal Register a list of any approved servicers who lose their approved status; and ○ Maintain an updated list of such servicers on its website. <p><u>Appeals</u></p> <ul style="list-style-type: none"> • A servicer who submits an application to become an approved servicer may appeal a decision of the NMFA denying such application. • An approved servicer may appeal a decision of the NMFA suspending or revoking the approved status of such 	

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		<p>under this title and in accordance with rules promulgated by the FMIC, the FMIC may require the approved servicer to enter into a subservicing arrangement with any independent specialty servicer approved by the FMIC. These rules shall—</p> <ul style="list-style-type: none"> ○ Set forth with clarity the performance conditions of an approved servicer that would warrant or necessitate such a subservicing arrangement; ○ Require that the performance condition warranting or necessitating the use of such a subservicing arrangement be of such type or character so as to materially and adversely affect the ability of the FMIC to recover any amounts owed to the FMIC; and for this purpose, define the term “materially and adversely affect”; ○ Require that any approved servicer be provided a reasonable amount of time, provided that such time does not present a risk to the MIF, to rebut, address, or correct any determination of the FMIC regarding a performance condition, and only permit the FMIC to carry out the authority upon expiration of this period of time; ○ Limit the scope of any such authority to eligible single-family mortgage 	<p>servicer.</p> <ul style="list-style-type: none"> • Any servicer who files an appeal shall file the appeal with the NMFA not later than 90 days after the date on which the person receives notice of the decision being appealed. • The NMFA shall make a final determination with respect to an appeal not later than 180 days after the date on which the appeal is filed. <p><u>Borrower Ombudsman</u> The NMFA shall establish an Office of the Ombudsman to receive complaints from homeowners, homeowners’ representatives, and other designated third parties. The Ombudsman shall have the authority to investigate, including the right to obtain information, documents, and records, in whatever form kept, from the servicer, and to resolve disputes between any homeowner and the servicer of an eligible mortgage. The Ombudsman shall coordinate with the CFPB in doing so.</p> <p><u>Transfer of Master Servicing</u></p> <ul style="list-style-type: none"> • The Issuer shall have the right to transfer master servicing on a covered security in the event that the current approved servicer or servicers have failed to appropriately protect the MIF. • Subject to the rules promulgated by the 	

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		<p>loans that share similar underwriting, borrower, and performance characteristics;</p> <ul style="list-style-type: none"> ○ Ensure that the scope of any such authority is not applied broadly and without further limitation; and ○ Notwithstanding the above, provide that an approved servicer may be subject to more extensive programmatic discipline or correction measures, as determined by the FMIC, if, during any 5-year period— <ul style="list-style-type: none"> ▪ The servicing duties that are the subject of the current use of the FMIC’s authority under this subsection marks the third instance of the use of such authority with respect to the same approved servicer; and ▪ With respect to the prior 2 separate and individual instances of the use of such authority, the same approved servicer failed to cure any identified performance conditions or implement corrective measures as determined by the FMIC. • If a required transfer to a subservicer occurs, the approved servicer from whom such servicing duties are extinguished shall cease to receive compensation for any such servicing activities related to 	<p>Issuer, if the credit risk-sharing on a covered security required pursuant to § 202 is provided by an approved bond guarantor, such guarantor shall have the right to transfer master servicing on a covered security in the event that the approved bond guarantor can demonstrate that the current approved servicer or servicers have failed to appropriately protect their investment, including by failing to meet any additional required servicer standard identified under § 222(a)(2).</p> <ul style="list-style-type: none"> • If the credit-risk sharing on a covered security required pursuant to § 202 is provided using any other mechanisms for private credit risk-sharing other than by such bond guarantors, and the Issuer has not yet already exercised such right to transfer master servicing on a covered security, the private market holders of the first loss position in a covered security may petition the Issuer for a change in approved servicers if the private market holders can demonstrate that their current approved servicer or servicers have failed to appropriately protect their investment, including by failing to meet any additional required servicer standard identified under § 222(a)(2). • Once such transfer of servicing has occurred, the approved servicer from 	

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		<p>those duties.</p> <ul style="list-style-type: none"> • The FMIC may establish a succession plan for each approved servicer, including provisions for— <ul style="list-style-type: none"> ○ A specialized servicer to replace the approved servicer if the performance of the eligible single-family mortgage loan pool serviced by such approved servicer deteriorates to specified levels; and ○ A plan to achieve continuity of contact for borrowers upon the replacement of the approved servicer. <p>This shall not be construed as authorizing the FMIC to circumvent, evade, or otherwise disregard its rules when facilitating a servicing transfer.</p> <p><u>Petitions for Change of Servicer by Private Market Holders</u> The FMIC shall develop a process by which private market holders of the first loss position in a single-family covered security may petition the FMIC for a change in approved servicers, including specialized servicers for individual eligible single-family mortgage loans, if the private market holders can demonstrate that its investment was not appropriately protected by the current approved servicer, including by failing to meet any standard or requirement for servicer approval. If a change in servicers is approved—</p>	<p>whom such servicing rights are extinguished shall cease to receive compensation for any such servicing activities related to those rights.</p> <ul style="list-style-type: none"> • Once such transfer of servicing has occurred, the servicer to whom the servicing rights were transferred shall suspend the completion of any foreclosure for an eligible mortgage loan whose servicing rights have been transferred for a period of 60 days. • The NMFA may establish a succession plan for each approved servicer, including provisions for— <ul style="list-style-type: none"> ○ A specialized servicer to replace the approved servicer if the performance of the eligible single-family mortgage loan pool serviced by such approved servicer deteriorates to specified levels; and ○ A plan to achieve continuity of contact for borrowers upon the replacement of the approved servicer. • The NMFA shall develop a process by which an approved servicer shall provide notice to the NMFA of any transfer of any servicing rights of such approved servicer to another approved servicer. This required process shall include the development of procedures to permit the NMFA to prevent, halt, or rescind any transfer of servicing rights from an 	

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		<ul style="list-style-type: none"> • The change must occur within 30 days after FMIC approval; and • Once the change has occurred, the approved servicer from whom such servicing rights are extinguished shall cease to receive compensation for any such servicing activities related to those rights. <p><u>Notice of Transfer of Servicing by Current Servicer</u> The FMIC shall develop a process by which an approved servicer shall provide notice to the FMIC of any transfer of any servicing rights of such approved servicer to another approved servicer. This process shall include the development of procedures to permit the FMIC to prevent, halt, or rescind any transfer of servicing rights from an approved servicer to a servicer that is not approved to service eligible single-family mortgage loans or to any servicer whose approved status has been suspended or revoked.</p> <p><u>General Authority Regarding Servicing Transfers</u> The FMIC may develop such other standards with respect to the transfer of servicing rights by approved servicers as the FMIC determines necessary and appropriate to facilitate an orderly transfer of servicing rights after the suspension or revocation of the approved</p>	<p>approved servicer to a servicer that is not approved to service eligible single-family mortgage loans under this section or to any servicer whose approved status has been suspended or revoked.</p>	

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		<p>status of a servicer.</p> <p><u>Study of Servicer Compensation for Non-Performing Single-Family Loans</u> The FMIC shall carry out a study of servicing compensation for non-performing single-family mortgage loans, including alternatives to existing servicing compensation structures. The study shall include recommendations for the optimal structure of servicer compensation, in order to—</p> <ul style="list-style-type: none"> • Improve service for borrowers; • Reduce financial risk to servicers; and • Provide flexibility for guarantors to better manage non-performing single-family mortgage loans. <p>Not later than 1 year after enactment, the Chairperson shall issue a report to the Congress containing any findings and determinations made in carrying out the study.</p> <p><u>Rule of Construction</u> Nothing in this section shall prohibit a mortgage originator from retaining rights to service the eligible single-family mortgage loans it originated, if the mortgage originator meets the standards to be an approved servicer, or qualifies for an exemption.</p>		
Approval of Small Lender Mutuals / FHLB		<p>§ 315 Authority to Establish and Approve Small Lender Mutuals <u>Establishment of Small Lender Mutuals</u></p> <ul style="list-style-type: none"> • The FMIC shall establish one entity 		<p>§ 205 FHLBs <u>FHLB Membership of Lenders</u> FHLB Act § 4 (12 U.S.C. 1424) is amended by adding:</p>

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Membership and Pooling		<p>known as the “Small Lender Mutual,” which shall be an approved small lender mutual, owned by and operated for the benefit of its members.</p> <ul style="list-style-type: none"> The FMIC shall, by regulation, establish standards for the approval by the FMIC of such other small lender mutuals as may be necessary. <p><u>Purposes</u> The purpose of the Small Lender Mutuals shall be as follows:</p> <ul style="list-style-type: none"> To address the needs of small mortgage lenders with respect to covered securities. To purchase eligible mortgage loans to securitize a covered security from its member participants— <ul style="list-style-type: none"> For cash, on a single loan basis; or Through the sale of a portion of a multi-lender pool or multi-guarantor pool collateralized by eligible mortgage loans securitized in a covered security. To obtain all necessary and appropriate credit enhancements for covered securities to support the lending activities of small mortgage lenders. To implement policies and procedures that ensure that the access rules and fees of any small lender mutual are not prohibitive and do not discriminate against originators of eligible mortgage 		<ul style="list-style-type: none"> Any lender that satisfies the requirements for FHLB membership by an insured depository institution, insurance company, or CDFI shall be eligible to become an FHLB member. Ginnie Mae shall issue regulations specifying that FHLBs shall issue a separate class of stock to such lenders who become members, and Ginnie Mae shall determine the applicable restrictions and requirements for such stock. <p><u>FHLB Pooling Services for Eligible Mortgages</u> FHLB Act § 11 is amended by adding: Each FHLB shall provide pooling services to both members and non-members who wish to pool eligible mortgages for securitizing through the Issuing Platform established by title II of the Partnership to Strengthen Homeownership Act of 2014. For this purpose, ‘eligible mortgage’ has the meaning given that term under § 2 of the Partnership to Strengthen Homeownership Act of 2014.</p>

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		<p>loans or approved aggregators on the basis of size, composition, business line, or loan volume.</p> <ul style="list-style-type: none"> • To appropriately manage the risk of the small lender mutual to ensure the continued safety and soundness of such mutual. <p><u>Provisions to Ensure the Effective Operations of Small Lender Mutuals</u></p> <ul style="list-style-type: none"> • Not later than 1 year after enactment, FHFA shall conduct an assessment of the intellectual property, technology, infrastructure, and processes of the GSEs relating to the operation and maintenance of the systems needed to ensure small mortgage lender access to the secondary mortgage market to determine the needs of the single required Small Lender Mutual. This assessment shall be submitted to the Transition Committee established under § 404, or the Board if confirmed pursuant to § 404(d), and included in the transition plan required under § 602. • After the agency transfer date and before the system certification date, FHFA, consistent with title VI— <ul style="list-style-type: none"> ○ Shall dispose of the intellectual property, technology, infrastructure, and processes of the GSEs relating to the operation and maintenance of the 		

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		<p>systems needed for small mortgage lenders to access the secondary mortgage market; and</p> <ul style="list-style-type: none"> ○ May manage such disposition through the sale, transfer, licensing, or leasing of such intellectual property, technology, infrastructure, and processes of a GSE to the single required Small Lender Mutual to ensure that the Small Lender Mutual can access the secondary mortgage market and fulfill the purposes of the section. • After the agency transfer date and before the system certification date, FHFA, consistent with § 604(h), may transfer to a subsidiary or subsidiaries of the GSEs any function, activity, infrastructure, property, including intellectual property, technology, or any other object or service of an enterprise that the FMIC determines is necessary and available for the single required Small Lender Mutual to carry out its activities and operations. • The initial capital necessary for the single required Small Lender Mutual to purchase a subsidiary or to purchase, lease, or license the GSE systems, and to perform all other activities and functions of the Small Lender Mutual, including the ability of the Small Lender Mutual to operate a cash window for the purchase of 		

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		<p>individual eligible mortgage loans, shall be provided by the GSEs.</p> <ul style="list-style-type: none"> ○ The amount of any initial capital required to be provided by the GSEs shall be determined by the FMIC based on the needs of the Small Lender Mutual to carry out its activities and functions, as well as by the current volume of business from the GSE-approved sellers that are eligible to participate as a member of the Small Lender Mutual. ○ The amount of any initial capital required to be provided by the GSEs shall be repaid by the single required Small Lender Mutual on a schedule jointly agreed to by the Small Lender Mutual and the FMIC. Such repayment shall be completed within 7 years from the system certification date. The FMIC, after consultation with the mutual board of the single required Small Lender Mutual, may extend the repayment period for an additional 3 years, if, in the sole discretion of the FMIC, the FMIC deems such extension necessary. <p><u>Ensuring Fair Competition</u> FHFA may, consistent with the public interest, for the maintenance of fair competition among all small lender mutuals, and the purposes set forth in this section,</p>		

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		<p>provide, through a licensing agreement or other agreement, access to any transferred technology or platform.</p> <p><u>Eligibility</u> Eligibility to participate as a member in any small lender mutual shall be limited to any—</p> <ul style="list-style-type: none"> • Insured depository institution having less than \$500,000,000,000 in total consolidated assets at the time of the initial participation of the institution in the small lender mutual; • Non-depository mortgage originator that— <ul style="list-style-type: none"> ○ Has a minimum net worth of \$2,500,000; ○ Has annual eligible mortgage loan production of less than \$100,000,000,000; and ○ Either <ul style="list-style-type: none"> ▪ Prior to the system certification date, was approved to sell mortgage loans to a GSE on the date that is 1 day prior to the establishment or approval of the small lender mutual, provided that such originator was in good standing as of such date; or ▪ Meets the standards established by the small lender mutual; • FHLB; and • The following if they meet the standards 		

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		<p>established by the small lender mutual:</p> <ul style="list-style-type: none"> ○ CDFIs; ○ Mission-based non-profit lender; and ○ Housing finance agency. <p>Each entity eligible to participate as a member of a small lender mutual:</p> <ul style="list-style-type: none"> • May not be required to become an approved entity under this Act to access any function or operation of a small lender mutual; and • Shall meet all applicable standards and requirements under this Act. <p><u>Eligibility Thresholds</u> The FMIC may adjust the eligibility thresholds if the FMIC, in consultation with the mutual board of a small lender mutual, determines that—</p> <ul style="list-style-type: none"> • The thresholds do not facilitate the purposes of the small lender mutual; • The thresholds restrict small multifamily lenders’ participation in the small lender mutual; or • The eligibility thresholds pose a risk to the MIF. <p><u>Platform Membership</u> Each small lender mutual shall be a member of the Securitization Platform.</p> <p><u>Funding Authority</u></p> <ul style="list-style-type: none"> • The mutual board of each small lender 		

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		<p>mutual shall charge and collect fees from its member participants for membership in the small lender mutual to cover the costs of—</p> <ul style="list-style-type: none"> ○ In the case of the single required Small Lender Mutual— <ul style="list-style-type: none"> ▪ The purchase of any function, activity, infrastructure, property, including intellectual property, technology, or any other object or service from a GSE; ▪ Any initial capital for the establishment of a cash window; and ▪ The repayment by the single required Small Lender Mutual of its initial capital, provided that any fee charged to cover such repayment amounts is applicable only to those member participants identified and approved after the establishment date of the Small Lender Mutual and before the 7- or 10-year repayment date; and ○ The continued operation of the small lender mutual, including to build capital reserves and to manage risks. ● In addition, the mutual board of the single required Small Lender Mutual may charge and collect a fee from member participants identified and approved after the 7- or 10-year repayment date to 		

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		<p>compensate member participants identified and approved prior to such repayment date for the share of the fees paid by such member participants to cover the cost of repayment by the single required Small Lender Mutual of its initial capital.</p> <ul style="list-style-type: none"> • The mutual board of each small lender mutual may, in its discretion and upon consultation with the FMIC, increase or decrease any authorized fee. The mutual board of each small lender mutual shall, on an annual basis and upon any increase or decrease of any fee, provide the FMIC with a schedule of the fees charged by the small lender mutual to its member participants. • The authorized fees — <ul style="list-style-type: none"> ○ Shall be equitably assessed; and ○ Shall not discriminate against originators of eligible mortgage loans or approved aggregators based on size, composition, business line, or loan volume. • If a small lender mutual, in consultation with the FMIC, determines that any fee or fees authorized this subsection are prohibitive or discriminatory, the small lender mutual may, in the interest of building the membership of the small lender mutual, lower any such fee or fees. Each small lender mutual shall, in 		

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		<p>consultation with the FMIC, set reasonable criteria for any determination that a fee is prohibitive or discriminatory. The criteria shall consider the potential impact on the financial safety and soundness of the small lender mutual.</p> <p><u>Governance</u></p> <ul style="list-style-type: none"> • The mutual board of each small lender mutual, in consultation with the FMIC, shall take all reasonable steps necessary to establish governance provisions that reflect the important role in the mortgage market played by the member participants of small lender mutuals. • The management of each small lender mutual shall be vested in a board of 15 directors (the “mutual board”), which shall include representatives of approved member participants of the small lender mutual. • The FMIC shall make initial appointments of the members of the mutual board for the single required Small Lender Mutual. Each such initial appointment shall be for a term of 1 year. Upon expiration of the 1-year period, the member participants of the single required Small Lender Mutual shall elect the members of its mutual board from within its membership. • The mutual board of each small lender 		

	PATH Act, H.R. 2767	S. 1217	Waters Discussion Draft	H.R. 5055
		<p data-bbox="962 289 1419 500">mutual shall have at least 1 independent director to serve the public interest. This independent director shall have history of representing consumer or community interests on banking services, credit needs, housing, or financial consumer protections.</p> <ul data-bbox="921 505 1424 1253" style="list-style-type: none"> <li data-bbox="921 505 1424 743">• No more than one-third of the directors of the Small Lender Mutual’s mutual board may be held by a single category of member participants, defined as community banks, credit unions, nondepository mortgage originators, FHLBs, HFAs, CDFIs, and mission-based non-profit lenders. <li data-bbox="921 748 1424 987">• The Small Lender Mutual’s mutual board shall select, on a rotating basis from representatives of its directors, an individual to serve as Platform Director under § 322. If more than one Small Lender Mutual is approved under this section, each shall rotate the § 322 representative position <li data-bbox="921 992 1424 1166">• Member participants of each small lender mutual shall have equal voting rights on any matters before the small lender mutual of which it is a member, regardless of the size of the individual member participant. <li data-bbox="921 1170 1424 1253">• For these governance purposes, a member participant and its subsidiaries, joint offices, and affiliates, shall be treated as a 		

	PATH Act, H.R. 2767	S. 1217	Waters Discussion Draft	H.R. 5055
		<p>single entity and shall be entitled to cast a single vote on any matters before the small lender mutual of which it is a member.</p> <p><u>Approval of Member Participants</u></p> <ul style="list-style-type: none"> • Each mutual board shall develop standards and procedures to approve the application of member participants in the small lender mutual. The standards shall include standards relating to the— <ul style="list-style-type: none"> ○ Prospective members’ compliance history with Federal and State law; ○ Safety and soundness of prospective member participants; and ○ Mortgage underwriting practices of the prospective member. • In approving any prospective member to become a member participant in a small lender mutual, the mutual board of that small lender mutual may consult and share information with either the appropriate Federal banking agency and state regulator of the prospective member, or with the CFPB if the CFPB supervises the prospective member. <ul style="list-style-type: none"> ○ Information so shared shall not be construed as waiving, destroying, or otherwise affecting any privilege or confidential status that a prospective member may claim with respect to such information under Federal or 		

	PATH Act, H.R. 2767	S. 1217	Waters Discussion Draft	H.R. 5055
		<p>State law as to any person or entity other than the board of directors or its appropriate Federal banking agency.</p> <ul style="list-style-type: none"> ○ No provision of this subsection may be construed as implying or establishing that— <ul style="list-style-type: none"> ▪ Any prospective member waives any privilege applicable to information that is shared or transferred under any circumstance to which this subsection does not apply; or ▪ Any prospective member would waive any privilege applicable to any information by submitting the information directly to its primary Federal or State regulator, but for this subsection. • Each mutual board shall develop streamlined membership standards and procedures for any lender who was approved to sell loans to a GSE the day before enactment, and was in good standing as of then. <p><u>Authority to Become an Approved Aggregator</u> Each small lender mutual may apply to the FMIC for approval to become an approved aggregator pursuant to § 312.</p> <p><u>Cash Window</u></p>		

	PATH Act, H.R. 2767	S. 1217	Waters Discussion Draft	H.R. 5055
		<ul style="list-style-type: none"> • Each small lender mutual shall have the ability to operate a cash window for the purchase of individual eligible single-family mortgage loans. • To ensure the safety and soundness of each small lender mutual, the FMIC shall establish standards for the regulation, supervision, and operation of each cash window. • The FMIC may, if it determines necessary or appropriate, establish a process and criteria for approved guarantors and approved aggregators to apply to the FMIC for approval to operate a cash window for the purchase of individual eligible single-family mortgage loans. If the FMIC does so, it— <ul style="list-style-type: none"> ○ May grant approval to an approved guarantor or an approved aggregator that applies to operate a cash window for the purchase of individual eligible single-family mortgage loans only if the FMIC determines that— <ul style="list-style-type: none"> ▪ The approved guarantor or approved aggregator meets the criteria; and ▪ The operation of the cash window would not pose a risk to the MIF; and ○ To ensure the safety and soundness of each approved guarantor and approved aggregator, shall establish 		

	PATH Act, H.R. 2767	S. 1217	Waters Discussion Draft	H.R. 5055
		<p>standards for the regulation, supervision, and operation of each cash window that an approved guarantor or approved aggregator is approved to operate under this paragraph.</p> <ul style="list-style-type: none"> FHFA may, consistent with the public interest and for the maintenance of fair competition among entities providing cash window services, provide, through a licensing agreement or other agreement, access to any technology or platform relating to a cash window transferred to a GSE subsidiary. <p><u>Recognition of Distinction Between Small Lender Mutuals and Other Aggregators</u> Prior to promulgating any regulation or taking any other formal or informal action of general applicability, including the issuance of an advisory document or examination guidance, the FMIC shall consider the differences between small lender mutuals and other approved aggregators with respect to—</p> <ul style="list-style-type: none"> The cooperative ownership structure of small lender mutuals; The purposes of small lender mutuals; The capital structure of small lender mutuals; and Any other differences that the FMIC considers appropriate. 		

	PATH Act, H.R. 2767	S. 1217	Waters Discussion Draft	H.R. 5055
		<p><u>Coordination of Servicer Approval</u> Each mutual board may coordinate with the FMIC to facilitate the application process for its member participants to become approved servicers of the FMIC pursuant to § 314.</p> <p><u>Multifamily Study</u> Not later than 1 year after the agency transfer date, the FMIC shall conduct and complete a study to determine—</p> <ul style="list-style-type: none"> • The access needs of small multifamily mortgage lenders to the secondary multifamily mortgage market; and • Whether the single required Small Lender Mutual can meet the access needs of small multifamily mortgage lenders. 		
Approval of Collateral Risk Managers		<p>§ 327 Approval and Standards for Collateral Risk Managers <u>Standards for Approval of Collateral Risk Managers</u> The FMIC shall develop, adopt, and publish standards for the use of collateral risk managers who may work with the Platform, as well as trustees and servicers of MBS to manage mortgage loan collateral, including standards with respect to—</p> <ul style="list-style-type: none"> • Tracking mortgage loan repurchases; • Compliance with obligations under any applicable securitization documents; and • Managing any disputes and the resolution process. 		

	PATH Act, H.R. 2767	S. 1217	Waters Discussion Draft	H.R. 5055
		<u>Additional Required Standards</u> The standards shall include the review of foreclosure loss mitigation programs established under § 314 for approved servicers.		
Covered Entity Oversight		<p>§ 316 Supervisory Actions Related to Capital and Solvency</p> <p><u>Capital Classifications</u></p> <ul style="list-style-type: none"> • The FMIC shall establish, by regulation, capital classifications regarding the levels of capital maintained by each type of covered entity. The FMIC shall classify covered entities according to the following capital classifications: A covered entity shall be classified as: <ul style="list-style-type: none"> ○ <i>Well capitalized</i> if it meets all capital and solvency standards in § 309(b). ○ <i>Adequately capitalized</i> if it meets some, but not all, capital and solvency standards in § 309(b). ○ <i>Undercapitalized</i> if it fails to meet any of the capital and solvency standards in § 309(b). ○ <i>Significantly undercapitalized</i> if it is significantly below any of the capital and solvency standards in § 309(b). ○ <i>Critically undercapitalized</i> if it is critically below any of the capital and solvency standards in § 309(b). • The FMIC may reclassify a covered entity if— <ul style="list-style-type: none"> ○ At any time, the FMIC determines, in 	<p>§ 224 Additional Authority Relating to Oversight of Market Participants</p> <p>In carrying out its authorities under this subtitle, the NMFA may, in its discretion, develop, publish, and adopt such other additional standards or requirements as the NMFA determines necessary to ensure—</p> <ul style="list-style-type: none"> • Competition among approved private mortgage insurers, servicers, bond guarantors, and other approved private market participants in the secondary mortgage market; • Competitive pricing among approved private mortgage insurers, servicers, bond guarantors, and other approved private market participants in the secondary mortgage market; and • Access to affordable mortgage credit, including 30-year fixed rate mortgages, in the secondary mortgage market. <p>§ 225 Civil Money Penalties Authority</p> <p>The NMFA may, in its discretion, impose a civil money penalty on the Issuer or any approved private mortgage insurer, servicer, bond guarantor, or other entity previously</p>	

	PATH Act, H.R. 2767	S. 1217	Waters Discussion Draft	H.R. 5055
		<p>writing, that the covered entity is engaging in conduct that could result in a rapid depletion of capital held by the covered entity;</p> <ul style="list-style-type: none"> ○ After notice and an opportunity for hearing, the FMIC determines that the covered entity is in an unsafe or unsound condition; ○ Pursuant to the requirements of this title, the FMIC deems the covered entity to be engaging in an unsafe or unsound practice; ○ The covered entity does not submit a capital restoration plan within the applicable time period that is substantially in compliance with regulations for such plans adopted by the FMIC; ○ The FMIC does not approve the capital restoration plan submitted by the covered entity; or ○ The FMIC determines that the covered entity has failed to comply with the capital restoration plan and fulfill the schedule for the plan approved by the FMIC in any material respect. <ul style="list-style-type: none"> • In addition to any other action authorized under this title, including the reclassification of a covered entity for any reason not specified in this subsection, if the FMIC makes any discretionary reclassification, the FMIC may classify a 	<p>approved by the NMFA that has failed to comply with or otherwise violates—</p> <ul style="list-style-type: none"> • Any standard adopted by the NMFA pursuant to this subtitle; or • Any other requirement or provision of this Act, or any order, condition, rule, or regulation issued pursuant to this Act, applicable to the Issuer or to such private mortgage insurer, servicer, bond guarantor, or other entity as the case may be. <p><u>Procedures</u></p> <ul style="list-style-type: none"> • The NMFA shall establish standards and procedures governing the imposition of civil money penalties under this section. Such standards and procedures— <ul style="list-style-type: none"> ○ Shall provide for the NMFA notify the Issuer or any approved private mortgage insurer, servicer, bond guarantor, or other entity, as the case may be, in writing of the determination of the NMFA to impose the penalty, which shall be made on the record; ○ Shall provide for the imposition of a penalty only after the Issuer or any approved private mortgage insurer, servicer, bond guarantor, or other entity, as the case may be, has been given an opportunity for a hearing on the record; and 	

	PATH Act, H.R. 2767	S. 1217	Waters Discussion Draft	H.R. 5055
		<p>covered entity as appropriate.</p> <ul style="list-style-type: none"> • A covered entity shall make no capital distribution if, after making the distribution, the covered entity would be classified as anything other than well capitalized or adequately capitalized. The FMIC may permit a covered entity, to the extent appropriate or applicable, to repurchase, redeem, retire, or otherwise acquire shares or ownership interests if the repurchase, redemption, retirement, or other acquisition— <ul style="list-style-type: none"> ○ Is made in connection with the issuance of additional shares or obligations of the covered entity in at least an equivalent amount; ○ Will reduce the financial obligations of the covered entity or otherwise improve the financial condition of the covered entity; ○ Will enhance the ability of the covered entity to promptly meet the minimum capital level for the covered entity; ○ Contributes to the long-term financial safety and soundness of the covered entity; or ○ Furthers the public interest. <p><u>Adequately Capitalized</u></p> <ul style="list-style-type: none"> • The FMIC shall require a covered entity that is classified as adequately capitalized 	<ul style="list-style-type: none"> ○ May provide for review by the NMFA of any determination or order, or interlocutory ruling, arising from a hearing. • In determining the amount of a penalty, the NMFA shall give consideration to factors including— <ul style="list-style-type: none"> ○ The gravity of the offense; ○ Any history of prior offenses; ○ Ability to pay the penalty; ○ Injury to the public; ○ Benefits received; ○ Deterrence of future violations; and ○ Such other factors as the NMFA may determine, by regulation, to be appropriate. <p><u>Action to Collect Penalty</u></p> <p>If the Issuer or any previously approved private mortgage insurer, servicer, bond guarantor, or other entity, as the case may be, fails to comply with an order by the NMFA imposing a civil money penalty under this section, the NMFA may bring an action in the U.S. District Court for D.C. to obtain a monetary judgment against the Issuer or any previously approved private mortgage insurer, servicer, bond guarantor, or other entity, as the case may be, and such other relief as may be available. The monetary judgment may, in the court’s discretion, include the attorneys’ fees and other expenses incurred by the U.S. in connection with the action. In an action under</p>	

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		<p>to—</p> <ul style="list-style-type: none"> ○ Submit to the FMIC a capital restoration plan; and ○ Implement the plan after approval. <ul style="list-style-type: none"> ● The FMIC may take, with respect to an adequately capitalized covered entity, any of the actions authorized to be taken with respect to an undercapitalized covered entity, if the FMIC determines that such actions are necessary to carry out the purposes of this subtitle. <p><u>Undercapitalized</u></p> <ul style="list-style-type: none"> ● The FMIC shall require a covered entity that is classified as undercapitalized to— <ul style="list-style-type: none"> ○ Submit to the FMIC a capital restoration plan; and ○ Implement the plan after approval. ● An undercapitalized covered entity shall not permit its average total assets during any calendar quarter to exceed its average total assets during the preceding calendar quarter, unless— <ul style="list-style-type: none"> ○ The FMIC has accepted the capital restoration plan of the covered entity; ○ Any increase in total assets is consistent with the capital restoration plan; and ○ The ratio of capital to total assets of the covered entity increases during the calendar quarter at a rate sufficient to enable the covered entity 	<p>this subsection, the validity and appropriateness of the order imposing the penalty shall not be subject to review.</p> <p><u>Settlements</u> The NMFA may compromise, modify, or remit any civil money penalty which may be, or has been, imposed under this section.</p> <p><u>Deposit of Penalties</u> The NMFA shall use any civil money penalties collected under this section to help fund the MIF.</p> <p><u>Suspension and Revocation Authority.</u> Nothing in this section shall limit the authority of the NMFA to suspend or revoke the approved status of any private mortgage insurer, servicer, bond guarantor, or other entity previously approved by the NMFA.</p>	

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		<p>to become adequately capitalized within a reasonable time.</p> <ul style="list-style-type: none"> • An undercapitalized covered entity shall not, directly or indirectly, acquire any interest in any entity or engage in a new activity, unless— <ul style="list-style-type: none"> ○ The FMIC has accepted the capital restoration plan of the covered entity, the covered entity is implementing the plan, and the FMIC determines that the proposed action is consistent with and will further the achievement of the plan; or ○ The FMIC determines that the proposed action will further the purpose of this section. • The FMIC shall— <ul style="list-style-type: none"> ○ Closely monitor the condition of any undercapitalized covered entity; ○ Closely monitor compliance with the capital restoration plan, restrictions, and requirements imposed on an undercapitalized covered entity under this section; and ○ Periodically review the capital restoration plan, restrictions, and requirements applicable to an undercapitalized covered entity to determine whether the plan, restrictions, and requirements are achieving the purpose of this section. • The FMIC may take, with respect to an 		

	PATH Act, H.R. 2767	S. 1217	Waters Discussion Draft	H.R. 5055
		<p>undercapitalized covered entity, any of the actions authorized to be taken with respect to a significantly undercapitalized covered entity, if the FMIC determines that such actions are necessary to carry out the purpose of this subtitle.</p> <p><u>Significantly Undercapitalized</u></p> <ul style="list-style-type: none"> • The FMIC shall require a covered entity that is classified as significantly undercapitalized to— <ul style="list-style-type: none"> ○ Submit to the FMIC a capital restoration plan; and ○ Implement the plan after approval. • In addition to any other actions taken by the FMIC, the FMIC may, at any time, take any of the following actions with respect to a covered entity that is classified as significantly undercapitalized: <ul style="list-style-type: none"> ○ Limit any increase in, or order the reduction of, any obligations of the covered entity, including off-balance sheet obligations. ○ Limit or prohibit the growth of the assets of the covered entity, or require reduction of the assets of the covered entity. ○ Require the covered entity to raise new capital in a form and amount determined by the FMIC. ○ Require the covered entity to 		

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		<p>terminate, reduce, or modify any activity that creates excessive risk to the covered entity, as determined by the FMIC.</p> <ul style="list-style-type: none"> ○ Take 1 or more of the following actions: <ul style="list-style-type: none"> ▪ Order or hold a new election for the board of directors of the covered entity. ▪ Require the covered entity to dismiss from office any director or executive officer who had held office for more than 180 days immediately before the date on which the covered entity became undercapitalized. ▪ Require the covered entity to employ qualified executive officers (who, if the FMIC so specifies, shall be subject to approval by the FMIC). <p><u>Critically Undercapitalized</u></p> <ul style="list-style-type: none"> • The FMIC shall have the authority to resolve a critically undercapitalized covered entity that is a regulated entity pursuant to § 1367 of the 1992 Act. • The FMIC shall have the authority to resolve a critically undercapitalized covered entity that is not a regulated entity pursuant to the resolution authority granted to the FMIC under §§ 311(h), 		

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Acquisitions of Covered Entities		<p>312(h), 313(g), and 703(i), as applicable.</p> <p>§ 317 Ownership, Acquisitions, and Operations of Covered Entities</p> <p><u>Acquisitions of Covered Entities</u></p> <p>It shall be unlawful, except with the prior approval of the FMIC, for any person to—</p> <ul style="list-style-type: none"> • Directly or indirectly own, control, or have power to vote 10% of any class of voting shares of any covered entity (except to the extent that voting stock is required to be purchased by Federal statute as a condition to participate in the covered entity’s programs); • Control in any manner the election of a majority of the directors or trustees of any covered entity; • Exercise a controlling influence over the management or policies of any covered entity; • Merge or consolidate with any covered entity; or • Divest a covered entity, or any substantial line of business of a covered entity, into any surviving entity. <p><u>Application and Approval Process</u></p> <p>The FMIC shall establish, by regulation, an application, in such form and manner and requiring such information as the FMIC may require, for the approval of acquisitions, mergers, consolidations, or divestitures. The FMIC shall—</p>		

	PATH Act, H.R. 2767	S. 1217	Waters Discussion Draft	H.R. 5055
		<ul style="list-style-type: none"> Establish internal timelines for its processing of applications under this section, including timelines for any action to approve or to deny an application under this section; and Notify any applicant of the FMIC's decision to approve or to deny their application as promptly as practicable. <p><u>Standards for Approval of Application</u> The FMIC shall establish, by regulation, standards for the approval by the FMIC of acquisitions, mergers, consolidations, or divestitures. The standards shall, at a minimum, be based on—</p> <ul style="list-style-type: none"> The application process established by the FMIC; The financial history and condition of the applicant; The capability of the applicant's management; The general character and fitness of the applicant's officers and directors, including their compliance history with Federal and State laws and rules and regulations of self-regulatory organizations as defined in § 3(a)(26) of the Exchange Act as applicable; The risk presented by such acquisition, merger, consolidation, or divestiture to the MIF; Any other standard the FMIC determines 		

	PATH Act, H.R. 2767	S. 1217	Waters Discussion Draft	H.R. 5055
		<p>necessary to promote competition and mitigate market dislocations among covered entities in the secondary mortgage market; and</p> <ul style="list-style-type: none"> • Any other standard the FMIC determines necessary or appropriate. <p><u>Approval</u> The FMIC—</p> <ul style="list-style-type: none"> • May approve any application made pursuant to this section if the applicant meets the standards; and • May not approve— <ul style="list-style-type: none"> ○ Any application under this section which would result in a monopoly; or ○ Any other proposed acquisition or merger or consolidation under this section whose effect in any area of the U.S. may be substantially to lessen competition, or to tend to create a monopoly, or which in any other manner would be in restraint of trade, unless the FMIC finds that the anti-competitive effects of the proposed transaction are clearly outweighed in the public interest by the probable effect of the transaction in meeting the needs of consumers and the communities served. • Shall have authority to deny any application if an officer or director of the applicant has, at any time before approval 		

	PATH Act, H.R. 2767	S. 1217	Waters Discussion Draft	H.R. 5055
		<p>been subject to a statutory disqualification pursuant to § 3(a)(39) of the Exchange Act or suspended, removed, or prohibited under FDIA § 8(g), prohibited pursuant to FDIA § 8(e)(6) or (7), subject to an action resulting in a written agreement or statement under FDIA § 8(u)(1), for which a violation may be enforced by an appropriate Federal banking agency, or subject to any final order issued under FDIA § 8.</p> <p><u>Restrictions on Engaging in Other Lines of Business</u></p> <ul style="list-style-type: none"> • An approved guarantor or approved multifamily guarantor may not engage in any activity relating to the business of insurance, other than any activity carried out by an approved guarantor or approved multifamily guarantor and approved by the FMIC pursuant to §§ 311 or 703. • An approved guarantor or approved multifamily guarantor may engage in any business activity unrelated to the business of insurance, subject to— <ul style="list-style-type: none"> ○ The prior approval of the FMIC; and ○ Any terms and conditions set forth by the FMIC. • This shall not be construed to prevent an approved guarantor from being an affiliate of a private mortgage insurer if approved by the FMIC. 		

	PATH Act, H.R. 2767	S. 1217	Waters Discussion Draft	H.R. 5055
		<p><u>Limits on Support or Guarantee Arrangement</u></p> <ul style="list-style-type: none"> • An approved guarantor or approved multifamily guarantor may not enter into any agreement, covenant, or other arrangement (including credit risk-sharing arrangement) with an affiliate or other person to support, guarantee, or finance any operation or activity of that affiliate. • Subject to any terms and conditions established by the FMIC, by regulation or order, an approved guarantor or approved multifamily guarantor may enter into an agreement, covenant, or other arrangement with an affiliate solely for the purpose of supporting, guaranteeing, or financing an operation or activity of the approved guarantor or approved multifamily guarantor. • Nothing in this section shall supersede the § 23A and 23B requirements of the Federal Reserve Act (transactions with affiliates). <p><u>Anti-Steering Requirement</u></p> <p>The FMIC shall by regulation prohibit discounts made by an approved guarantor for any mortgage originator that is an investor, or affiliate of an investor, in the approved guarantor that are not otherwise available to other similar mortgage originators. The FMIC IG shall annually report to the FMIC and</p>		

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		Congress on guarantors' practices and internal controls with respect to steering or preferential treatment for their investors prohibited by this section.		
New Utility Findings, Purposes, Definitions	<p>§ 302 Findings and Purposes <u>Findings</u> The Congress finds that—</p> <ul style="list-style-type: none"> • The liquidity and efficiency of the national housing finance market is enhanced by a robust secondary market for residential mortgage loans, including securities backed by residential mortgage loans; • The financial crisis that began in 2007 revealed weaknesses in the market infrastructure related to residential mortgage-backed securities, including— <ul style="list-style-type: none"> ○ Weaknesses in standards— <ul style="list-style-type: none"> ▪ For underwriting and servicing residential mortgage loans that may be collateral for mortgage-backed securities; and ▪ For issuers and trustees of such securities; ○ Weaknesses in the manner of recording and registering ownership and security interests in residential mortgage loans that backed pools of securities; and ○ Weaknesses in the availability of information to assess performance of pools; 			

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	<ul style="list-style-type: none"> Weaknesses revealed in the financial crisis created uncertainty and impeded timely and successful resolution of troubled residential mortgage loans, and have impeded the return of private capital to the market for securities backed by residential mortgage loans in the absence of a Federal guarantee of timely payment of principal and interest to investors; and Improved standards and information availability and a national system for registering mortgage-related documents, including notes, mortgages and deeds of trust, and ownership and security interests established therein, with standard procedures for demonstrating the right to act with regard to such notes or other registered data, would assist in addressing these weaknesses. <p><u>Purposes</u> The purposes of the national mortgage market utility created by this title are—</p> <ul style="list-style-type: none"> To enhance efficiency, liquidity, and security in the secondary market for residential mortgages, including mortgage-backed securities; To establish standards related to originating and servicing eligible collateral and for issuers and trustees of qualified securities, which would be 			

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	<p>exempt from the Securities Act of 1933;</p> <ul style="list-style-type: none"> • To improve uniformity, quality and accessibility of information related to the performance of residential mortgage loans; • To operate a common securitization platform that could be available to issuers of residential mortgage-backed securities; • To foster the use and uniformity of electronic methods for the creation, authentication, transmission, storage, and availability of materials relating to mortgages; • To provide a central repository for notes, mortgages, and other mortgage-related information, and address problems that can arise when paper notes cannot be produced, due to loss or destruction as a result of natural disaster or other causes; and • To provide a uniform procedure for demonstrating the right to act with regard to such notes or other registered data for all actions in any State or Federal proceeding, judicial or nonjudicial, involving such notes or other data. <p>§ 303 Definitions With respect to the Utility, <i>Affiliate</i> means any entity that controls, is controlled by, or is under common control with, the Utility.</p>			

	PATH Act, H.R. 2767	S. 1217	Waters Discussion Draft	H.R. 5055
	<p><i>Agency</i> means FHFA.</p> <p><i>Depositor</i> means—</p> <ul style="list-style-type: none"> • Any person authorized to submit documents or data for registration with the Repository; and • Any person qualified pursuant to § 331 (relating to organization and operation of the Repository) to inform the Repository of— <ul style="list-style-type: none"> ○ Newly identified interest holders, whether through creation, assignment, or transfer; or ○ Changes to interests of existing holders, including through modification, amendment, or restatement of, or discharge related to, any registered mortgage-related document. <p><i>Director</i> means the FHFA Director.</p> <p><i>Eligible Collateral</i> means a residential mortgage loan that meets any standard for mortgage classification established pursuant to § 322 (relating to standards for qualified securities).</p> <p><i>Enterprise or GSE</i> means Fannie Mae, Freddie Mac, or any affiliate thereof.</p> <p><i>Mortgage-related document</i> means any</p>			

	PATH Act, H.R. 2767	S. 1217	Waters Discussion Draft	H.R. 5055
	<p>document or other information or data related to the use of residential real estate as security for a loan, including documents establishing an obligation to repay a loan secured by residential real estate, establishing a security interest in real estate, establishing the value of the real estate at the time the security interest is created, and insuring clear title to residential real estate pledged as security, or as the Director by regulation may define, and may include electronic documents.</p> <p><i>Organizer</i> means the person or entity that establishes the Utility.</p> <p><i>Participant</i> means any person authorized to use data maintained or created by the Repository that is not otherwise available to the public.</p> <p><i>Platform</i> means the securitization infrastructure FHFA announced on October 4, 2012, and as developed by a GSE or the GSEs in conservatorship, under FHFA authority under the 1992 Act.</p> <p><i>Repository</i> means the national mortgage data repository organized under § 331.</p> <p><i>Utility</i> means the national mortgage market utility established under § 311.</p> <p><i>Utility-Affiliated Party</i> means—</p>			

	PATH Act, H.R. 2767	S. 1217	Waters Discussion Draft	H.R. 5055
	<ul style="list-style-type: none"> • Any director, officer, employee or controlling stockholder of, or agent for, the Utility; • Any shareholder, affiliate, consultant, or joint venture partner of the Utility, and any other person, as determined by the Director (by regulation or on a case-by-case basis) that participates in the conduct of the affairs of the Utility; • Any independent contractor of the Utility (including any attorney, appraiser or accountant) if— <ul style="list-style-type: none"> ○ The independent contractor knowingly or recklessly participates in any violation of law or regulation, any breach of fiduciary duty or any unsafe or unsound practice; and ○ Such violation, breach or practice caused, or is likely to cause, more than a minimal financial loss to, or a significant adverse effect on, the Utility. 			
Securitization Utility / Platform / Cooperative Establishment	<p>§ 311 Establishment Authority of Director Under such regulations as the Director may prescribe, the Director shall provide for the organization, incorporation, examination, operation, and regulation of a national mortgage market utility (“Utility”), and issuance of a charter for such Utility. The Utility shall be organized, operated, and</p>	<p>Subtitle C—Securitization Platform and Transparency in Market Operations Part I—Securitization Platform § 321 Establishment of the Securitization Platform <u>In General</u> The FMIC shall establish an entity known as the Securitization Platform (or Platform) that shall be a utility owned by and operated for</p>	<p>§ 211 Establishment of the Mortgage Securities Cooperative <u>Establishment</u> There shall be established a cooperative entity to be known as the Mortgage Securities Cooperative that shall serve as the sole issuer for covered securities to be insured under § 204.</p>	<p>§ 201 Issuing Platform <u>Establishment</u> There is established within Ginnie Mae an entity to be known as the Issuing Platform (the “Platform”), which shall issue standardized MBS to increase homogeneity in the eligible securities market. The Platform may—</p> <ul style="list-style-type: none"> • Make contracts, incur liabilities, and borrow money;

	PATH Act, H.R. 2767	S. 1217	Waters Discussion Draft	H.R. 5055
	<p>managed as a not-for-profit entity.</p> <p><u>Formation of Utility; Application</u></p> <ul style="list-style-type: none"> • Subject to the terms of this subtitle and any regulations issued by the Director, a person or entity may file an application with the Director to establish the Utility. The Utility may be chartered as a corporation, mutual association, partnership, limited liability corporation, cooperative, or any other organizational form that the applicant may deem appropriate. • An application for establishment of the Utility shall include— <ul style="list-style-type: none"> ○ The proposed articles of association; ○ A statement of the general object and purpose of the Utility, consistent with the provisions of this subtitle; ○ The proposed capitalization and business plan for the Utility; ○ The proposed State whose law would govern, by election of the applicant, the operation of the Utility to the extent not otherwise covered by this subtitle; ○ Information on the financial resources of the applicant; ○ A statement of the relevant housing finance experience of the applicant; ○ Identification of the proposed senior managers of the Utility, and the 	<p>the benefit of its members as—</p> <ul style="list-style-type: none"> • A nonprofit cooperative; or • A cooperative entity other than a nonprofit cooperative that— <ul style="list-style-type: none"> ○ Best achieves the purposes and obligations of the Platform under § 325; and ○ Serves the public interest. <p><u>Regulated by the FMIC</u></p> <ul style="list-style-type: none"> • The Platform shall be regulated and supervised by the FMIC. • The Platform shall not be an agency or instrumentality of the Federal Government. • The FMIC shall determine the legal form of incorporation of the Platform. • The FMIC shall— <ul style="list-style-type: none"> ○ Determine in which of the several States to incorporate the Platform; and ○ Have the authority to amend the State of incorporation to best effectuate the purposes and obligations of this part and other provisions of this Act. • Not later than 1 year after the agency transfer date, the FMIC shall file and submit the necessary documents to incorporate the Platform in the State the FMIC determines. <p><u>Funding by the FMIC and Transfer of</u></p>	<p><u>Membership</u></p> <p>Institutions that wish to issue insured covered securities through the Issuer, or to contribute loans into a mechanism for aggregating loans from multiple originators, shall be members of the Issuer, subject to such rules as established or approved by the NMFA.</p> <p><u>Governance</u></p> <p>Governance of the Issuer shall be on the basis of one-member, one-vote. The board of the Issuer shall have representation of originators of a range of sizes and charters to ensure that small institutions are adequately represented. The NMFA may establish or approve rules regarding governance and board representation.</p> <p><u>Common Securitization Platform</u></p> <p>Subject to such rules as the Director may establish, the Issuer may use the common securitization platform established by the GSEs to issue covered securities that are subject to the guarantee, subject to such requirements as the FHFA Director and Treasury shall establish.</p> <p><u>Corporate Powers</u></p> <p>The Issuer shall have power—</p> <ul style="list-style-type: none"> • To adopt, alter, and use a corporate seal, which shall be judicially noticed; • To enter into and perform contracts, 	<ul style="list-style-type: none"> • Purchase, sell, receive, hold, and use real and personal property; • Create, execute, and administer trusts; and • Take such actions as the Platform determines are necessary or incidental to carry out the Platform’s duties under this Act. <p><u>Delivery of Pool to the Platform</u></p> <p>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.</p> <p><u>Securitization</u></p> <p>The Platform shall, upon receiving a pool of eligible mortgages—</p> <ul style="list-style-type: none"> • Create standardized MBS collateralized by such mortgages; and • Transfer the standardized MBS 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. <p><u>Standardized Criteria for Securities</u></p> <p>In issuing securities under this section, the Platform shall establish standardized criteria for such securities, including—</p>

	PATH Act, H.R. 2767	S. 1217	Waters Discussion Draft	H.R. 5055
	<p>relevant experience of such individuals; and</p> <ul style="list-style-type: none"> ○ Any other information the Director determines to be necessary to evaluate the back- ground, experience, and integrity of the applicant and the proposed senior managers, or information otherwise relevant to determine the likely success of the proposed Utility. <p><u>Issuance of Charter and Chartering Criteria</u></p> <ul style="list-style-type: none"> • Within 2 years of enactment, the Director shall issue a charter for the Utility to the applicant that the Director determines, in the Director’s sole discretion, has the managerial, financial, and operational resources to succeed, consistent with the purposes of this subtitle. At the discretion of the Director, the charter may require the Utility to obtain specific approval from the Director before commencing any business operation, including operations related to the Platform or the Repository, which approval shall be provided when the Director determines, in the Director’s sole discretion, that the Utility demonstrates appropriate operational, managerial, and governance capability with regard to such operation, including successful completion of testing and transition periods. 	<p><u>Property</u></p> <ul style="list-style-type: none"> • At a time established by the FMIC, the FMIC shall transfer to the Platform such funds as the FMIC, in consultation with the Platform Directors, determines may be reasonably necessary for the Platform to begin carrying out its activities and operations. • Consistent with Title VI, the FHFA, in consultation with the FMIC and, as appropriate, the GSEs, may direct the GSEs to transfer or sell to the Platform any property, including but not limited to, intellectual property, technology, systems, and infrastructure (including technology, systems, and infrastructure developed by the GSEs for the CSP), as well as any other legacy systems, infrastructure, and processes that may be necessary for the Platform to carry out the functions and operations of the Platform. • As may be necessary for the FMIC, the FHFA, and the GSEs to comply with legal, contractual, or other obligations, the FHFA shall have the authority to require that any such transfer to the Platform occurs as an exchange for value, including though the provision of appropriate compensation to the GSEs or other entities responsible for creating, or contracting with, the CSP. • The transfer or sale of property to the 	<p>leases, cooperative agreements, or other transactions, on such terms as it may deem appropriate, with any agency or instrumentality of the U.S., or with any State, Territory, or possession, or Puerto Rico, or with any political sub division thereof, or with any person, firm, association, or corporation;</p> <ul style="list-style-type: none"> • To execute, in accordance with its bylaws, all instruments necessary or appropriate in the exercise of any of its powers; • In its corporate name, to sue and to be sued, and to complain and to defend, in any court of competent jurisdiction, State or Federal, but no attachment, injunction, or other similar process, mesne or final, shall be issued against the property of the Issuer; • To conduct its business without regard to any qualification or similar statute in any State of the U.S., including D.C., Puerto Rico, and the Territories and possessions of the U.S.; • To lease, purchase, or acquire any property, real, personal, or mixed, or any interest therein, to hold, rent, maintain, modernize, renovate, improve, use, and operate such property, and to sell, for cash or credit, lease, or otherwise dispose of the same, at such time and in such manner as and to the extent that it may 	<ul style="list-style-type: none"> • Uniform loan delivery, servicing, and pooling requirements; • Remittance requirements; • Underwriting guidelines and refinance programs; • The credit quality of the guarantee provided to each security; • Servicing standards and loan repurchase policies; • Disclosure policies; • Security terms and features; and • 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. <p><u>Securitization Fee</u> 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 Platform of carrying out this section.</p> <p><u>Certification</u> 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 § 202, certify to</p>

	PATH Act, H.R. 2767	S. 1217	Waters Discussion Draft	H.R. 5055
	<ul style="list-style-type: none"> • In making such a determination, the Director shall consider the competence, experience, and integrity of the applicant and proposed senior managers of the Utility, and the financial and operational resources and future prospects of the Utility. The Director may not issue a charter if the applicant fails to— <ul style="list-style-type: none"> ○ Comply with all applicable formation requirements; ○ Provide all information requested by the Director; ○ Demonstrate the competence, experience, and integrity necessary to operate the Utility in a safe and sound manner; ○ Demonstrate sufficient financial resources necessary to operate the Utility in a safe and sound manner; ○ Provide the Director with assurances that it will operate and maintain the Platform in an open-access manner that does not discriminate against eligible loan originators, aggregators, or qualified issuers; or ○ Provide the Director with assurances that the Utility will make available to the Director, on an on-going basis, such information on the operation and activities of the Utility, or any affiliate of the Utility, that the Director deems necessary to ensure the safe and sound operation of the 	<p>Platform shall, as appropriate, be managed by the FHFA to obtain resolutions that maximize the return for the GSEs’ senior preferred shareholders to the extent that such resolutions—</p> <ul style="list-style-type: none"> ○ Are consistent with facilitating— <ul style="list-style-type: none"> ▪ A deep, liquid, and resilient secondary mortgage market for single-family and multifamily MBS to support access to mortgage credit in the primary mortgage market; and ▪ An orderly transition from housing finance markets facilitated by the GSEs to housing finance markets facilitated by the FMIC with minimum disruption in the availability of loan credit; ○ Are consistent with applicable Federal and State law; ○ Comply with the requirements of this Act and the amendments made by this Act; and ○ Protect the taxpayer from having to absorb losses incurred in the secondary mortgage market. <ul style="list-style-type: none"> • The FHFA may not require the GSEs to make such a sale to the Platform that involves the disposition of the property or assets of the GSEs unless FHFA determines that the sale— <ul style="list-style-type: none"> ○ Is consistent with an orderly 	<p>deem necessary or appropriate;</p> <ul style="list-style-type: none"> • To prescribe, repeal, and amend or modify, rules or requirements governing the manner in which its general business may be conducted; • To accept gifts or donations of services, or of property, real, personal, or mixed, tangible, or intangible, in aid of any of its purposes; and • To do all things as are necessary or incidental to the proper management of its affairs and the proper conduct of its business, including the establishment of such subgroups or corporate entities as are useful in conducting its business. <p><u>Exemption from Certain Taxes</u> The Issuer, including its franchise, capital, reserves, surplus, mortgages or other security holdings, and income shall be exempt from all taxation now or hereafter imposed by any territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority, except that any real property of the Issuer shall be subject to State, territorial, county, municipal, or local taxation to the same extent according to its value as other real property is taxed.</p> <p><u>Exclusive Use of Name</u> No individual, association, partnership, or corporation, except for the Issuer, shall</p>	<p>the Congress that such determination has been made.</p> <p><u>Duty to Serve all Markets</u></p> <ul style="list-style-type: none"> • 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— <ul style="list-style-type: none"> ○ Regions; ○ Localities; ○ Institutions; ○ Property types, including housing serving renters; and ○ Borrowers. • Ginnie Mae shall issue a semiannual report to the Congress on— <ul style="list-style-type: none"> ○ How Ginnie Mae is carrying out the duties to serve all markets; and ○ The extent to which the provisions of this title and the programs carried out pursuant to this title are benefitting underserved communities. <p><u>Exemption From SEC Laws and Regulations</u> Standardized MBS issued by the Platform shall be exempt from the Federal securities laws (as defined under Exchange Act § 3(a)) and all regulations issued pursuant to such laws.</p>

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	<p>Utility and to enforce compliance with this subtitle.</p> <ul style="list-style-type: none"> • Within 30 days of denying any application for the issuance of a charter, the Director shall provide the applicant with a written explanation of the basis for the denial. <p><u>Authority to Suspend</u></p> <ul style="list-style-type: none"> • The authority of the Director shall include the authority to suspend the charter of the Utility, if the Director determines, in the Director’s discretion, that— <ul style="list-style-type: none"> ○ The organizers have failed to make adequate progress in establishing the Utility or any business operation; ○ The organizers engaged in waste of appropriated funds made available for establishment of the Repository; or ○ Such suspension is necessary for any other reason related to safe and sound operation of the Utility. • The Director shall issue regulations to address suspension of the charter, including a process for remediation. <p><u>Status</u></p> <ul style="list-style-type: none"> • The Utility is not, and shall not be deemed to be, a department, agency, or instrumentality of the U.S. Government and shall not be subject to title 5 or 31 of 	<p>transition from housing finance markets facilitated by the enterprises to efficient housing finance markets facilitated by the FMIC with minimum disruption in the availability of loan credit;</p> <ul style="list-style-type: none"> ○ Does not impede or otherwise interfere with the ability of the FHFA or FMIC to carry out the functions and requirements of this Act; ○ Does not transfer, convey, or authorize any guarantee or Federal support, assistance, or backing, implicit or explicit, related to any such property or assets being sold; and ○ Will maximize the return for the senior preferred shareholders. <p><u>Platform Operability</u> The FMIC shall establish sufficient redundancies in the Platform so that in the event of operational disruption of the Platform, there is sufficient back-up capacity to—</p> <ul style="list-style-type: none"> • Process payments on existing securities issued through the Platform; and • Structure, form, and enable issuers to issue new securities through the Platform. <p><u>Use by Other Entities in Exigent Circumstance</u></p>	<p>hereafter use the words “Mortgage Securities Cooperative” or any combination of such words, as the name or a part thereof under which the individual, association, partnership, or corporation shall do business. Violations may be enjoined by any court of general jurisdiction at the suit of the proper body corporate. In any such suit, the plaintiff may recover any actual damages flowing from such violation, and, in addition, shall be entitled to punitive damages (regardless of the existence or nonexistence of actual damages) of not exceeding \$100 for each day during which such violation is committed or repeated.</p>	

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	<p>the U.S. Code.</p> <ul style="list-style-type: none"> Notwithstanding any other provision of law, the Utility shall be subject to the exclusive supervision and regulation by the Agency, and shall not be subject to supervision or regulation by any other Federal department or agency or by any State. The Utility is authorized to conduct its business without regard to any qualification or similar statute in any State. The Utility shall be exempt from all taxation imposed by the U.S., any U.S. territory, dependency, or possession, or any State, county, municipality, or local taxing authority, except that any real property of the Repository shall be subject to State, territorial, county, municipal, or local taxation to the same extent according to its value as other real property. <p><u>Directors</u> Next row down.</p> <p><u>Reports to Congress</u> Commencing with the first annual report of the Director following the date of the enactment of this Act, the annual report of the Director under § 1319B of the 1992 Act (12 U.S.C. 4521) shall include a description of the Agency's activities with regard to</p>	<ul style="list-style-type: none"> On and after the system certification date, if the FMIC determines that operational or other problems with the Platform do not permit the Platform to operate in a manner that allows the Platform to achieve the purposes and obligations of the Platform under § 325, the FMIC shall have the authority to permit the Platform Directors to use entities other than the Platform to perform issuance functions required to be performed by the Platform for issuers and that are necessary for the proper functioning of the secondary mortgage market. Any entity permitted to perform issuance functions that would ordinarily be expected to be performed by the Platform shall be regulated and supervised, as appropriate, by the FMIC as if such entity were the Platform itself. 		

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	organization, incorporation, examination, operation, and regulation of the Utility.			
Securitization Platform Management	<p>§ 311(f) Directors The Utility shall be governed by a board of directors, which shall consist of a number of directors determined by the Director to meet the needs of the Utility, of which—</p> <ul style="list-style-type: none"> • Not less than two members shall be from larger financial institutions; • Not less than two members shall be from smaller financial institutions; • Not less than two members shall have expertise in residential mortgage securitizations; • Not less than two members shall have expertise in legal and electronic documentation and systems; and • Such other members as the Director may provide, who shall have such qualifications as the Director may establish in the charter or by regulation to meet the requirements for independence and any provisions of applicable State law. 	<p>§ 322 Management of the Platform Platform Directors</p> <ul style="list-style-type: none"> • The Platform Directors shall have all the powers necessary to carry out the purposes, powers, and functions of the Platform, and in the exercise of such purposes, powers, and functions, and upon approval of the FMIC, shall adopt such rules and guidance and issue such orders as they deem necessary and appropriate. • The Platform Directors shall develop policies and procedures to monitor and mitigate potential conflicts of interest in carrying out the purposes, powers, and functions of the Platform. • The initial Platform Directors shall be comprised of 5 directors, each of whom shall be appointed by the Board of Directors but none of whom shall be a member of the Board of Directors. The initial Platform Directors shall be appointed not later than 180 days after the later of— <ul style="list-style-type: none"> ○ The filing of the necessary documents to incorporate the Platform as required under § 321(c); or ○ The approval of the incorporation of the Platform by the relevant State. 		

	PATH Act, H.R. 2767	S. 1217	Waters Discussion Draft	H.R. 5055
		<ul style="list-style-type: none"> • Each initial Platform Director shall serve for a term of 1 year. The Board of Directors may— <ul style="list-style-type: none"> ○ In its discretion, extend for an additional year the term of each initial Platform Director; and ○ Upon a determination by the FMIC that the Platform membership does not reflect the diversity or variety of market participants required to conduct the election of the Platform Directors (below), extend for an additional 2 years the term of each initial Platform Director. • The initial Platform Directors shall— <ul style="list-style-type: none"> ○ Draft and enact initial bylaws and other governance documents for the operation of the Platform, including policies and procedures to monitor and mitigate conflicts of interest; ○ Establish criteria for membership in the Platform consistent with the requirements of § 323; ○ Establish any necessary initial fee structures or usage fee structures under § 324; and ○ Organize and conduct the election of the Platform Directors from the Platform members. • Upon the expiration of the term of the members of the initial Platform Directors, the members of the Platform shall, in 		

	PATH Act, H.R. 2767	S. 1217	Waters Discussion Draft	H.R. 5055
		<p>accordance with the following, elect new Platform Directors.</p> <ul style="list-style-type: none"> ○ The elected Platform Directors shall reflect the diverse range of Platform members, including large, mid-size, and small business members. The elected Platform Directors shall be comprised of nine directors as follows: <ul style="list-style-type: none"> ▪ Eight member directors, including: <ul style="list-style-type: none"> ◆ Seven who shall be elected from representatives of Platform members, at least 1 of whom shall represent the interests of small mortgage lenders; and ◆ One who shall be a representative of a small lender mutual established under § 315. ▪ One independent director. The independent director shall not be an affiliated of any member in the Platform, and shall have demonstrated knowledge of, or experience in, financial management, financial services, risk management, information technology, or housing finance, which may include affordable housing finance. 		

	PATH Act, H.R. 2767	S. 1217	Waters Discussion Draft	H.R. 5055
		<ul style="list-style-type: none"> ○ The Chairperson of the Platform Directors shall be elected from among the elected Platform Directors. ○ Each elected Platform Director shall serve for a term of 2 years, but: <ul style="list-style-type: none"> ▪ The first elected chairperson of the Platform Directors shall be elected to serve for a term of 2 years; and ▪ Of the first 8 other Platform Directors not elected to serve as chairperson: <ul style="list-style-type: none"> ◆ Four shall be elected to serve for a term of 2 years. ◆ Four shall be elected to serve an initial term of 1 year. ○ Platform Directors shall have equal voting rights on any matters before the Platform Directors. ○ Procedures for the nomination and election of Platform Directors shall be prescribed by the bylaws adopted by the Platform Directors in a manner consistent with the purposes and provisions of this part. • The elected Platform Directors, with approval from the FMIC, may choose to restructure or reorganize the Platform Directors in a manner different than what is specified following a determination by 		

	PATH Act, H.R. 2767	S. 1217	Waters Discussion Draft	H.R. 5055
		<p>the Platform Directors and the FMIC that a different Platform board structure or Platform board composition would better achieve the purposes and obligations of this Act, or better serve the owners of the Platform in a manner consistent with the public interest.</p> <p><u>Executive Officers</u> The Platform Directors shall appoint a chief executive officer, chief financial officer, comptroller, chief regulatory officer, and any other officers as the Platform Directors deem necessary to carry out the management and administration of the functions and operations of the Platform.</p>		
Securitization Platform Members		<p>§ 323 Membership in the Platform Application</p> <ul style="list-style-type: none"> • A person seeking to become a member in the Platform, or to be reinstated as a member in the Platform, shall file an application with the Platform Directors. • Consistent with achieving a broad membership that includes small mortgage lenders, as well as large, mid-size, and small business members, the Platform Directors shall develop procedures and standards for— <ul style="list-style-type: none"> ○ The application of persons seeking to become members in the Platform; and ○ The approval of applicants for 		

	PATH Act, H.R. 2767	S. 1217	Waters Discussion Draft	H.R. 5055
		<p>membership in the Platform.</p> <ul style="list-style-type: none"> The standards for the approval by the Platform Directors of an approved entity as a member in the Platform shall be consistent with and supplement any standards, requirements, and obligations applicable to the approved entity under subtitle B of this title, or any other provision of this Act. <p><u>Members</u> The Platform Directors may approve as a member of the Platform any person that applies for membership in the Platform that is—</p> <ul style="list-style-type: none"> A mortgage aggregator; A mortgage guarantor; A mortgage originator; An FHLB or a subsidiary or joint office approved under § 312 of one or more FHLBs; A small lender mutual established or approved under § 315; or Any other market participant, provided that in the sole determination of the Platform Directors, having such market participant as a member of the Platform is necessary or helpful to fulfilling the purposes and obligations of the Platform under § 325. <p><u>Termination</u></p>		

	PATH Act, H.R. 2767	S. 1217	Waters Discussion Draft	H.R. 5055
		The Platform Directors may terminate membership in the Platform of any member for failure to adhere to any standards established by the Platform Directors.		
Securitization Platform Fees	<p>§ 313 Transfer of Ownership of Platform</p> <ul style="list-style-type: none"> • Within 6 months of enactment, the Director shall determine a method for recovering the cost to each GSE of developing the Platform, in consultation with Treasury, and agree on a valuation of the Platform upon transfer to the Utility. • Not later than the end of the 1-year period beginning on the date of the issuance of the charter of the Utility by the Director, the Director shall oversee the transfer to the Utility of ownership of the Platform. At the time of such transfer, the agreed value of the Platform shall be deemed transferred to the Utility, and shall be repaid to the Treasury by the Utility within 10 years after such transfer. • After transfer of the Platform to the Utility, to the extent feasible the Platform shall be made available to the Agency on terms and conditions applicable to other users, to assist with managing the wind-down of any GSE for which the Agency is conservator or receiver pursuant to § 1367 of the 1992 Act (12 U.S.C. 4617). <p>§ 314 Funding</p>	<p>§ 324 Fees</p> <p><u>In General</u></p> <p>The Platform Directors may assess and collect fees, and may, in their discretion, increase or decrease such fees, from the members in the Platform—</p> <ul style="list-style-type: none"> • For initial membership in the Platform; • To maintain ongoing membership in the Platform; • For use of the Platform; and • To cover the ongoing costs of the functions and operations of the Platform, including— <ul style="list-style-type: none"> ○ The purchase of property, technology, and systems developed by either GSE or others; ○ To develop and invest in new technology; ○ To build a capital base that would be able to offset, or otherwise mitigate, losses that might occur due to the potential operational failure of the Platform; and ○ To conduct any other activities approved by the Platform Directors. <p><u>Initial Fee</u></p> <p>Upon approval of its application to become a</p>		

	PATH Act, H.R. 2767	S. 1217	Waters Discussion Draft	H.R. 5055
	<ul style="list-style-type: none"> • There is authorized to be appropriated \$150,000,000 for the establishment and initial oversight, regulation, and supervision of the Utility and its operation (initial funding). • The Utility shall repay to the Treasury of the U.S. the amount of the initial funding within 10 years after the Utility is chartered. • After establishment, all expenses of the Utility shall be paid for by fees collected based on services provided by and operations of the Utility. The Utility shall— <ul style="list-style-type: none"> ○ Establish, subject to the approval of the Director, a fee schedule and may differentiate fees based on classes or types of services, operations, and users of services or operations, and such differentiation shall not be deemed discriminatory; and ○ Review and publish the fee schedule not less frequently than annually, but may review, revise, and publish the schedule more frequently than annually. 	<p>member in the Platform, each new approved member shall pay to the Platform a fee in an amount to be determined by the Platform Directors, provided that such fee amount is consistent with obtaining a broad membership in the Platform that includes small mortgage lenders, as well as large, mid-size, and small business members.</p> <p><u>Usage Fees</u></p> <ul style="list-style-type: none"> • Each member in the Platform shall pay usage fees, as such fees are determined by the Platform Directors. • The Platform Directors shall, not less than annually, review the fee structure established under this subsection and submit any resulting recommendations to amend the fee structure to the FMIC. • Except as below, usage fees charged and collected shall be equitably assessed and based upon the member’s use of the services offered by the Platform, as such use is to be measured by the total principal balance of the mortgage loans or MBS securitized for the member through the Platform. <ul style="list-style-type: none"> ○ If the Platform Directors determine that certain entities face a barrier to use the Platform, the Platform Directors may adopt a tiered usage fee structure to promote greater access and a more competitive 		

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		<p>market for the Platform that may include differential fee structures for usage fee charges incurred by housing finance agencies, small mortgage lenders, CDFIs, mission-based nonprofit lenders, community land trusts, permanently affordable homeownership programs, or other organizations selected by the FMIC.</p> <ul style="list-style-type: none"> ○ The Platform Directors may adopt a tiered usage fee structure that may include differential fee structures for usage fee charges for the issuance of noncovered securities that differ from the usage fees charged for the issuance of covered securities. ● Usage fees charged under this subsection shall be paid by the member at the time the mortgage loans or MBS are delivered by the member to the Platform. <p><u>FMIC Review of Initial Fees and Usage Fees</u></p> <ul style="list-style-type: none"> ● The Platform Directors shall submit any fee structure proposal for initial fees or usage fees to the FMIC. The FMIC shall approve any initial fee or usage fee structure proposed by the Platform Directors unless the FMIC determines that the fee structure is not consistent with— <ul style="list-style-type: none"> ○ Facilitating, a deep, liquid, and resilient secondary mortgage market 		

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		<ul style="list-style-type: none"> for MBS; and ○ The purposes and obligations of the Platform under § 325. • If the FMIC does not issue an order of disapproval of an initial fee or usage fee structure proposed by the Platform Directors within 60 days following the submission of the proposed initial fee or usage fee structure to the FMIC, the proposed initial fee or usage fee structure shall automatically go into effect for the Platform and its members. • If the FMIC disapproves an initial fee or usage fee structure proposed by the Platform Directors, the Platform Directors may— <ul style="list-style-type: none"> ○ Submit to the FMIC a revised fee or usage fee structure for approval; or ○ If applicable, use the existing approved fee or usage fee structure. 		
Securitization Powers / Activities	<p>§ 312 General Powers; Authorized and Prohibited Activities</p> <p><u>General Powers</u></p> <p>The Utility may—</p> <ul style="list-style-type: none"> • Adopt and use a corporate seal; • Determine a State whose law will govern the corporate business activities of the Utility; • Adopt, amend, and repeal by-laws; • Sue or be sued, subject to § 334 (relating to judicial review); • Make contracts, incur liabilities, borrow 	<p>§ 325 Purposes and Obligations of the Platform</p> <p><u>Purpose</u></p> <p>The purposes of the Platform are to—</p> <ul style="list-style-type: none"> • Purchase and receive from its members eligible mortgage loans or securities collateralized by eligible mortgage loans for securitization by issuers as covered securities; • Issue to its members standardized covered securities, or other covered securities, issued by issuers and insured by the 	<p>§ 212 Issuer Standards</p> <p><u>In General</u></p> <p>The NMFA shall develop, adopt, and publish standards for issuance of covered securities, including standards with respect to the Issuer’s ability to—</p> <ul style="list-style-type: none"> • Aggregate eligible mortgage loans into pools; • Securitize eligible mortgage loans for sale to private investors as a covered security; • Transfer or otherwise place credit risk with private market participants in 	

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	<p>money, and issue notes, bonds, or other obligations;</p> <ul style="list-style-type: none"> • Purchase, receive, hold, and use real and personal property and other assets necessary for the conduct of its operations; • Elect or appoint directors, officers, employees and agents, subject to § 311(f); and • Upon receipt of the Director’s prior written approval, establish subsidiaries or affiliates that shall be subject to the same rights, duties and responsibilities as the Utility. <p><u>Authorized Activities</u> The Utility shall—</p> <ul style="list-style-type: none"> • Develop standards related to originating, servicing, pooling, and securitizing residential mortgage loans in accordance with §§ 321 – 325; • Operate and maintain the Platform and establish fees for use of the Platform; • Establish the Repository and establish fees for registration of mortgage-related documents and maintenance and use of data of the Repository, in accordance with §§ 331 – 335; • Perform any other service or engage in any other activity that the Director determines, by regulation or order, to be incidental to the activities enumerated in 	<p>FMIC pursuant to this Act;</p> <ul style="list-style-type: none"> • Purchase and receive from its members noneligible mortgage loans or securities not collateralized by eligible mortgage loans for securitization by issuers as noncovered securities, to the extent desired or requested by its members; and • Issue to its members standardized noncovered securities, or other noncovered securities issued by issuers, that are not insured by the FMIC pursuant to this Act, to the extent desired or requested by its members. <p><u>Powers and Functions</u> The powers and functions of the Platform are to—</p> <ul style="list-style-type: none"> • Develop the ability to issue, and to issue, standardized covered securities, insured by the FMIC, in accordance with subsection (e); • Develop, adopt, and publish standardized securitization documents and agreements (including, but not limited to, uniform pooling, trust, and custodial agreements)— <ul style="list-style-type: none"> ○ Required for all covered securities issued by or through the Platform in accordance with § 326(a) (and which shall be made optional for all noncovered securities issued through the Platform); and 	<p>accordance with the risk-sharing mechanisms developed by the NMFA under § 202;</p> <ul style="list-style-type: none"> • Ensure equitable access to the secondary mortgage market for covered securities for all institutions regardless of size or geographic location; • Create mechanisms for multi-lender pools for smaller lenders that will be acceptable to the private market; and • Ensure that eligible mortgage loans that collateralize a covered security insured under this title are originated in compliance with the requirements of this Act. <p><u>Additional Required Standards</u> Such standards shall include—</p> <ul style="list-style-type: none"> • The financial condition of the Issuer; • The adequacy of the capital structure of the Issuer; • The risk presented by the Issuer to the MIF; • The adequacy of insurance and fidelity coverage of the Issuer; • A requirement that the Issuer submit audited financial statements to the NMFA; • The capacity of the Issuer to secure first loss credit enhancement on its own behalf or to ensure that its member provide such enhancement to loans insured through the 	

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	<p>this subsection; and</p> <ul style="list-style-type: none"> Establish fees for the provision of other related or incidental services not inconsistent with the purposes of this subtitle. <p><u>Prohibited Activities</u> The Utility shall not—</p> <ul style="list-style-type: none"> Originate, service, insure, or guarantee any residential mortgage or other financial instrument that is associated with a residential mortgage; Guarantee timely payment of principal or interest on any mortgage-related security; Adopt access rules or fees for the Platform the effect of which is to discriminate against eligible loan originators, aggregators, or qualified issuers based on size, composition, business line, or loan volume; or Perform any service or engage in any activity other than those authorized under this subtitle, unless such activity has been determined by the Director to be incidental to an authorized activity. <p>§ 322(k) through (n) Data Standards; Public Involvement <u>Data Standards; Disclosure Standards</u></p> <ul style="list-style-type: none"> The Utility shall develop, adopt, and publish standard data definitions for all aspects of loan origination, appraisals, 	<ul style="list-style-type: none"> Which— <ul style="list-style-type: none"> Shall be drafted in consultation with the FMIC, CFPB, HUD, and such other Federal regulatory agencies as the Platform Directors determine appropriate; May rely on existing documentation and forms the GSEs or other Federal regulatory agencies require, to the extent the Platform Directors determine practical or appropriate; and Before being issued through the Platform, shall be approved by the FMIC as being consistent with the requirements under § 326(a) and with facilitating a deep, liquid, and resilient secondary mortgage market for MBS; Develop standardized documents approved by the FMIC for servicing and loss mitigation standards pursuant to § 314 for eligible mortgage loans that collateralize the covered securities issued through the Platform to its members, which shall be based on standards set by the FMIC and which may rely on existing documentation and forms the GSEs or other Federal or State regulatory agencies require, to the extent the Platform Directors determine practical or 	<p>Issuer;</p> <ul style="list-style-type: none"> Standards for membership by originators of mortgages, including standards relating to the safety and soundness of prospective members and regarding the underwriting and other practices of such members, including the retention or placement of credit risk; and Any other standard the NMFA determines necessary or appropriate. <p>§ 213 Capital Requirements Establishment The NMFA shall establish capital standards that the Issuer shall be required to meet in order to protect the MIF from the risk of loss. Such standards shall take account the risk of the mortgages securitized and the quality of the first-loss credit risk placement or retention by originators or the Issuer.</p> <p><u>Building Capital</u> The NMFA shall not require that all capital be paid in advance prior to the operation of the Issuer, but may allow capital of the Issuer to be built through retained earnings. Such capital may include preferred shares issued by Treasury for the purpose of providing early capitalization to the Issuer. The NMFA may determine to treat any required capital to be paid in to the Issuer to differ by the size of the member.</p>	

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	<p>and servicing. In developing such definitions, the Utility shall consider the data standard-setting work undertaken by MISMO through the GSEs' Uniform Mortgage Data Program announced by FHFA on May 24, 2010.</p> <ul style="list-style-type: none"> • The Utility shall develop, adopt, and publish standards for disclosure of loan origination, appraisal, and servicing data, including data required relating to underwriting criteria, for residential mortgage loans that comprise qualified securities, and that allow for trading of qualified securities in a forward market. • In developing the data and disclosure standards required by this subsection, the Utility shall ensure that such standards are coordinated. • In prescribing the definitions and standards required under this sub- section, the Utility shall take into consideration issues of consumer privacy and all statutes, rules, and regulations related to privacy of consumer credit information and personally identifiable information. Such standards shall expressly prohibit the identification of specific borrowers. • When reviewing any disclosure standards established under this subsection, the Director shall consult with the SEC. <p><u>Timing of Issuance; Agency Review;</u></p>	<p>appropriate;</p> <ul style="list-style-type: none"> • As expressly provided in § 326(b)(2)(F), develop, adopt, and publish the required contractual terms for contracts for noncovered securities issued through the Platform, which shall be— <ul style="list-style-type: none"> ○ Developed in consultation with the FMIC, CFPB, HUD, and such other Federal regulatory agencies as the Platform Directors determine appropriate; and ○ Before being issued through the Platform, approved by the FMIC as being consistent with the requirements under § 326(b) and with facilitating a deep, liquid, and resilient secondary mortgage market for MBS; • Develop, adopt, and publish optional standardized securitization documents and agreements (including, but not limited to, uniform pooling, trust, and custodial agreements) tailored for noncovered securities issued through the Platform, and which may be used as desired or requested by the members of the Platform, in accordance with § 326(c), and which standardized securitization documents and agreements— <ul style="list-style-type: none"> ○ Shall be drafted in consultation with the FMIC, CFPB, HUD, and such other Federal regulatory agencies as 	<p><u>Added Risk</u> To the extent that market conditions have limited the level of credit risk that may be placed in the private markets, the NMFA shall increase the capital requirements to which the Issuer is subject in order to provide adequate protection to the MIF for the added risk.</p> <p><u>Form</u> The NMFA may determine the form in which such capital shall be held, and any other standard that the NMFA determines to be necessary or appropriate.</p> <p>§ 214 Limited Authority to Hold Eligible Mortgage Loans <u>Authority</u> The Issuer may hold a limited amount of eligible mortgage loans, subject to the oversight and rules of the NMFA, for the following purposes:</p> <ul style="list-style-type: none"> • To work out troubled loans that were included in guaranteed issuance. • To assemble loans for current issuance. • To hold loans from the smallest lenders until such loans can be aggregated into multi-lender loans. • To hold multi-family loans until such loans can be securitized. <p><u>Securitization</u></p>	

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	<p><u>Authority to Revise Standards</u></p> <ul style="list-style-type: none"> • The Director shall issue any regulations required by this section within 12 months of enactment. The Utility shall issue any definitions, standards, rules, processes, or procedures required by this section within 12 months of issuance of the charter. • Any definition, standard, rule, process or procedure established by the Utility shall be submitted to the Director for review and approval prior to its implementation if, in the Director’s discretion, the Director requires such submission. Any definition, standard, rule, process or procedure that the Director requires be submitted to the Agency for review and approval shall be reviewed within three months of submission. • The Utility may review, revise, and, if revised, re-publish any standard form securitization agreement or other definition, standard, rule, process, or procedure required to be developed by §§ 301 – 344 if the Utility determines review or revision to be necessary or appropriate to satisfy the goals of this subtitle. Any such revisions shall apply only to securitizations made after the date of such revision. <p><u>Effect of Conflict</u> In the event a definition, standard, rule,</p>	<p>the Platform Directors determine appropriate;</p> <ul style="list-style-type: none"> ○ May rely on existing documentation and forms the GSEs or other Federal or State regulatory agencies require, to the extent the Platform Directors determine practical or appropriate; and ○ Before being issued through the Platform, shall be approved by the FMIC as being consistent with the requirements under § 326(c) and with facilitating a deep, liquid, and resilient secondary mortgage market for MBS; <ul style="list-style-type: none"> • To the extent otherwise provided in this subsection, the Platform Directors shall endeavor to use or rely on existing documentation and forms the GSEs or other Federal or State regulatory agencies require, to the extent the Platform Directors determine practical or appropriate; • Establish a strong business continuity plan that meets industry best practices and establish sufficient redundancies so that in the event of an operational failure of the Platform there is sufficient back-up capacity to process payments and issue covered and noncovered securities; • Verify that the eligible mortgage loans and securities collateralized by eligible 	<p>The NMFA shall examine the loans retained by the Issuer each year and may determine that loans held can be securitized promptly without undue economic burden.</p> <p>§ 215 Responsibility to Ensure Broad Market Access <u>Responsibility</u> Consistent with the purposes of this Act, the Issuer shall facilitate a robust secondary market for eligible mortgages across the spectrum of creditworthy borrowers, including borrowers in underserved rural and urban markets.</p> <p><u>Evaluation and Reporting of Compliance</u> Within one year of the NMFA certification date, the NMFA shall establish guidelines or rules for evaluating compliance by the Issuer with its duty to facilitate such a market to ensure broad market access and for rating the extent of such compliance. The NMFA shall evaluate such compliance and rate the performance of the Issuer as to the extent of such compliance. The NMFA shall include in such evaluation and rating in the report submitted pursuant to § 106 for that year.</p> <p><u>Prohibition of Consideration of Affordable Housing Fund and Capital Magnet Fund for Ensuring Broad Market Access</u> In determining whether the Issuer has complied with its duty to facilitate such a</p>	

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	<p>process, or procedure established by the Utility is in conflict with any definition, standard, rule, process, or procedure established by another Federal department or agency, the Director shall consult with the other Federal department or agency, and provide prompt written notification to the Senate Banking Committee and the House Financial Services Committee, of the conflict.</p> <p><u>Public Involvement</u> In developing definitions, standards, rules, processes, and procedures required by this subtitle, the Utility shall work with market participants, including servicers, originators, and mortgage investors, and develop methods for gathering information and comment from such groups.</p>	<p>mortgage loans purchased and received by the Platform, including from any small lender mutual established or approved under § 315, for securitization as covered securities, meet the requirements for covered securities under this Act and any regulations adopted by the FMIC pursuant thereto;</p> <ul style="list-style-type: none"> • Verify that the noneligible mortgage loans and securities not collateralized by eligible mortgage loans purchased and received by the Platform, including from any small lender mutual established or approved under § 315, for securitization as noncovered securities, meet the requirements for noncovered securities under this Act and any regulations adopted by the FMIC pursuant thereto; • For the purpose of securitization, purchase or receive from Platform members— <ul style="list-style-type: none"> ○ Eligible mortgage loans, pools of eligible mortgage loans, securities collateralized by eligible mortgage loans, or outstanding MBS issued by the GSEs for securitization as covered securities; and ○ Noneligible mortgage loans, pools of noneligible mortgage loans, or securities collateralized by noneligible mortgage loans for securitization as noncovered 	<p>market, the NMFA may not consider any amounts used under § 402 or § 403 of this Act.</p> <p><u>Enforcing Compliance with the Responsibility to Ensure Broad Market Access</u></p> <ul style="list-style-type: none"> • The Director shall monitor and enforce compliance with the Issuer’s duty to facilitate such a market. • If, after a review of the evaluation and rating in the § 106 report, the Director preliminarily determines that the Issuer has not fulfilled the responsibility to ensure broad market access, the Director shall provide written notice to the Issuer of such a preliminary determination, the reasons for such determination, and the information on which the NMFA based the determination. • During the 30-day period beginning on the date on which the Issuer is provided such notice, the Issuer may submit any written information that the Issuer considers appropriate for consideration by the Director in finally determining whether such failure has occurred or whether achievement of such duty was or is feasible. The Director may extend the period for response for good cause for not more than 30 additional days. • After the expiration of the response period, or upon receipt of information 	

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		<p>securities, to the extent desired or requested by members of the Platform;</p> <ul style="list-style-type: none"> • For the purpose of securitization, facilitate the issuance by issuers of— <ul style="list-style-type: none"> ○ All covered securities of members of the Platform that are collateralized by eligible mortgage loans, or outstanding MBS issued by the GSEs; ○ All covered securities of members of the Platform that are pooled from— <ul style="list-style-type: none"> ▪ A single mortgage originator, mortgage aggregator, approved entity, or regulated entity; or ▪ Multiple mortgage originators, mortgage aggregators, approved entities, or regulated entities; ○ Noncovered securities collateralized by noneligible mortgage loans received from members of the Platform; and ○ Noncovered securities collateralized by noneligible mortgage loans received from members of the Platform that are pooled from— <ul style="list-style-type: none"> ▪ A single mortgage originator, mortgage aggregator, or regulated entity; or ▪ Multiple mortgage originators, mortgage aggregators, or regulated entities; 	<p>provided during such period by the Issuer, whichever occurs earlier, the Director shall issue a final determination as to whether the Issuer has failed to meet the duty. In making a final determination, the Director shall take into consideration any relevant information submitted by the Issuer during the response period. The Director shall provide written notice, including a response to any information submitted during the response period, to the Issuer, the Senate Banking and House Financial Services Committees, of the final determination that Issuer has failed to meet the duty and the reasons for each such final determination.</p> <ul style="list-style-type: none"> • If the Director finds that the Issuer has failed to meet the duty, the Director may require that the Issuer submit a plan under this subsection subject to such deadline as the Director shall establish. <ul style="list-style-type: none"> ○ The Director shall review the submission by the Issuer, including a plan submitted under this subsection, and, not later than 30 days after submission, approve or disapprove the plan or other action. The Director may extend the period for approval or disapproval for a single additional 30-day period if the Director determines it necessary. The Director shall approve any plan the Director determines is likely to 	

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		<ul style="list-style-type: none"> • Perform bond administration, data validation, and reporting for all covered and noncovered securities issued through the Platform, including those issued on behalf of any small lender mutual established or approved under § 315; • Facilitate systems to lower barriers to entry for new mortgage originators and approved entities or access to membership in the Platform; • Provide essential functions necessary to issue standardized TBA securities, for covered securities and, if appropriate, noncovered securities; • Manage operational and systems related risks associated with delivering covered and noncovered securities and receiving eligible and noneligible mortgage loans; • Develop the capability to offer securitization services to private label issuers; • Facilitate for issuers the securitizations for multifamily loans, establish common documentation, or develop other requirements necessary to permit the Platform, or a subsidiary or affiliate thereof, to be used for multifamily loan securitizations if the Platform Directors issue a determination that it would be desirable and practical for the Platform, or a subsidiary or affiliate thereof, to be used to issue or otherwise facilitate 	<p>succeed.</p> <ul style="list-style-type: none"> ○ If the Director makes such a finding and the Issuer refuses to submit such a plan, submits an unacceptable plan, or fails to comply with the plan, the Director may issue a plan describing specific actions the Issuer will be required to take for the next calendar year and to make such improvements and changes in its operations as are reasonable in the remainder of the current year, in sufficient detail to enable the Director to monitor compliance periodically. ○ The Director shall provide written notice to the Issuer submitting a plan of the approval or disapproval of the plan (which shall include the reasons for any disapproval of the plan) and of any extension of the period for approval or disapproval. <ul style="list-style-type: none"> ▪ The Director may issue and serve a notice of charges under this subparagraph upon the Issuer if the Director determines that the Issuer has failed to submit a plan that complies with this section within the applicable period or the Issuer has failed to comply with a plan under this section. ▪ Each notice of charges shall contain a statement of the facts 	

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		<p data-bbox="962 289 1365 313">multifamily loan securitizations; and</p> <ul style="list-style-type: none"> <li data-bbox="921 321 1419 557">• Require the servicing documentation used for mortgage loans that collateralize securities issued through the Platform to provide a standard method (which may include use of a single e-verification system) for a mortgagor who has been denied a loan modification to verify such denial at no cost to the mortgagor. <li data-bbox="921 565 1419 1263">• Establish by the system certification date a Collateral Valuation Advisory Committee— <ul style="list-style-type: none"> <li data-bbox="962 654 1419 954">○ Comprised of 9 members appointed by Platform Directors, including representatives of appraisers, mortgage originators (including small mortgage lenders), investors, real estate professionals, homebuilding professionals, consumer advocates, and Federal and state appraisal regulatory organizations; <li data-bbox="962 963 1419 1263">○ The purpose of the Committee shall be to: <ul style="list-style-type: none"> <li data-bbox="1016 1019 1419 1263">▪ Provide recommendations to the Platform and FMIC regarding secondary mortgage market residential appraisal guidelines, standards, and reporting formats consistent with RESPA, TILA, and all other applicable federal and state law; 	<p data-bbox="1593 289 1956 735">and shall fix a time and place at which a hearing will be held to determine on the record whether an order to cease and desist from such conduct should issue. If the Director finds on the record made at a hearing that any conduct specified in the notice of charges has been established, the Director may issue and serve upon the Issuer an order requiring the Issuer to submit a housing plan in compliance with this section and comply with the housing plan.</p> <ul style="list-style-type: none"> <li data-bbox="1540 743 1956 1198">▪ A cease and desist shall become effective upon the expiration of the 30-day period beginning on the date of service of the order upon the Issuer (except in the case of an order issued upon consent, which shall become effective at the time specified therein), and shall remain effective and enforceable as provided in the order, except to the extent that the order is stayed, modified, terminated, or set aside by action of the Director or otherwise. <li data-bbox="1486 1206 1956 1287">○ The Director may impose a civil money penalty, in accordance with the provisions of this subparagraph, 	

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		<ul style="list-style-type: none"> ▪ Make recommendations regarding the continuation of a repository for valuation reports, taking into account existing operational structures and contractual arrangements; and ○ Which shall as appropriate consult and coordinate with the FFIEC Appraisal Subcommittee. <p><u>Prohibited Activities</u> The Platform may not—</p> <ul style="list-style-type: none"> • Guarantee any mortgage loans or MBS; • Assume or hold mortgage loan credit risk; • Purchase any mortgage loans for cash on a single loan basis for the purpose of securitization; • Undertake the issuance of any MBS by an issuer unless the first loss position is already held by a private entity; • Own or hold any mortgage loans or MBS for investment purposes; • Make or be a party to any representation and warranty agreement on any mortgage loans; or • Take lender representation and warranty risk. <p><u>Interoperability with Multifamily Loan Securitization Issuance</u> The Platform shall be developed in a manner that may permit, and would not preclude, the</p>	<p>on the Issuer if the Issuer has failed to—</p> <ul style="list-style-type: none"> ◆ Submit information to the NMFA pursuant to subsection of this section; ◆ Submit a housing plan or perform its responsibilities under a remedial order issued within the required period; or ◆ Comply with a housing plan for the Issuer of this subsection. <ul style="list-style-type: none"> ▪ The Director shall establish standards and procedures governing the imposition of civil money penalties under this subparagraph. Such standards and procedures— <ul style="list-style-type: none"> ◆ Shall provide for the Director to notify the Issuer in writing of the determination of the Director to impose the penalty, which shall be made on the record; ◆ Shall provide for the imposition of a penalty only after the Issuer has been given an opportunity for a hearing on the record; and ◆ May provide for review by 	

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		<p>Platform, or any subsidiary or affiliate thereof, to be used for the issuance of multifamily loan securitizations, provided that the development of this vehicle for multifamily loan securitizations does not delay the ability of the Platform to perform its obligations under this section with respect to single-family securities by the system certification date.</p> <p><u>Timing of Platform Capacity to Develop and to Issue Standardized Securities for the Single-Family Covered Securities</u> Not later than 2 years following the election of the elected Platform Directors under § 322(a)(3), the Platform shall develop the Platform’s ability to issue, and issue, standardized securities for single-family covered securities, or as otherwise permitted under § 601.</p> <p><u>Discretion to Issue Standardized Securities for Single-Family Noncovered Securities</u> The Platform Directors may develop an ability for the Platform to issue standardized securities for single-family noncovered securities, if the Platform Directors determine that sufficient demand exists among the Platform members for the Platform to issue such a product.</p>	<p>the Director of any determination or order, or interlocutory ruling, arising from a hearing.</p> <ul style="list-style-type: none"> ▪ In determining the amount of a penalty under this subparagraph, the Director shall give consideration to factors including— <ul style="list-style-type: none"> ◆ The gravity of the offense; ◆ Any history of prior offenses; ◆ Ability to pay the penalty; ◆ Injury to the public; ◆ Benefits received; ◆ Deterrence of future violations; ◆ The length of time that the Issuer should reasonably take to achieve the duty; and ◆ Such other factors as the Director may determine, by regulation, to be appropriate. ▪ The Director may compromise, modify, or remit any civil money penalty, which may be, or has been, imposed under this subparagraph. ▪ The Director shall use any civil money penalties collected under this section to help fund the 	

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			<p>Housing Trust Fund established under § 1338 of the 1992 Act, the Capital Magnet Fund established under § 1339 of such Act, and the Market Access Fund established under § 404 of this Act, pursuant to the allocations provided in § 401 of this Act.</p> <p><u>Consistency with Safety and Soundness</u> The NMFA shall take appropriate measures designed to ensure that the requirements under this section are implemented in a manner consistent with safety and soundness principles.</p>	
Utility Regulation	<p>§ 315 Regulation, Supervision, and Enforcement</p> <p><u>General Oversight</u> The Director shall exercise, by rule, order, or guidance, oversight of the Utility, which shall include the authority to regulate, supervise, and examine the Utility and take enforcement actions against the Utility or any Utility-affiliated party, consistent with the 1992 Act.</p> <p><u>Scope of Authority</u> The authority of the Director under this section shall include the authority to exercise such incidental powers as may be necessary or appropriate to fulfill the duties and responsibilities of the Director in the oversight, supervision, and regulation of the</p>			

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	<p>Utility.</p> <p><u>Division of Utility Regulation</u> The Director shall establish within the Agency a Division of Utility Regulation, which shall—</p> <ul style="list-style-type: none"> • Be headed by a Deputy Director designated by the Director from among individuals who are U.S. citizens who have a demonstrated understanding of financial management or oversight and of mortgage securities markets and housing finance; and • As requested by the Director, conduct examination and supervision activities, gather any information attendant to such activities, and provide recommendations to the Director regarding the safe and sound operation of the Utility and regarding any requests to revise, alter, or amend existing or proposed activities. <p><u>Consultation with Other Agencies</u> In exercising authority to regulate and supervise the Utility, the Director shall consult with other Federal departments and agencies that regulate or supervise entities, institutions, or companies that are or may become subject to standards, rules, processes, or procedures developed by the Utility (including issuers through the Platform and depositors or participants in the Repository), including the</p>			

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	<p>CFPB and any appropriate Federal banking agency (as defined under FDIA§ 3).</p> <p><u>Annual Assessment</u> The Director shall establish and collect from the Utility an annual assessment in an amount not exceeding the amount sufficient to provide for reasonable costs (including administrative costs) and expenses of the Agency related to its oversight of the Utility. The amounts received by the Director from assessments under this section shall not be construed to be Government or public funds or appropriated money. Notwithstanding any other provision of law, the amounts received by the Director from assessments under this section shall not be subject to apportionment for the purpose of 31 U.S.C. chapter 15 or under any other authority.</p> <p>§ 316 Civil and Criminal Liability</p> <ul style="list-style-type: none"> • Except as expressly authorized by U.S. statute, no person or organization (except the Repository, Utility, and Platform) shall use the term “National Mortgage Market Utility”, “Common Securitization Platform”, or “National Mortgage Data Repository”, or such other name as the Director may establish in the charter of the Utility or any combination of words that appears to indicate that such use of the term conflicts with the operation of the Utility or any function created herein. 			

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	<p>No individual or organization shall use or display—</p> <ul style="list-style-type: none"> ○ Any sign, device, or insignia prescribed or approved by the Utility for use of display by the Utility; ○ Any copy, reproduction or colorable imitation of any such sign, device, or insignia; or ○ Any sign, device or insignia reasonably calculated to convey the impression that it is a sign, device or insignia used by the Utility or prescribed by the Utility contrary to policies or procedures of the Utility prohibiting, limiting or restricting such use by any individual or organization. <ul style="list-style-type: none"> • The Agency or Utility may seek to enjoin or recover damages for any breach of this section and refer to the Attorney General any matters that may constitute criminal activity for a breach of this section. • Except as expressly authorized by statute of the U.S., no person or organization (except the Utility) shall operate a national registry or repository of mortgage-related documents. Any State of the U.S. may operate a State registry or repository system, subject to the laws of that State, provided that any such State registry or repository system does not conflict with the Repository or the 			

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	<p>purposes of this subtitle.</p> <ul style="list-style-type: none"> • In any action for breach of contract, including breach of representation or warranty, or breach of privacy related to data collected and maintained by the Repository, no prevailing party may recover more than an amount established by the Director, by regulation. When issuing any such regulation, the Director shall take into consideration intentional, willful, reckless, or negligent actions or omissions. Such regulations shall be reviewed not less frequently than annually, and may be revised in the Director’s discretion. 			
Utility Qualified Securities	<p>§ 321 Qualified Securities For purposes of §§ 301 – 344, <i>qualified security</i> means a security that—</p> <ul style="list-style-type: none"> • Is collateralized by a class, or multiple classes, of residential mortgages established under § 322(a); • Is issued in accordance with a standard form securitization agreement under § 322(b); • Is issued by a qualified issuer in accordance with § 322(g); • Is issued through the Platform; and • Is not guaranteed, in whole or in part, by the U.S. Government. <p>§ 322(a) Standard Mortgage Classifications</p> <ul style="list-style-type: none"> • The Utility shall prescribe classifications 			

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	<p>for residential mortgages having various degrees of credit risk, ranging from a classification of mortgages having little to no credit risk to a classification of mortgages having higher credit risk. In prescribing such classifications the Utility shall seek to allow for the pricing of credit risk, allow for the trading of securities collateralized by each classification of mortgages established pursuant to this sub- section in the forward market, and maintain well-functioning liquid markets in securities collateralized by each of the classifications of mortgages established pursuant to this subsection.</p> <ul style="list-style-type: none"> • For each such classification of mortgages, the Utility shall establish standards for each of the following underwriting criteria: <ul style="list-style-type: none"> ○ The ratio of the amount of the total monthly debt of the mortgagor to the amount of the monthly income of the mortgagor. ○ The ratio of the principal obligation under the mortgage to the value of the residence subject to the mortgage, at the time of mortgage origination. ○ Information on the credit history of the mortgagor, including credit scores of the mortgagor. ○ The extent of loan documentation and verification of the financial 			

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	<p>resources of the mortgagor used to qualify the mortgagor for the mortgage, including any appraisal.</p> <ul style="list-style-type: none"> ○ Whether the residence subject to the mortgage is occupied by the mortgagor. ○ Whether any mortgage insurance or other type of insurance or credit enhancement was obtained at the time of origination. ○ The terms of the mortgage that determine the magnitude and timing of payments due from the mortgagor, including the term to maturity of the mortgage, the frequency of payment, the type of amortization, any prepayment penalties, and whether the interest rate is fixed or may vary. Terms shall include a 30-year fixed interest rate mortgage. ○ Such other underwriting criteria as the Utility may establish, consistent with the goals of §§ 301 – 344. ● The Utility shall prescribe definitions for each of the following terms: <ul style="list-style-type: none"> ○ <i>Mortgage</i>, which definition shall include only mortgages on residential properties. ○ <i>Default</i>, with respect to a mortgage. ○ <i>Delinquency</i>, with respect to a mortgage. ○ <i>Loan Documentation</i>, with respect to a mortgage. 			

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	<ul style="list-style-type: none"> ○ Such other terms as the Utility may establish. <p>§ 322(c) Registration with Repository The Utility shall require that any mortgage-related document associated with eligible collateral for qualified securities be registered with the Repository.</p>			
Uniform Securitization Agreement	<p>§ 322(b) Standard Form Securitization Agreement</p> <ul style="list-style-type: none"> • The Utility shall develop, adopt, and publish standard form securitization agreements for eligible collateral. • The standard form securitization agreements shall include terms relating to— <ul style="list-style-type: none"> ○ Pooling and servicing; ○ Purchase and sale; ○ Representations and warranties, including representations and warranties as to compliance or conformity with standards established by the Utility, as appropriate; ○ Indemnification and remedies, including principles of a repurchase program that will ensure an appropriate amount of risk retention under the representations and warranties; and ○ The qualification, responsibilities, 	<p>§ 326 Uniform Securitization Agreements for Covered Securities and Required Contractual Terms for Noncovered Securities <u>Required Uniform Securitization Agreements for Covered Securities Issued by or Through the Platform</u></p> <ul style="list-style-type: none"> • The Platform Directors shall develop standard uniform securitization agreements for all covered securities to be issued through the Platform, as required pursuant to section § 325(b)(2). • The standard uniform securitization agreements shall include terms relating to— <ul style="list-style-type: none"> ○ Pooling and servicing, including the development of uniform standards and practices consistent with the standards specified by the FMIC pursuant to § 314; ○ Loss mitigation procedures consistent with those specified by the FMIC pursuant to § 314; 	<p>§ 233 Uniform Securitization Agreements In General The NMFA shall develop, adopt, and publish standard uniform securitization agreements for covered securities which are insured under this Act.</p> <p><u>Required Content</u> The standard uniform securitization agreements shall include terms relating to—</p> <ul style="list-style-type: none"> • Pooling and servicing, including the development of uniform standards and practices— <ul style="list-style-type: none"> ○ Regarding remittance schedules and payment delays; and ○ Permitting the transfer of servicing rights consistent with § 222(h); • Loss mitigation, including the development of uniform standards and practices— <ul style="list-style-type: none"> ○ Requiring servicers to offer homeowners affordable loan modifications, which shall include 	

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	and duties of trustees.	<ul style="list-style-type: none"> ○ Minimum representations and warranties; ○ Indemnification and remedies, including for the restitution or indemnification of the FMIC with respect to early term delinquencies of eligible mortgage loans that collateralize a covered security; ○ The requirements of the indenture for MBS that are exempt from the Trust Indenture Act of 1939 (15 U.S.C. 77aaa et seq.) and the requirements, responsibilities, and duties of trustees, as set forth in the indenture or pooling and servicing agreement; ○ The qualification, responsibilities, and duties of trustees; and ○ Any other terms or standards the Platform Directors, with approval of the FMIC, determine to be necessary or appropriate. <ul style="list-style-type: none"> ● In developing the uniform securitization agreements, the Platform Directors shall also develop, adopt, and publish, upon approval by the FMIC, clear and uniform standards that define and illustrate what actions, or omissions to act, comprise a violation of the representations and warranties clauses that are made a part of such agreements. <p><u>Required Contractual Terms for Contracts for all Noncovered Securities Issued Through the</u></p>	<p>modifications that reduce the unpaid principal balance of an eligible mortgage, consistent with a publically available net present value determination, as defined by the NMFA; and</p> <ul style="list-style-type: none"> ○ Requiring servicers to refrain from initiating a judicial or non-judicial foreclosure, or where a foreclosure has been initiated, from taking any additional steps in the judicial or non-judicial foreclosure, once an initial request for loss mitigation has been made by the homeowner, until completion of the review of any loss mitigation application, including written notice to the homeowner documenting any denial and a requisite appeal process; <ul style="list-style-type: none"> ● Representations and warranties, including representations and warranties as to compliance or conformity with the requirements of this Act; ● Indemnification and remedies, including for the restitution or indemnification of the NMFA with respect to early term delinquencies of eligible mortgages collateralizing a covered security; ● The qualification, responsibilities, and duties of trustees; and ● Any other terms or standards the NMFA determines necessary or appropriate. 	

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		<p><u>Platform</u></p> <ul style="list-style-type: none"> • All contracts for noncovered securities issued through the Platform shall include a set of required contractual terms relating to the obligations of the parties to each contract. • The required contractual terms for agreements for all noncovered securities issued through the Platform shall provide the obligations of the parties to a contract including the following considerations: <ul style="list-style-type: none"> ○ Pooling and servicing. ○ Loss mitigation procedures. ○ Representations and warranties. ○ Indemnification and remedies. ○ The qualification, responsibilities, and duties of trustees, including but not limited to, 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.). ○ Other terms or standards the Platform Directors, with approval of the FMIC, determine to be necessary or appropriate to protect or facilitate the operation of the Platform. • Parties to contracts for noncovered securities described under this subsection may supplement the required contractual terms with any additional contractual 	<p><u>Defining Representation and Warranty Violations</u></p> <p>In developing the uniform securitization agreements, the NMFA shall also develop, adopt, and publish clear and uniform standards that define and illustrate what actions, or omissions to act, comprise a violation of the representations and warranties clauses that are made a part of such agreements.</p> <p><u>Consultation</u></p> <p>The NMFA shall work with industry groups, including the Issuer and servicers, originators, mortgage investors, and other interested entities, including stakeholders representing the interests of homeowners, to develop the uniform securitization agreements.</p> <p><u>Private Issuers Using Common Securitization Platform</u></p> <p>To the extent that the NMFA determines that private issuers may use the common securitization platform for private securities that are not insured by the MIF, the NMFA may determine the extent to which such uniform agreements are required for such private issuance.</p>	

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		<p>terms so desired by the parties to contracts for noncovered securities issued through the Platform.</p> <p><u>Optional Uniform Securitization Agreements for Noncovered Securities Issued Through the Platform</u></p> <p>The Platform Directors may develop optional uniform securitization agreements for use by noncovered securities that are issued through the Platform that include standards and obligations that are different from those included in the uniform securitization agreements for covered securities, provided that—</p> <ul style="list-style-type: none"> • The agreements include the required contractual terms required for noncovered securities that are issued through the Platform; and • The Platform Directors determine that sufficient demand exists among the members of the Platform for the Platform to issue such optional uniform securitization agreements for use by noncovered securities. <p><u>Agreements for Noncovered Securities Issued off the Platform</u></p> <p>Nothing in this section shall preclude, or require, noncovered securities that are not issued through the Platform from adopting the—</p>		

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		<ul style="list-style-type: none"> Uniform securitization agreements for covered securities issued through the Platform; Optional uniform securitization agreements for noncovered securities issued through the Platform; or Required contractual terms for contracts for noncovered securities issued through the Platform developed. <p><u>Consultation Required</u> The Platform Directors shall consult with market participants, including servicers, originators, issuers, and mortgage investors, and community stakeholders and representatives of homeowners in developing—</p> <ul style="list-style-type: none"> The uniform securitization agreements; The required contractual terms for contracts for noncovered securities issued by or through the Platform; and The optional uniform securitization agreements for noncovered securities issued by or through the Platform. 		
Loan Document Access	<p>§ 322(i) Independent Third Party If the majority of investors (beneficial owners) in a pool of qualified securities chooses to hire an independent third party to act on behalf of the best interests of the investors (beneficial owners), such party shall—</p> <ul style="list-style-type: none"> Be granted access to the loan documents for the mortgage loans backing such 	<p>Part II—Transparency in Market Operations § 331 Review of Loan Documents; Disclosures <u>In General</u> The FMIC, in consultation and coordination with the SEC, shall, by rule—</p> <ul style="list-style-type: none"> Require market participants, as 	<p>§ 231 Review of Loan Documents; Disclosures <u>In General</u> The NMFA shall, by rule—</p> <ul style="list-style-type: none"> Require that the Issuer— <ul style="list-style-type: none"> Grant access to private market investors seeking to take the first loss position in a covered security to all— 	

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	<p>security and all servicing reports the servicer provides to investors (beneficial owners) or the trustee;</p> <ul style="list-style-type: none"> • Be granted access to the list of investors (beneficial owners) maintained by the trustee, on the condition that the independent third party will not make the list available to the investors (beneficial owners); and • Have the right, on behalf of the investors (beneficial owners), to inform the trustee of such securities of any breach of the securitization agreement identified by the third party. <p>§ 322(j) Mandatory Arbitration</p> <ul style="list-style-type: none"> • All disputes between an owner of a qualified security and the qualified issuer of such security relating to representations and warranties shall be subject to mandatory arbitration procedures established by the Utility, in accordance with current market practices. • Investors (beneficial owners) and issuers subject to such a dispute shall have the right to agree on an independent arbitrator. If the parties cannot agree on an independent arbitrator, the Utility shall select an independent arbitrator for the parties. • The arbitrator shall provide the Utility with notice upon commencement of any 	<p>appropriate, to make available to private market investors in connection with the first loss position on a covered security, including through use of the Securitization Platform, all—</p> <ul style="list-style-type: none"> ○ Documents relating to eligible mortgage loans collateralizing that covered security; and ○ Servicing reports of the approved servicer relating to such eligible mortgage loans; <ul style="list-style-type: none"> • Require market participants, as appropriate, to disclose to investors information that is substantially similar, to the extent practicable, to disclosures required of ABS issuers under § 13(a) or 15(d) of the Exchange Act until the covered security is fully paid, other than information the FMIC determines, in consultation and coordination with the SEC, is not applicable to a covered security, a particular type of covered security, or eligible mortgage loans collateralizing a covered security; • Require that all disclosures must be made consistent with the antifraud provisions of the Federal securities laws; and • Establish the timing, frequency, and manner in which such access and disclosures are made. <p><u>Access and Disclosures</u></p>	<ul style="list-style-type: none"> ▪ Documents relating to eligible mortgage loans collateralizing that covered security; and ▪ Servicing reports of any approved servicer relating to such mortgages; and ○ Disclose any other material information that a reasonable investor would want to know, and make no material omission of such information, relating to eligible mortgage loans collateralizing a covered security; and <ul style="list-style-type: none"> • Establish the timing, frequency, and manner in which such access and disclosures are made. <p><u>Privacy Protections</u></p> <p>In prescribing the rules required under this section, the NMFA shall take into consideration issues of consumer privacy and all statutes, rules, and regulations related to privacy of consumer credit information and personally identifiable information. Such rules shall expressly prohibit the identification of specific borrowers or the release of information that would enable the identification of a specific borrower.</p>	

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	<p>arbitration under this subsection.</p> <ul style="list-style-type: none"> • Upon conclusion of any such arbitration, the arbitrator shall provide the Utility with— <ul style="list-style-type: none"> ○ The decision reached by the arbitrator; and <p>The basis for the arbitrator’s decision, including any evidence or testimony received during the arbitration process.</p>	<p>In prescribing these rules, the FMIC shall take into consideration—</p> <ul style="list-style-type: none"> • The potential cost of such access and disclosures; • The effect of such access and disclosures on liquidity in the housing finance market; and • The interests of investors. <p><u>Privacy Protections</u></p> <p>In prescribing these rules, the FMIC shall take into consideration issues of consumer privacy and all statutes, rules, and regulations related to privacy of consumer credit information and personally identifiable information. Such rules shall expressly prohibit the identification of specific borrowers.</p>		
Investor Immunity		<p>§ 332 Investor Immunity</p> <p>No cause of action may be brought under Federal or State law against a market participant that has taken the first loss position in a covered security or that has otherwise invested in any covered security, with respect to whether eligible mortgage loans that collateralize a covered security insured under this title have complied with the requirements of this Act, including with respect to any underwriting requirements applicable to such eligible mortgage loans, any representations or warranties made by a market participant with respect to such eligible mortgage loans, or whether the terms of any uniform</p>	<p>§ 232 Investor Immunity</p> <p>Any private market investor that has purchased the first loss position in a covered security or that has otherwise invested in any covered security insured under this Act shall have immunity and protection from civil liability under Federal and State law, and no cause of action may be brought under Federal or State law against such investor, with respect to whether or not eligible mortgages that collateralize a covered security insured under this Act have complied with the requirements of this Act, including, but not limited to, with respect to any underwriting requirements applicable to such mortgage, any</p>	

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		securitization agreement have been met.	representations or warranties made by the Issuer with respect to such mortgages, or whether or not the terms of any uniform securitization agreement have been met.	
Mortgage Database		<p>§ 333 National Mortgage Database Transfer Effective on the system certification date, there are transferred to the FMIC all functions of the FHFA of the FMIC relating to the rights, responsibilities, and obligations of the FHFA pursuant to the Inter-Agency Agreement (or any successor thereto) entered into by FHFA and the CFPB with respect to the development, construction, maintenance, operation, and funding of the National Mortgage Database.</p> <p><u>Privacy</u> In exercising authority under this section, the FMIC and the CFPB shall—</p> <ul style="list-style-type: none"> • Take steps to ensure the privacy of consumers, including prohibiting the identification of specific borrowers; • Minimize the collection and storage of personally identifiable information; and • Consider all statutes, rules, and regulations relating to the privacy of consumer credit information and personally identifiable information. <p><u>Duplication</u> The Chairperson and the CFPB Director shall</p>	<p>§ 234 Uniform Mortgage Database Uniform Mortgage Database The NMFA shall establish, operate, and maintain a database for the collection, public use, and dissemination of uniform loan level information on eligible mortgages relating to—</p> <ul style="list-style-type: none"> • Loan characteristics; • Borrower information; • The property securing the eligible mortgages; • Loan data required at the time of application for insurance from the NMFA under this title; • The quality and consistency of appraisal and collateral data on eligible mortgages; • Industry-wide servicing data standards; • The identification of subordinate liens that have been issued on the property securing an eligible mortgage, as well as the performance of such subordinate liens; and • Such other data, datasets, information, facts, or measurements as the NMFA determines appropriate to improve and enhance loan quality and operational efficiencies within the secondary mortgage market. 	

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		<p>take all reasonable steps necessary to minimize conflicts and duplication of the data required under this section with data collected, published, or otherwise obtained by other Federal regulators, including the data disclosure system required under HMDA § 304(f) (12 U.S.C. 2803(f)).</p> <p><u>Minimize Burden on Reporting Entities</u> If 2 or more entities are required by this section to report the same mortgage data relating to the same mortgage loan, the entities may, by agreement that is clearly communicated to the FMIC and the CFPB, determine that only 1 of such entities will report the data. If 1 of such entities reports the required mortgage data, it shall not be a violation of this section for the other entities not to report the data.</p> <p><u>Access to Data</u> The FMIC and the CFPB shall each establish, and cause to be published in the Federal Register, the initial date on which—</p> <ul style="list-style-type: none"> • The public shall begin to have access to any data put into the public domain, in accordance with this section and in a manner that is easily accessible to the public; and • All mortgage data is required to be put into the public domain, in accordance with this section. 	<p><u>Considerations</u> In establishing the database, the NMFA shall take into consideration, build upon, and adopt to the extent the NMFA determines appropriate, the existing data standards developed by the FHFA, CFPB, Federal Reserve, OCC, and the SEC.</p> <p><u>Regulations</u> The NMFA shall, by regulation—</p> <ul style="list-style-type: none"> • Establish the manner and form by which any loan level information may be accessed by the public, including permitting members of the public to access information on properties at no charge; and • Require that such loan level information be made available to the public in a uniform manner, in a form designed for ease and speed of access, ease and speed of downloading, and ease and speed of use. <p><u>Protection of Personally Identifiable Information</u> The NMFA shall ensure the protection of any personally identifiable information contained in any information, or mix of information, collected and made available for public access, but may determine to allow access to data by address.</p>	

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			<p><u>Monthly Update</u> The database shall be updated not less frequently than once a month.</p> <p><u>Consolidation of Reporting Systems</u> The NMFA may choose to consolidate the Uniform Mortgage Database and the Electronic Registration System required under § 235 if the NMFA provides a written determination that such consolidation would improve the efficiency of mortgage data collection, the ease and speed of use of mortgage data, and the integrity and reliability of mortgage data, while preserving the protection of any personally identifiable information to the greatest extent possible.</p>	
Electronic Mortgage Registration	<p>§ 331 Organization and Operation</p> <ul style="list-style-type: none"> • Under such regulations as the Director may prescribe, the Utility shall organize and operate a national mortgage data repository (“Repository”). • In addition to organizing and operating the Repository, the Utility shall— <ul style="list-style-type: none"> ○ Establish and operate a repository for mortgage-related documents; ○ Establish standards for qualification of any depositor of mortgage-related documents to the Repository; ○ Establish standards and procedures for submission of mortgage-related documents to the Repository, 	<p>§ 334 Working Group on Electronic Mortgage Registration</p> <p><u>Establishment</u> Not later than 180 days after the agency transfer date, the FMIC shall establish a working group to study—</p> <ul style="list-style-type: none"> • Whether the establishment of a national electronic mortgage registry system is necessary; and • How to establish, operate, and maintain a national electronic mortgage registry system for single-family mortgage loans and multifamily mortgage loans. <p><u>Composition</u></p>	<p>§ 235 Electronic Registration of Eligible Mortgages</p> <p><u>Establishment of Electronic Registration System</u> The NMFA shall establish, operate, and maintain an electronic registry system for all eligible mortgages purchased, guaranteed, or securitized by the Issuer. The system shall automate, centralize, standardize, and improve the tracking of changes in—</p> <ul style="list-style-type: none"> • The ownership of mortgages, deeds of trust, promissory notes, and other instruments relating to a covered security interest under the Act; and • Servicing rights for any mortgage loan 	

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	<p>including required information and the type and format of information and data;</p> <ul style="list-style-type: none"> ○ Establish procedures for validation of mortgage-related documents and the data contained in the Repository; ○ Establish standards and procedures for acceptance of mortgage-related documents (including electronic copies), and notice of acceptance, by the Repository; ○ Establish standards and procedures for registration of any mortgage-related document with the Repository, including notice of registration and the assignment of a unique identifier; ○ Establish standards and procedures for recording the creation, assignment, or transfer of an interest in any registered mortgage-related document; ○ Establish standards and procedures for qualification of depositors and participants in the Repository; ○ Establish procedures for proper demonstration of registration of mortgage-related documents with the Repository and recordation of an interest by the holder of an interest in any such document, subject to regulations issued by the Director in accordance with § 332 (relating to 	<p>The working group shall be composed of the following:</p> <ul style="list-style-type: none"> • The Chairperson or the Chairperson’s designee. • The CFPB Director; the Chairman of the FDIC, SEC, or the Federal Reserve; the Comptroller; or the designee of any of these; • A representative from the FHLB System and from a Federal Reserve Bank; • Individuals selected by the Chairperson from among the following: <ul style="list-style-type: none"> ○ State and local government agencies and representatives, including housing finance agencies and those with expertise in property records, electronic recording, and the UCC. ○ The National Conference of Commissioners on Uniform State Laws. ○ Industry groups, including single family and multifamily mortgage originators, title insurers, servicers, issuers, and investors. ○ Consumer groups, including representatives of homeowners, community stakeholders, and housing organizations. ○ Individuals with technical expertise, including those with expertise in designing, constructing, and maintaining mortgage databases. 	<p>covered under the Act.</p> <p><u>Identification of Mortgages and Notes</u> The tracking system shall assign an identification number to each security instrument and its related promissory note upon initial registration with the system. The identification number shall continue to identify the security instrument and note through all subsequent assignments and transfers. The NMFA shall develop a numbering system that will assign unique numbers to participants to help in the identification of individual participants.</p> <p><u>Individuals Authorized to Make Registry Entries</u> The NMFA shall develop procedures to register individuals authorized to make entries in the data system. The procedures shall require that servicers and agents of loan owners identify the principal for whom each individual is authorized to act, the scope of the agency, and the identity of the individual’s employer.</p> <p><u>Custody of Note</u> The tracking system shall identify by name and street address the entity holding physical custody of the original promissory note for each eligible mortgage purchased, guaranteed or securitized by the Issuer that is in paper form. If the note is in electronic format and it</p>	

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	<p>legal effect of registration with the Repository);</p> <ul style="list-style-type: none"> ○ Establish and maintain a catalog of the mortgage-related documents registered with the Repository; ○ Establish standards and procedures for disposition of mortgage-related documents, including safekeeping, long-term storage, or destruction of paper documents; ○ Establish standards and procedures for making data publicly available; ○ Ensure that data collected and maintained by the Repository are kept secure and protected against unauthorized disclosure, including disclosure of personally identifiable information that is not otherwise available as part of any public record; ○ Establish a process, including notification from the public, for identification and correction of incorrect information submitted to or maintained by the Repository; ○ Establish fees for registration of mortgage-related documents and maintenance and use of data, and for the provision of other related services not inconsistent with the purposes of §§ 301 – 344; and ○ Perform any other service or engage in any other activity that the Director determines, by regulation or order, to 	<p><u>Duties</u></p> <p>The duties of the working group are to assess and develop recommendations on the necessity for and feasibility of establishing, operating, and maintaining a national electronic mortgage registry system for single-family mortgage loans and multifamily mortgage loans to document custody and registration of mortgage loans, notes, titles, liens, deeds of trust, and other security instruments, in order to automate, centralize, standardize, and improve the tracking of changes in—</p> <ul style="list-style-type: none"> • The ownership of mortgage loans, deeds of trust, and other security instruments; • The ownership of the beneficial interest in promissory notes secured by any mortgage loan, deed of trust, or other security instrument; • The servicing rights for any mortgage loan, deed of trust, or other security instrument; and • Such other information as the FMIC may require. <p><u>Considerations</u></p> <p>In carrying out the duties under this section, the working group shall consider—</p> <ul style="list-style-type: none"> • The cost to States and localities, including any impact on revenue generated by local recording of mortgage loan documents; 	<p>is not registered in the system, the system shall reference an electronic database where the note is registered. The electronic note registry shall be accessible to the public without charge.</p> <p><u>Mandatory Participation</u></p> <p>Participation in the registry system shall be mandatory for all eligible mortgages purchased, guaranteed, or securitized by the Issuer. Holders of loans or their agents shall have a duty to register each eligible mortgage purchased, guaranteed, or securitized by the Issuer and maintain the accuracy of current system data. All transfers, assignments, and other changes in the holding of covered promissory notes and security instruments, and servicing rights, shall be entered into the system. The tracking system will identify each entity entered in the system by name, address, and other contact information. If there is more than one servicer for a particular purchased, guaranteed, or securitized by the Issuer, each servicer shall be identified in the system, including whether the entity is a master servicer, subservicer, or other servicer.</p> <p><u>Borrower Access to Information</u></p> <p>To the extent that the NMFA permits issuers of private securities that are not insured under this Act to use the common securitization platform, it may adopt appropriate rules to ensure that a borrower has access to any</p>	

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	<p>be incidental to the activities enumerated in this subsection.</p> <ul style="list-style-type: none"> Each participant shall comply with such requirements as may be set by the Repository for using data maintained or created by the Repository, and use such designation as the Repository may provide, such as a unique identifier. <p>§ 332 Legal Effect of Registration with Repository Notwithstanding any provision of State or Federal law to the contrary, by proper demonstration of registration with the Repository, any holder of an interest in any mortgage-related note shall satisfy any requirement for demonstration of a right to act regarding such note or other registered data that exists in State or Federal law, including any obligation to produce or possess an original note. The Director shall provide for the establishment of procedures for proper demonstration of registration of any mortgage-related document and of an interest by the holder of an interest in any such document with the Repository. Once registered with the Repository, such registration shall be a legal right enforceable in any judicial or nonjudicial process.</p> <p>§ 333 Grants to States; Repayment</p> <ul style="list-style-type: none"> There is hereby authorized to be 	<ul style="list-style-type: none"> The feasibility of allowing States and localities to continue to collect fees and revenue; The implications of data accuracy on judicial and nonjudicial foreclosure; The need to minimize conflicting mortgage loan registry requirements; The need to provide consumers with access to key information about the ownership and servicing of their mortgage loans; The need to provide data accuracy, security, and privacy; The need to make data publicly available at minimal cost to consumers; Existing State real property and commercial laws and any such laws in development, including an electronic mortgage registry law developed as a uniform State law proposal; The costs and benefits of developing and maintaining a national mortgage registry system, including any potential impact on consumer mortgage credit and industry participants; The feasibility of using existing industry standards and capabilities in the operation of a national mortgage registry system; and Any research, reports, or other work undertaken by outside experts, including Federal and State entities. 	<p>information necessary under this section and § 234.</p> <p><u>Enforcement of Registry Requirements; Sanctions</u> The NMFA shall develop a schedule of sanctions that shall be imposed upon an originator or holder or its agent in the event that the loan owner or agent fails to maintain accurate current information in the system for an eligible mortgage purchased, guaranteed, or securitized by the Issuer. The sanctions shall be in a form that will be effective to deter non-compliance.</p> <p><u>Free Access</u> All information on the registry shall be electronically accessible, at no charge, to the public.</p> <p><u>State and Local Law</u> Nothing in this Act shall be deemed to preempt or limit State and local law regarding recording or registration of interests in land or the foreclosure of interests in land.</p>	

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	<p>appropriated \$50,000,000 to the Director for the establishment of a fund to be administered by the Agency for providing grants to States, on application to the Agency, to facilitate participation in the Repository by any depositor or participant or class of depositors or participants, or any other person upon appropriate demonstration to the Agency that such a grant would assist in the accomplishment of the purposes of this subtitle. Any such amounts appropriated and not granted by the Agency within five years of the date of the enactment of this Act shall be returned to the Treasury.</p> <ul style="list-style-type: none"> • The Director shall cause to be collected from the Utility and deposit in the Treasury an amount equal to the aggregate amount provided as grants to States within 10 years after the first grant is made. <p>§ 334 Judicial Review Except as otherwise expressly provided under this part, no person other than the Director or the Attorney General, or any duly authorized representative of the Director or the Attorney General, may proceed against the Repository in any State or Federal court. The prohibition in the preceding sentence shall not apply to a civil action against the Repository or any duly authorized agent thereof for breach of a contract, including breach of a representation</p>	<p><u>Report</u> Not later than 2 years after the working group is established, the working group shall issue a publicly available report, which shall—</p> <ul style="list-style-type: none"> • Include recommendations— <ul style="list-style-type: none"> ○ As to whether the establishment of a national electronic mortgage registry system is necessary or appropriate in the public interest or for the protection of the MIF; and ○ On how to establish, operate, and maintain a national electronic mortgage registry system for single-family mortgage loans and multifamily mortgage loans; and • If the working group recommends that the establishment of the national electronic mortgage registry system is necessary or appropriate, outline the minimum requirements for such registry, which shall include considerations for the development and implementation of electronic mortgage registry systems by State and local government agencies, including requirements to ensure accurate reporting to such systems, and shall satisfy the recommendations of this report. <p><u>Rulemaking</u></p> <ul style="list-style-type: none"> • Beginning 5 years after publication of the 		

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	<p>or warranty, or breach of privacy related to data collected and maintained by the Repository or any duly authorized agent thereof.</p> <p>§ 335 Transition Provisions</p> <ul style="list-style-type: none"> • The Agency shall provide for a transition period to permit the efficient implementation of the provisions of §§ 331 – 335. Such transition may include periods for testing, early adoption, and final mandatory adoption for all recorded mortgages. • The Repository shall accept electronic submissions and paper-based documents submitted electronically subject to rules of the Repository. Ten years after enactment, subject to an extension for up to 5 additional years if the Director determines appropriate, the Repository shall require only electronic submission. 	<p>report, the FMIC may, by rule, establish a national electronic mortgage registry system for single-family mortgage loans and multifamily mortgage loans, deeds of trust, or other security instruments in accordance with the findings of the report if—</p> <ul style="list-style-type: none"> ○ The FMIC determines that electronic mortgage registry systems have not been created by State and local government agencies in accordance with the minimum requirements established in the report; and ○ The establishment of a national electronic mortgage registry system for single-family mortgage loans and multifamily mortgage loans remains necessary or appropriate in the public interest or for the protection of the MIF. <ul style="list-style-type: none"> • If the FMIC establishes a national electronic mortgage registry system, the FMIC shall provide approved entities a reasonable amount of time to correct a filing made in the national electronic mortgage registry system that is in direct conflict with any filing in a State or local real property recording system. The FMIC, in consultation with appropriate State and local government agencies responsible for real property recordation, may extend the period for a single period of not more than 5 years if the FMIC 		

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		<p>determines that the extension is necessary or appropriate.</p> <ul style="list-style-type: none"> • To promote consistency in and minimize disruption to the housing finance system and systems for the local recording of loan documents, the FMIC shall consult and coordinate with appropriate State and local government agencies responsible for real property recordation when developing and issuing rules under this subsection. • The rules and standards promulgated under this section shall recognize and protect valid perfected security interests in registered mortgage-related documents. <p><u>Rules of Construction</u></p> <ul style="list-style-type: none"> • Nothing in this section shall be construed as implying or establishing a private right of action against an approved entity for filings made to the established national electronic mortgage registry system or other filing actions taken pursuant to subsection (f) (rulemaking). • Nothing in this section shall be construed as authorizing the FMIC, before the establishment of a national electronic mortgage registry system under subsection (f), to exercise supervisory or enforcement authority with respect to an approved entity relating to a real property filing action in a State or local real 		

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		<p>property recording system by the approved entity.</p> <ul style="list-style-type: none"> • Nothing in this section shall be construed as preempting, altering, annulling, exempting, or affecting the applicability of any State or local law, including those laws relating to real property recording or foreclosure. 		
Multiple Liens	<p>§ 413 Notice of Junior Mortgage or Lien With respect to the dwelling of a borrower that serves as security for a securitized senior mortgage loan, if the borrower enters into any credit transaction that would result in the creation of a new mortgage or other lien on such dwelling, the creditor of such new mortgage or other lien shall notify the servicer of the senior mortgage loan of the existence of the new mortgage or other lien.</p> <p>§ 414 Limitation on Mortgages Held by Servicers</p> <ul style="list-style-type: none"> • Neither the servicer of a residential mortgage loan, nor any affiliate of such servicer, may own, or hold any interest in, any other residential mortgage loan that is secured by a mortgage, deed of trust, or other equivalent consensual security interest on the same dwelling or residential real property that is subject to the mortgage, deed of trust, or other security interest that secures the residential mortgage loan serviced by the 	<p>§ 335 Multiple Lender Issues With respect to the dwelling of a borrower that serves as security for an eligible mortgage loan, if the borrower enters into any credit transaction that would result in the creation of a new mortgage loan or other credit lien on such dwelling where the LTV ratio of such credit transaction amount is 80% or more, the creditor (as defined in 12 C.F.R. § 1026.2(a)(17) shall notify the creditor of the senior eligible mortgage loan within 30 days after consummation.</p>	<p>§ 701 Multiple Lender Issues With respect to the dwelling of a borrower that serves as security for an eligible mortgage, if the borrower enters into any credit transaction that would result in the creation of a new mortgage or other lien on such dwelling where the loan-to-value ratio of such credit transaction amount is 80% or more, the creditor of such new mortgage or other lien shall seek and obtain the approval of the creditor of the senior eligible mortgage loan before any such credit transaction becomes valid and enforceable.</p>	

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	<p>servicer.</p> <ul style="list-style-type: none"> • For these purposes, the following definitions apply: <ul style="list-style-type: none"> ○ <i>Affiliate</i> means “any company that controls, is controlled by, or is under common control with another company.” ○ <i>Residential Mortgage Loan</i> means any consumer credit transaction that is secured by a mortgage, deed of trust, or other equivalent consensual security interest on a dwelling or on residential real property that includes a dwelling, other than a consumer credit transaction under an open end credit plan or an extension of credit relating to a plan described in section 11 U.S.C. § 101(53D). ○ <i>Servicer</i> has the meaning in TILA § 129A [“the person responsible for the servicing for others of residential mortgage loans (including of a pool of residential mortgage loans)”], except that such term includes a person who makes or holds a residential mortgage loan (including a pool of residential mortgage loans) if such person also services the loan. • For purposes of the ownership limitation, ownership of, or holding an interest in, a residential mortgage loan includes ownership of, or holding an interest in— 			

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	<ul style="list-style-type: none"> ○ A pool of residential mortgage loans that contains such residential mortgage loan; or ○ Any security based on or backed by a pool of residential mortgage loans that contains such residential mortgage loan. ● This section shall apply— <ul style="list-style-type: none"> ○ With respect to the servicer (or affiliate of the servicer) of a residential mortgage loan that is originated after the date of the enactment of this Act, on such date of enactment; and ○ With respect to the servicer (or affiliate of the servicer) of a residential mortgage loan that is originated on or before the date of the enactment of this Act, upon the expiration of the 12-month period beginning upon such date of enactment. 			
Agency Transfer – Definitions		TITLE IV—FHFA and FMIC TRANSITION § 401 Definitions In this title— <i>Director</i> means— <ul style="list-style-type: none"> ● During the period beginning on the date of enactment of this Act and ending on the day before the agency transfer date, the Director of the Existing Agency; and ● On and after the agency transfer date, the 		

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		<p>Director of the FHFA of the FMIC appointed under § 402(a)(2).</p> <p><i>Existing Agency</i> means the FHFA, as constituted on the day before the agency transfer date.</p> <p><i>Function</i> means any duty, obligation, power, authority, responsibility, right, privilege, activity, or program.</p> <p><i>Regulated entity</i> Fannie Mae, Freddie Mac, or an FHLB.</p> <p><i>Transition Committee</i> means the FMIC Transition Committee established under § 404(a)(1).</p>		
Agency Transfer – the Transfer		<p>§ 402 FHFA Transition Establishment Effective on the agency transfer date, there is established in the FMIC the FHFA, which shall be maintained as a distinct entity within the FMIC. The FHFA shall be headed by a Director, who shall be—</p> <ul style="list-style-type: none"> • Appointed by the President, by and with the advice and consent of the Senate; and • A non-voting member of the Board of Directors. <p>FHFA Transfer</p> <ul style="list-style-type: none"> • Effective on the agency transfer date and unless otherwise specified by this Act, all 	<p>§ 301 Powers and Duties Transferred FHLB Functions Transferred</p> <ul style="list-style-type: none"> • There are transferred to the NMFA all functions of FHFA and its Director relating to— <ul style="list-style-type: none"> ○ The supervision of the FHLBs and the FHLB System; and ○ All rulemaking authority of the FHFA and its Director relating to the FHLBs and the FHLB System. • The NMFA shall succeed to all powers, authorities, rights, and duties that were vested in FHFA and its Director, including all conservatorship or receivership authorities, on the day before 	<p>§ 101 Ginnie Mae Removal From HUD; Establishment as Independent Entity In General National Housing Act § 302(a)(2) (12 U.S.C. 1717(a)(2)) [creating Ginnie Mae] 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.”</p> <p>Conforming Amendments Title III of the National Housing Act (12 U.S.C. 1716 et seq.) is amended—</p> <ul style="list-style-type: none"> • In § 306(g)(3)(D) (12 U.S.C. 1721(g)(3)(D)), by striking “Secretary”

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		<p>FHFA property and functions are transferred to the FHFA of the FMIC.</p> <ul style="list-style-type: none"> The individual serving as the Director of the Existing Agency the day before the agency transfer date may serve as the Director of the FHFA of the FMIC until the end of the term of such individual as Director of the Existing Agency under § 1312(b)(2) of the 1992 Act, as in effect on the day before the agency transfer date. During the period beginning on the agency transfer date and ending on the date on which the first individual is appointed as Chairperson under § 202, the Director shall serve as the Transition Chairperson of the FMIC and shall exercise all authorities of the Chairperson, unless stated otherwise. In so serving, the Director shall not have the authority to establish any rule under § 2 or any rule relating to approved entities under title III. <p><u>Powers and Duties</u></p> <ul style="list-style-type: none"> The Director of the FHFA of the FMIC shall— <ul style="list-style-type: none"> Retain and exercise all powers, including conservatorship and receivership powers as amended by this Act, of the Director of the Existing Agency on the day before 	<p>the transfer date in connection with the functions and authorities transferred. Notwithstanding requirements for mandatory use of the receivership authority, the NMFA, in consultation with Treasury, HUD, and the Federal Reserve, shall have authority to determine whether the Issuer shall be placed in receivership, regardless of its capital level.</p> <ul style="list-style-type: none"> The transfer of functions shall take effect on the transfer date. <p><u>Continuation and Coordination of Certain Actions</u></p> <p>All regulations, orders, determinations, and resolutions described shall remain in effect according to their, and shall be enforceable by or against the NMFA until modified, terminated, set aside, or superseded in accordance with applicable law by the NMFA, any court of competent jurisdiction, or operation of law. A regulation, order, determination, or resolution includes any that—</p> <ul style="list-style-type: none"> Was issued, made, prescribed, or allowed to become effective by the FHFA or a court of competent jurisdiction, and relates to functions transferred by this Act; Relates to the performance of functions that are transferred by this section; and Is in effect on the transfer date. 	<p>and inserting “Association”;</p> <ul style="list-style-type: none"> In § 307 (12 U.S.C. 1722), by striking “Secretary of Housing and Urban Development” and inserting “Association”; and In § 317 (12 U.S.C. 1723i)— <ul style="list-style-type: none"> In (a)(1), by striking “Secretary of Housing and Urban Development” and inserting “Director of the Association”; In (c)(4), by striking “Secretary’s” and inserting “Director of the Association’s”; In (d)(1), by striking “Secretary’s” and inserting “Director of the Association’s”; In the heading for (f), by striking “BY SECRETARY”; and By striking “Secretary” each place such term appears and inserting “Director of the Association”. <p><u>Management; Director</u></p> <p>National Housing Act § 308(a) (12 U.S.C. 1723(a)) is amended—</p> <ul style="list-style-type: none"> In the first sentence— <ul style="list-style-type: none"> By striking “Secretary of Housing and Urban Development” and inserting “Director of the Association appointed pursuant to this subsection”; and By striking “of the Secretary” and

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		<p>the agency transfer date relating to the FHLB System, the FHLBs, and the GSEs;</p> <ul style="list-style-type: none"> ○ Manage and implement actions authorized by the FMIC related to the transition to the new housing finance system that impact the conservatorship or receivership of regulated entities; and ○ Consult with other members of the Transition Committee and the Board of Directors as may be appropriate to fulfill the requirements of this Act. <ul style="list-style-type: none"> ● Except as provided in § 604(a)(2), or as otherwise specifically provided in this Act, the Chairperson and the Board of Directors may not— <ul style="list-style-type: none"> ○ Intervene in any matter or proceeding before the Director, unless otherwise specifically provided by law; ○ Appoint, direct, or remove any officer or employee of the FHFA of the FMIC; or ○ Merge or consolidate the FHFA of the FMIC, or any of the functions or responsibilities of the FHFA of the FMIC, with any division, office, or other component of the FMIC. <p><u>Agency Expenditures and Budget</u></p> <ul style="list-style-type: none"> ● After the agency transfer date, the Director of the FHFA of the FMIC— 	<p><u>Disposition of Affairs</u></p> <p>During the period preceding the transfer date, the FHFA Director, for the purpose of winding up FHFA’s affairs connection with the performance of functions that are transferred by this section—</p> <ul style="list-style-type: none"> ● Shall manage the employees of such Agency and provide for the payment of the compensation and benefits of any such employees which accrue before the transfer date; and ● May take any other action necessary for the purpose of winding up the affairs of the Office. <p><u>Use of Property and Services</u></p> <ul style="list-style-type: none"> ● The NMFA may use FHFA property and services to perform functions which have been transferred to the NMFA until such time as the Agency is abolished under § 303 to facilitate the orderly transfer of functions transferred under this section, any other provision of this Act, or any amendment made by this Act to any other provision of law. ● Any agency, department, or other instrumentality of the U.S., and any successor to any such agency, department, or instrumentality, that was providing supporting services to the Agency before the transfer date in 	<p>inserting “of the Director”;</p> <ul style="list-style-type: none"> ● In the second sentence, by striking “Secretary” and inserting “Director”; ● In the third sentence— <ul style="list-style-type: none"> ○ By striking “in the Department of Housing and Urban Development”; and ○ By inserting before the period at the end the following: “, and shall be appointed for a term of 5 years, unless removed before the end of such term for cause by the President”; ● In the last sentence, by striking “Secretary” and inserting “Director”; and ● By adding at the end the following undesignated paragraph: <p>“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 vacancy 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 another individual, to serve as the Acting Director, and such Acting Director shall have all the rights, duties, powers, and responsibilities of the Director, until</p>

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		<ul style="list-style-type: none"> ○ Except as limited in amount below, may obligate and expend amounts available to the FHFA; and ○ Shall submit regular updates to the Board of Directors. ● During the period beginning on the agency transfer date and ending on the date on which the first individual is appointed as Chairperson under § 202, the Director shall require approval from the Transition Committee for any agency capital expenditure in excess of \$5,000,000. ● On and after the date on which the first individual is appointed as Chairperson under § 202, the Director shall require approval from the Board of Directors for any agency capital expenditure in excess of \$5,000,000. <p><u>Cooperation</u> During the period beginning on the date of enactment of this Act and ending on the system certification date, the Board of Directors and the Director shall cooperate and coordinate in the exercise of their respective authorities to facilitate and achieve an orderly transition from housing finance markets facilitated by the enterprises to housing finance markets facilitated by the FMIC with minimum disruption in the availability of credit.</p>	<p>connection with functions that are transferred to the NMFA shall—</p> <ul style="list-style-type: none"> ○ Continue to provide such services, on a reimbursable basis, until the transfer of such functions is complete; and ○ Consult with any such agency to coordinate and facilitate a prompt and reasonable transition. <p><u>Continuation of Services</u> The NMFA may use the services of employees and other personnel of FHFA, on a reimbursable basis, to perform functions which have been transferred to the NMFA for such time as is reasonable to facilitate the orderly transfer of functions pursuant to this section, any other provision of this Act, or any amendment made by this Act to any other provision of law.</p> <p><u>Savings Provisions</u></p> <ul style="list-style-type: none"> ● The transfer of FHLB functions and § 303 shall not affect the validity of any right, duty, or obligation of the U.S., the FHFA Director, the FHFA, or any other person, that existed on the day before transfer date. ● No action or other proceeding commenced by or against the FHFA Director in connection with the functions that are transferred to the NMFA under 	<p>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.”</p> <ul style="list-style-type: none"> ● 5 U.S.C. § 5315 is amended, in the item relating to the Ginnie Mae President by striking “. Department of Housing and Urban Development”. <p><u>FSOC Membership</u></p> <ul style="list-style-type: none"> ● Dodd-Frank Act § 2(12)(E), the definition of primary financial regulatory agency, is amended to define Ginnie Mae as the primary financial regulatory agency for the MIF established under § 202(g), the FHLBs or the FHLB System. ● Dodd-Frank § 111(b)(1)(H), FSOC voting members, is amended to replace the FHFA Director with the Ginnie Mae Director. <p><u>Personnel</u> National Housing Act § 309(d) (12 U.S.C. 1723a(d)) is amended by striking paragraph (d)(1) and inserting the following:</p> <ul style="list-style-type: none"> ● The Director of the Association may appoint and fix the compensation of such officers and employees of the Association as the Director considers necessary to carry out the functions of the Association.

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		<p><u>Coordination and Continuation of Certain Actions</u></p> <ul style="list-style-type: none"> • All regulations, orders, determinations, and resolutions described in the paragraph below shall remain in effect according to the terms of such regulations, orders, determinations, and resolutions, and shall be enforceable by or against the FHFA of the FMIC until modified, terminated, set aside, or superseded in accordance with applicable law by the FHFA of the FMIC, any court of competent jurisdiction, or operation of law. • A regulation, order, determination, or resolution is described in this paragraph if it— <ul style="list-style-type: none"> ○ Was issued, made, prescribed, or allowed to become effective by— <ul style="list-style-type: none"> ▪ The Existing Agency; ▪ The Federal Housing Finance Board; or ▪ A court of competent jurisdiction, and relates to functions transferred by this section; ○ Relates to the performance of functions that are transferred by this section; and ○ Is in effect on the agency transfer date. 	<p>this section shall abate by reason of the enactment of this Act, except that the NMFA shall be substituted for the FHFA Director as a party to any such action or proceeding.</p> <p><u>Conforming Amendments</u> Effective on the transfer date: The <i>FHLB Act</i> is amended—</p> <ul style="list-style-type: none"> • By striking the Director and inserting the NMFA each place that term appears; • By striking Chairman of the Director of Governors and inserting Chairman of the Board of Governors each place that term appears; • By striking the Agency and inserting the NMFA each place that term appears; • In § 2(11), the definition of Director, by replacing it with a definition of NMFA to mean the NMFA; and • By striking § 2(12), the definition of FHFA. <p>The <i>1992 Act</i> is amended in § 1316 (assessments) is amended by removing authority to assess the FHLBs.</p> <p>The <i>Right to Financial Privacy Act of 1978</i> is amended in § 1113(o) (exclusion for disclosure to or examination by FHFA), to replace FHFA with NMFA.</p>	<p>Officers and employees may be paid without regard to 5 U.S.C. chapter 51 and chapter 53 subchapter III relating to classification and GS pay rates.</p> <ul style="list-style-type: none"> • In carrying out this subsection, Ginnie Mae shall appoint and develop human capital (which shall have such meaning as 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. • 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 OCC, Federal Reserve, and the FDIC. • In carrying out the duties of the Association, the Director of the Association may use information, services, staff, and facilities of any executive agency, independent agency, or department on a reimbursable basis, with the consent of such agency or department. • Notwithstanding any provision of law limiting pay or compensation, the Director of the Association may appoint

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		<p><u>Use of Agency Services</u> Any U.S. agency, department, or other instrumentality, and any successor to any such agency, department, or instrumentality, which was providing supporting services to the Existing Agency before the agency transfer date in connection with functions that are transferred to the FHFA of the FMIC shall—</p> <ul style="list-style-type: none"> • Continue to provide such services, on a reimbursable basis, until the transfer of such functions is complete; and • Consult with any such agency to coordinate and facilitate a prompt and reasonable transition. <p><u>Savings Provisions</u></p> <ul style="list-style-type: none"> • Subsection (a) (establishing the FHFA of the FMIC) shall not affect the validity of any right, duty, or obligation of the U.S., the Director of the Existing Agency, or any other person, which— <ul style="list-style-type: none"> ○ Arises under the 1992 Act, the Fannie Mae or Freddie Mac charters, or any other provision of law applicable with respect to the Existing Agency; and ○ Existed on the day before the agency transfer date. • No action or other proceeding commenced by or against the Director of the Existing Agency in connection with functions that are transferred to the FHFA 	<p>§ 303 Abolishment of FHFA Effective upon certification by Treasury that the Agency has substantially completed the actions necessary to wind down the remaining assets of the GSEs, FHFA and the FHFA Director’s position are abolished.</p> <p>§ 304 Transfer of Property and Facilities Effective upon the certification by Treasury pursuant to § 303, all FHFA property shall transfer to the NMFA, except as determined by Treasury to be necessary to continue activities to wind down the GSEs.</p> <p>§ 305 Residual Corpus of GSEs in Conservatorship Upon certification of Treasury pursuant to § 303, the Agency may transfer the remaining assets and authority over the corpuses of GSEs to complete the wind down of those remaining assets.</p>	<p>and compensate such outside experts and consultants as such Director determines necessary to assist the work of the Association.</p> <p><u>Transitional Provision</u> Notwithstanding this section, from enactment until the Ginnie Mae Director is confirmed pursuant to National Housing Act § 308 as amended by this section, the person serving as the Ginnie Mae President shall act for all purposes as, and with the full powers of, the Director of the Association.</p> <p><u>References</u> On and after the date of the enactment, any reference in Federal law to the Ginnie Mae President or to such Association shall be deemed a reference to such Ginnie Mae or to such Association, as appropriate, as organized pursuant to this subsection and the amendments made by this section.</p> <p>§ 102 Transfer to Ginnie Mae of FHFA Powers, Personnel, and Property <u>Powers and Duties Transferred</u></p> <ul style="list-style-type: none"> • There are transferred to Ginnie Mae and the Ginnie Mae Director all functions of FHFA and the FHFA Director. Ginnie Mae and its Director shall succeed to all powers, authorities, rights, and duties that were vested in FHFA and the FHFA Director, respectively, including all

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		<p>of the FMIC shall abate by reason of the enactment of this Act, except that the Director of the FHFA of the FMIC shall be substituted for the Director of the Existing Agency as a party to any such action or proceeding.</p> <p><u>Technical and Conforming Amendments</u> The following changes are effective on the agency transfer date. (Note that the technical changes in § 407 are effective on the system certification date.)</p> <p>The 1992 Act is amended—</p> <ul style="list-style-type: none"> • In § 1303(2), the definition of Agency, to mean the FHFA of the FMIC. • In § 1303(9), the definition of Director, to mean the Director of the Agency. • In § 1311(a), by striking language that creates FHFA and inserting language that creates the FHFA within the FMIC, which shall be maintained as a distinct entity within the FMIC. • In § 1312(b)(1), by striking language that the FHFA Director is appointed by the President and confirmed by the Senate, and inserting language that the Director is appointed in accordance with § 402(a)(2) of the Housing Finance Reform and Taxpayer Protection Act of 2014. • In § 1367(a)(7), which currently provides that the FHFA Director, when acting as 		<p>conservatorship or receivership authorities, on the day before the transfer date in connection with the FHFA functions and authorities transferred.</p> <ul style="list-style-type: none"> • Such transfer shall take effect 6 months after enactment Act. • All such FHFA regulations, orders, determinations, and resolutions shall remain in effect according to their terms, 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. This includes a regulation, order, determination, or resolution if it— <ul style="list-style-type: none"> ○ Was issued, made, prescribed, or allowed to become effective by FHFA or a court of competent jurisdiction, and relates to FHFA functions transferred; ○ Relates to the performance of functions that are transferred by this subsection; and ○ Is in effect on the transfer date [6 months after enactment]. • During the period preceding the 6-month transfer date, the FHFA Director, for the purpose of winding up FHFA’s affairs in connection with the performance of functions that are transferred by this

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		<p>conservator or receiver, acts independently of other agencies, is amended to make an exception as may be provided in § 604(a)(2) of the Housing Finance Reform and Taxpayer Protection Act of 2014, or as otherwise specifically provided for in such Act.</p> <ul style="list-style-type: none"> • In § 1367(b)(2)(D), which currently authorizes the FHFA Director, as conservator, to actions to put a GSE in sound condition and to carry on its business, is amended to provide that: <ul style="list-style-type: none"> ○ On and after the agency transfer date, the Agency shall, as conservator, take such actions as are necessary— <ul style="list-style-type: none"> ▪ To wind down of the operations of the GSEs in an orderly manner that complies with the 2014 Act; ▪ To manage the GSEs’ affairs, assets, and obligations and to operate the GSEs in compliance with the requirements of such Act; ▪ To undertake and carry out any sale, transfer, or disposition authorized in §§ 315(c), 321(d), 604(i)(2), 701(b), or 702 of that Act to facilitate the orderly transition to the new housing finance system authorized by such Act; and ▪ To maintain liquidity and 		<p>section—</p> <ul style="list-style-type: none"> ○ Shall manage FHFA employees and provide for the payment of their compensation and benefits which accrue before such transfer date; and ○ May take any other action necessary to wind up FHFA’s affairs. <ul style="list-style-type: none"> • Ginnie Mae may use FHFA’s property and services to perform functions transferred to Ginnie Mae until FHFA is abolished to facilitate the orderly transfer of functions under this Act, or any amendment made by this Act to any other provision of law. Any agency, department, or other instrumentality of the U.S., and any successor to any such agency, department, or instrumentality, that was providing supporting services to FHFA before the transfer date in connection with functions that are transferred to Ginnie Mae shall— <ul style="list-style-type: none"> ○ Continue to provide such services, on a reimbursable basis, until the transfer is complete; and ○ Consult with any such agency to coordinate and facilitate a prompt and reasonable transition. • Ginnie Mae may use the services of employees and other personnel of FHFA, on a reimbursable basis, to perform functions which have been transferred to Ginnie Mae for such time as is reasonable

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		<p>stability in the secondary mortgage market until the GSEs have no authority to conduct new business.</p> <ul style="list-style-type: none"> ○ The FMIC may, as conservator, take such actions as are— <ul style="list-style-type: none"> ▪ Necessary to put an FHLB in a sound and solvent condition; and ▪ Appropriate to carry on the business of an FHLB and preserve and conserve its assets and property. <p>The <i>FHLB Act</i> is amended—</p> <ul style="list-style-type: none"> • By striking Chairman of the Director of Governors each place that term appears and inserting Chairman of the Board of Governors; and • In § 2(11), the definition of Director, by replacing FHFA with Agency; and • In § 2(12), the definition of Agency, by replacing FHFA with the FHFA within the FMIC. <p>The <i>FDIA</i> is amended—</p> <ul style="list-style-type: none"> • In § 11(t), which currently provides that covered agencies may share information without waiving privileges, by adding the FMIC to the definition of covered agency. • In § 18(x), which currently provides that submitting information to certain regulators does not waive privileges, by 		<p>to facilitate the orderly transfer of functions pursuant to this Act, or any amendment made by this Act to any other provision of law.</p> <ul style="list-style-type: none"> • The transfer and abolishment of FHFA shall not affect the validity of any right, duty, or obligation of the U.S., the FHFA Director, FHFA, or any other person, that existed on the day before the 6-month transfer date. • No action or other proceeding commenced by or against the FHFA Director in connection with the functions that are transferred to Ginnie Mae shall abate by reason of the enactment of this Act, except that Ginnie Mae shall be substituted for the FHFA Director as a party to any such action or proceeding. <p><u>Abolishment of FHFA</u> Effective upon the 6-month transfer date, FHFA and the position of the FHFA Director are abolished.</p> <p><u>Transfer of Property and Facilities</u> Effective on the 6-month transfer date, all FHFA property shall transfer to Ginnie Mae.</p> <p><u>References in Federal Law</u> On and after the 6-month transfer date, any reference in Federal law to the FHFA Director or FHFA, in connection with any function of</p>

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		<p>adding the FMIC to the list of agencies.</p> <p>The <i>FFIEC Act</i> is amended:</p> <ul style="list-style-type: none"> • In § 1004 by adding the FMIC Chairman to the FFIEC; • In § 1011 by adding the FMIC to the FFIEC Appraisal Subcommittee; and • By adding § 1012, establishing a servicing subcommittee: The FFIEC has a Subcommittee on Mortgage Servicing, consisting of designees of heads of the Federal financial institution regulatory agencies, the CFPB, FMIC, FHFA, and a representative of the State Liaison Committee established under § 1007. <p><i>FIRREA</i> is amended in § 1216(a), which requires equal opportunity in the Federal Government for listed agencies, to remove FHFA and add FMIC.</p> <p>The <i>Housing and Urban-Rural Recovery Act of 1983</i> is amended in § 469, which requires HUD in cooperation with several agencies to report to Congress on mortgage delinquencies and foreclosures, to add FMIC to the list of agencies.</p> <p>The <i>Paperwork Reduction Act</i> is amended to replace FHFA with FMIC.</p>		<p>the FHFA Director or FHFA transferred shall be deemed a reference to the Ginnie Mae Director or Ginnie Mae, as appropriate and consistent with the amendments made by this Act.</p>

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		<p><i>Public Law 93-495</i>, 12 U.S.C. § 250, which makes several agencies independent, is amended to add the FMIC.</p> <p>The <i>Right to Financial Privacy Act of 1978</i> is amended in § 1101(7), which defines supervisory agency, to add the FMIC.</p> <p>5 U.S.C. § 5313, which applies Level II of the Executive Schedule to specified positions, is amended by adding the FMIC Chairperson.</p> <p>5 U.S.C. § 3132(a)(1)(D), which excludes certain independent agencies from the definition of agency for SES purposes, to add FMIC to the excluded agencies.</p> <p>18 U.S.C. is amended in §§ 212 (loan or gratuity to examiners), 657 (misapplication of funds by agency employees), 1006 (false entry by agency employees), 1014 (false statement on loan application to influence agency), and 1905 (federal employees divulging trade secret) by replacing FHFA with FMIC.</p> <p>The <i>Federal Credit Union Act</i> is amended in § 107(7)(e) to authorize Federal credit unions to invest in obligations backed by the FMIC.</p> <p>The <i>Bank Holding Company Act</i> is amended</p>		

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		in § 5(c)(5)(B) to add to the definition of functionally regulated subsidiary an approved guarantor under § 311 of this Act.		
Agency Transfer – Employees		<p>§ 403 Transfer and Rights of FHFA Employees</p> <p><u>Transfer</u></p> <ul style="list-style-type: none"> Effective on the agency transfer date, each employee of the Existing Agency, including each employee of the OIG of the Existing Agency, who is in good standing, shall be transferred to the FMIC for employment, and such transfer shall be deemed a transfer of function for purposes of 5 U.S.C. § 3503. A transferred employee shall be appointed to a position in the FHFA of the FMIC. On and after the agency transfer date, the Chairperson, in consultation with the Director of FHFA of the FMIC, may reassign a transferred employee to a different component of the FMIC, if the reassignment is in the best interest of the FMIC. <p><u>Guaranteed Positions</u></p> <p>Each transferred employee shall be guaranteed a position with the same status, tenure, grade, and pay as that held on the day immediately preceding the transfer.</p> <p>A transferred employee holding a permanent position on the day immediately preceding the</p>	<p>§ 302 Transfer and Rights of FHFA Employees</p> <p><u>Transfer</u></p> <p>Each FHFA employee that is employed in connection with functions that are transferred to the NMFA under § 301 shall be transferred to the NMFA for employment, not later than the transfer date, and such transfer shall be deemed a transfer of function for purposes of 5 U.S.C. § 3503.</p> <p><u>Status of Employees</u></p> <p>The transfer of functions under this title, and the abolishment of FHFA, may not be construed to affect the status of any transferred employee as an employee of an agency of the U.S. for purposes of any other provision of law.</p> <p><u>Guaranteed Positions</u></p> <p>Each transferred employee shall be guaranteed a position with the same status, tenure, grade, and pay as that held on the day immediately preceding the transfer. Employees who remain with FHFA to assist with wind down of the entities shall be ensured of transfer to the NMFA at a later date.</p> <p><u>Appointment Authority for Excepted</u></p>	<p>§ 102(b)</p> <p><u>Transfer and Rights of FHFA Employees</u></p> <ul style="list-style-type: none"> Each FHFA employee that is employed in connection with functions that are transferred to Ginnie Mae shall be transferred to Ginnie Mae for employment, not later than the 6-month transfer date, and such transfer shall be deemed a transfer of function for purposes of 5 U.S.C. § 3503. The transfer of functions, and the abolishment of FHFA, may not be construed to affect the status of any transferred employee as an employee of a U.S. agency for purposes of any other provision of law. Each such employee transferred shall be guaranteed a position with the same status, tenure, grade, and pay as that held on the day immediately preceding the transfer. In the case of an employee occupying a position in the excepted service, any appointment authority established under law or by OPM regulations for filling such position shall be transferred. Ginnie Mae may decline such a transfer to the extent that such authority relates to a

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		<p>transfer may not be involuntarily separated or reduced in grade or compensation during the 12-month period beginning on the date of transfer, except for cause, or, in the case of a temporary employee, separated in accordance with the terms of the appointment of the employee.</p> <p><u>Appointment Authority for Excepted and SES Employees</u> In the case of an employee occupying a position in the excepted service or the SES, any appointment authority established under law or by OPM regulations for filling such position shall be transferred. However, the FMIC may decline such a transfer, to the extent that such authority relates to—</p> <ul style="list-style-type: none"> • A position excepted from the competitive service because of its confidential, policymaking, policy-determining, or policy-advocating character; or • A noncareer appointee in the SES. <p><u>Employee Benefit Programs</u></p> <ul style="list-style-type: none"> • Any employee of the Existing Agency accepting employment with the FMIC as a result of a transfer may retain, for 12 months after such transfer occurs, membership in any employee benefit program of the Existing Agency or the FMIC, as applicable, including insurance, to which such employee belongs on the 	<p><u>Employees</u> In the case of an employee occupying a position in the excepted service, any appointment authority established under law or by OPM regulations for filling such position shall be transferred. However, the NMFA may decline such a transfer, to the extent that such authority relates to a position excepted from the competitive service because of its confidential, policymaking, policy-determining, or policy-advocating character.</p> <p><u>Reorganization</u> If the NMFA determines, after the end of the 1-year period beginning on the transfer date, 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 5 U.S.C. § 8336(d)(2) or § 8414(b)(1)(B).</p> <p><u>Employee Benefit Programs</u></p> <ul style="list-style-type: none"> • Any FHFA employee of accepting employment with the NMFA as a result of a transfer may retain, for 12 months after the date on which such transfer occurs, membership in any employee benefit program of the Agency or the NMFA, as applicable, including insurance, to which such employee belongs on the transfer date if— <ul style="list-style-type: none"> ○ The employee does not elect to give 	<p>position excepted from the competitive service because of its confidential, policymaking, policy-determining, or policy-advocating character.</p> <ul style="list-style-type: none"> • If Ginnie Mae determines, after the 1-year period after the 6-month transfer date, 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 5 U.S.C. § 8336(d)(2) or 8414(b)(1)(B). • Any FHFA employee accepting employment with Ginnie Mae as a result of a transfer may retain, for 12 months after the transfer occurs, membership in any employee benefit program of FHFA or Ginnie Mae, as applicable, including insurance, to which such employee belongs on the 6-month transfer date if the employee does not elect to give up the benefit or membership and Ginnie Mae continues the benefit or program. <ul style="list-style-type: none"> ○ Ginnie Mae shall pay the difference in the costs between the benefits that FHFA would have provided and those provided by this subsection. <p>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</p>

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		<p>date of the transfer, if—</p> <ul style="list-style-type: none"> ○ The employee does not elect to give up the benefit or membership in the program; and ○ The benefit or program is continued by the FMIC. <ul style="list-style-type: none"> • The difference in the costs between the benefits which would have been provided by the Existing Agency and those provided by this section shall be paid by the FMIC. • If any employee elects to give up membership in a health insurance program or the health insurance program is not continued by the FMIC, 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. <p><u>GSE Employees</u> To ensure an orderly transition to the new housing finance system established under this Act and to facilitate the organization, formation, and competency of the FMIC, the FMIC may hire employees from the GSEs.</p> <p><u>Reorganization</u> If the FMIC determines that a reorganization of the workforce is required, the</p>	<p>up the benefit or membership in the program; and</p> <ul style="list-style-type: none"> ○ The benefit or program is continued by the NMFA. <ul style="list-style-type: none"> • The difference in the costs between the benefits which would have been provided by FHFA and those provided by this section shall be paid by the NMFA. • If any employee elects to give up membership in a health insurance program or the health insurance program is not continued by the NMFA, 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. 	<p>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.</p>

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		reorganization shall be deemed a major reorganization for purposes of affording affected employee retirement under 5 U.S.C. § 8336(d)(2) or § 8414(b)(1)(B).		
Agency Transfer – Transition Committee		<p>§ 404 Transition Committee <u>Establishment and Purpose</u> Effective on enactment, there is established the FMIC Transition Committee. Its purpose shall be to—</p> <ul style="list-style-type: none"> • Develop a plan to facilitate an orderly transition to a new housing finance system in accordance with this Act; and • Provide advice to the Transition Chairperson or the Board when consulted. <p><u>Composition</u></p> <ul style="list-style-type: none"> • The Transition Committee shall be comprised of— <ul style="list-style-type: none"> ○ The Director; ○ The Chairman of the FDIC; ○ The Comptroller of the Currency; ○ The Chairperson; and ○ Any member of the Board of Directors. • Until the date on which the first individual is appointed as Chairperson under § 202, the Director shall serve as the Chairperson of the Transition Committee. On and after that date, the Chairperson shall serve as the Chairperson of the Transition Committee. • In the event of a vacancy in the office of 		

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		<p>the head of a member agency, and pending the appointment of a successor, or during the absence or disability of the head of a member agency, the acting head of the member agency shall serve as a member of the Transition Committee in the place of that agency head.</p> <ul style="list-style-type: none"> As necessary to carry out the duties of the Transition Committee, the Chairperson of the Transition Committee may, before the agency transfer date, use employees of the Existing Agency, and on and after that date, use employees of the FMIC. <p><u>Transition Plan</u> The Transition Committee shall develop the transition plan required by § 602 of this Act. The transition plan may not be submitted to Congress under § 602, unless it is approved by a majority of the Transition Committee.</p> <p><u>Dissolution</u> The Transition Committee shall be dissolved upon the later of—</p> <ul style="list-style-type: none"> The date on which the first individual is appointed as Chairperson under § 202; or The date on which the transition plan is submitted to Congress in accordance with §§ 404(c)(2) and 602. 		
Agency Transfer – Assessments		<p>§ 405 Transition Assessments <u>In General</u> Section 1316(i) is added to the 1992 Act:</p>	<p>§ 107 Initial Funding <u>In General</u> Section 1316(i) is added to the 1992 Act:</p>	

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		<p>Notwithstanding title VI of the Housing Finance Reform and Taxpayer Protection Act of 2014 or any other provision of law, for the period beginning on the date of enactment of this subsection and ending on the system certification date, the Agency shall establish and collect from the GSEs annual assessments in addition to those required under § 1316(a) [paid to FHFA] in an amount not exceeding the amount sufficient to provide for the reasonable costs (including administrative costs) and expenses of the FMIC, including those purposes detailed in § 604(b)(4)(A) of the Housing Finance Reform and Taxpayer Protection Act of 2014. All amounts collected under this subsection shall be transferred to the FMIC. The annual assessment shall be payable semiannually for each fiscal year, on October 1 and April 1.</p> <p><u>Treatment of Assessments</u></p> <ul style="list-style-type: none"> • FMIC must deposit these § 1316(i) assessments in the MIF. • Amounts received by the Existing Agency beginning on enactment until the agency transfer date from assessments imposed under § 1316(i) shall be held in an account of the Existing Agency and shall be transferred to the FMIC on the agency transfer date for deposit in the 	<p>Notwithstanding title V of the Housing Opportunities Move the Economy Forward Act of 2014 or any other provision of law, for the period beginning on the date of enactment of this subsection and ending on the NMFA certification date, the FHFA Director, in consultation with NMFA Director, shall establish and collect from the GSEs annual assessments in addition to those under § 1316(a) [paid to FHFA] in an amount not exceeding the amount sufficient to provide for the reasonable costs (including administrative costs) and expenses of the NMFA. All amounts collected under this subsection shall be transferred to the NMFA. The annual assessment shall be payable semiannually for each fiscal year, on October 1 and April 1.</p> <p><u>Treatment of Assessments</u></p> <ul style="list-style-type: none"> • NMFA must deposit these § 1316(i) assessments in the manner provided in § 5234 of the Revised Statutes of the U.S. (12 U.S.C. 192) for monies deposited by the Comptroller of the Currency. • These § 1316(i) amounts received by the NMFA shall not be construed to be Government or public funds or appropriated money. • Notwithstanding any other provision of 	

	PATH Act, H.R. 2767	S. 1217	Waters Discussion Draft	H.R. 5055
		<p>MIF.</p> <ul style="list-style-type: none"> • Notwithstanding any other provision of law, amounts received by the FMIC from any assessment imposed under § 1316(i) shall not be subject to apportionment for the purposes of 31 U.S.C. chapter 15, or under any other authority. • Amounts received by the FMIC from any § 1316(i) assessment shall not be construed to be Government or public funds or appropriated money. • The Existing Agency shall use amounts received from assessments imposed under § 1316(i) solely to fund the MIF on the agency transfer date. The Existing Agency may request Treasury to invest such portions of the § 1316(i) amounts received. Pursuant to such a request, Treasury shall invest such amounts in Federal Government obligations— <ul style="list-style-type: none"> ○ Guaranteed as to principal and interest by the U.S. with maturities suitable to the needs of the Existing Agency; and ○ Bearing interest at a rate determined by Treasury, taking into consideration current market yields on outstanding marketable U.S. obligations of comparable maturity. 	<p>law, the § 1316(i) amounts received by NMFA shall not be subject to apportionment for the purpose of 31 U.S.C. chapter 15, or under any other authority.</p> <ul style="list-style-type: none"> • NMFA may use any amounts received from § 1316(i) assessments <ul style="list-style-type: none"> ○ For compensation of NMFA employees; and ○ For all other NMFA. • NMFA may request Treasury to invest such portions of amounts received from § 1316(i) assessments that, in the NMFA’s discretion, are not required to meet NMFA’s current working needs. Pursuant to such a request, Treasury shall invest such amounts in Government obligations— <ul style="list-style-type: none"> ○ Guaranteed as to principal and interest by the U.S. with maturities suitable to the needs of the NMFA; and ○ Bearing interest at a rate determined by Treasury taking into consideration current market yields on outstanding marketable U.S. obligations of comparable maturity. 	
Agency Transfer – FHFA of		§ 406 Transfers on the System Certification Date; Continuation and Coordination of Certain Actions		

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FMIC to FMIC		<p><u>Transfer of Functions</u> Effective on the system certification date and except as provided in § 333(a), there are transferred to the FMIC all functions of the FHFA of the FMIC and the Director thereof.</p> <p><u>Coordination and Continuation of Certain Actions</u> All regulations, orders, determinations, and resolutions described below shall remain in effect according to the terms of such regulations, orders, determinations, and resolutions, and shall be enforceable by or against the FMIC until modified, terminated, set aside, or superseded in accordance with applicable law by the FMIC, any court of competent jurisdiction, or operation of law. This applies to a regulation, order, determination, or resolution that—</p> <ul style="list-style-type: none"> • Was issued, made, prescribed, or allowed to become effective by— <ul style="list-style-type: none"> ○ The Existing Agency; ○ The FHFA of the FMIC; ○ The Federal Housing Finance Board; or ○ A court of competent jurisdiction; • Relates to the performance of functions that are transferred by subsection (a); and • Is in effect on the effective date of that transfer. <p><u>Use of Agency Services</u></p>		

	PATH Act, H.R. 2767	S. 1217	Waters Discussion Draft	H.R. 5055
		<p>Any agency, department, or other instrumentality of the U.S., and any successor to any such agency, department, or instrumentality, which was providing supporting services to the FHFA of the FMIC before the system certification date in connection with functions that are transferred to the FMIC shall—</p> <ul style="list-style-type: none"> • Continue to provide such services, on a reimbursable basis, until the transfer of such functions is complete; and • Consult with any such agency to coordinate and facilitate a prompt and reasonable transition. <p><u>Savings Provisions</u></p> <ul style="list-style-type: none"> • The § 406 transfers shall not affect the validity of any right, duty, or obligation of the U.S., the Director of the FHFA of the FMIC, or any other person, which— <ul style="list-style-type: none"> ○ Arises under the 1992 Act, the Fannie Mae or Freddie Mac charter acts, or any other provision of law applicable with respect to the FHFA; and ○ Existed on the day before the system certification date. • No action or other proceeding commenced by or against the Director of the FHFA of the FMIC in connection with functions that are transferred to the FMIC shall abate by reason of the 		

	PATH Act, H.R. 2767	S. 1217	Waters Discussion Draft	H.R. 5055
		enactment of this Act, except that the FMIC shall be substituted for the Director of the FHFA of the FMIC as a party to any such action or proceeding.		
Agency Transfer – Technical Amendments		<p>§ 407 Technical and Conforming Amendments Relating to Abolishment of FHFA The following changes are effective on the system certification date. (Note that the technical changes in § 402 are effective on the agency transfer date.)</p> <p>The <i>Local TV Act of 2000</i> is amended in § 1004(d)(2)(D)(iii), which prohibits loans made by entities that FHFA regulates from backing by the Local TV Loan Guarantee Board, by replacing FHFA with FMIC.</p> <p>The <i>Commodity Exchange Act</i>, in § 1a(39)(E) (defining prudential regulator) is amended by replacing FHFA with FMIC.</p> <p><i>EESA</i> is amended:</p> <ul style="list-style-type: none"> • In § 104(b)(3) by replacing the FHFA Director with the FMIC Chairperson, as a member of the Financial Stability Oversight Board; • In § 109(b) by replacing FHFA with FMIC, as an agency with whom Treasury must coordinate in foreclosure mitigation efforts; and 	<p>§ 306 Technical and Conforming Amendments The amendments made by this section shall take effect on enactment.</p> <p>On and after the date of enactment, any reference in Federal law to the FHFA Director or the FHFA, in connection with any function of the FHFA Director or the Federal Housing Finance Agency transferred under § 301, shall be deemed a reference to the Director of the NMFA or the NMFA, as appropriate and consistent with the amendments made by this Act.</p> <p>18 U.S.C. is amended—</p> <ul style="list-style-type: none"> • In § 1905 (federal employees divulging trade secret), by adding NMFA; • In § 212(c)(2)(F) (loan or gratuity to examiners), by adding NMFA as a federal financial institution regulatory agency. • In § 657 (misapplication of funds by agency employees), by adding NMFA to the list of agencies; • In § 1006 (false entry by agency employees), by adding NMFA to the list of agencies; • In § 1014 (false statement on loan 	

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		<ul style="list-style-type: none"> In § 110(a)(1)(A) by replacing FHFA with FMIC, in the capacity as GSE conservator, as a federal property manager for providing homeowner and tenant assistance. <p>The <i>GSE charter acts</i> are amended in several places to replace FHFA with FMIC.</p> <p>The <i>FDIA</i> is amended in several places to replace FHFA with FMIC.</p> <p>The <i>FFIEC Act of 1978</i> is amended in § 1011 by removing FHFA from the FFIEC Appraisal Subcommittee.</p> <p>The <i>FHLB Act</i> is amended:</p> <ul style="list-style-type: none"> In § 2(11), the definition of Director, as amended by § 402, to replace agency with the FMIC Chairperson. In § 2(12), the definition of Agency, as amended by § 402, to replace FHFA within the FMIC with the FMIC established under § 201. In § 10(a)(3)(B) to permit advances to be collateralized by FMIC-insured covered securities, subject to regulations the FMIC may issue to ensure the safety and soundness of the FHLBs. In § 11(h) to permit FHLBs to invest surplus funds in FMIC-insured covered securities, subject to regulations the 	<p>application to influence agency), by adding NMFA to the list of agencies.</p> <p>The <i>Flood Disaster Protection Act of 1973</i> is amended in § 102(b)(5) (agencies must require flood insurance) by adding NMFA to the list of agencies.</p> <p>5 U.S.C. § is amended—</p> <ul style="list-style-type: none"> 5 U.S.C. § 5313, which applies Level II of the Executive Schedule to specified positions, is amended by adding the NMFA Director. 5 U.S.C. § 3132(a)(1)(D), which excludes certain independent agencies from the definition of agency for SES purposes, by adding NMFA to the excluded agencies. <p>The <i>Sarbanes-Oxley Act</i> is amended in § 105(b)(5)(B)(ii)(II), which authorizes PCAOB disclosures to several agencies without loss of privilege, by adding the NMFA Director to the list of agencies.</p> <p>The <i>FDIA</i> is amended—</p> <ul style="list-style-type: none"> In § 7(a)(2)(A) (giving FDIC access to examination reports of other agencies), by adding NMFA to the list of agencies. In § 8(e)(7)(A)(vi) (persons prohibited from participating in a banking organization may not work in specified regulators), by adding NMFA to the list 	

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		<p>FMIC may issue to ensure the safety and soundness of the FHLBs.</p> <p>The <i>1992 Act</i> is amended:</p> <ul style="list-style-type: none"> • In § 1303(2), as amended by § 402, the definition of Agency, to replace FHFA within the FMIC with the FMIC established under § 201. • By deleting § 1303(4), the definition of Federal Housing Finance Oversight Board. • In § 1303(9), as amended by § 402, the definition of Director, to replace Director of the Agency with FMIC Chairperson. • By deleting § 1313A, which established the Federal Housing Finance Oversight Board. • By deleting § 1317(d), which created the FHFA IG. • In § 1367 to replace FHFA with FMIC in headings. <p>In <i>FIRREA</i>, by replacing FHFA with FMIC in § 402(e) (ARM loans that refer to agencies); § 1124 (AMC regulation); and § 1125(b) (writing AVM regulations).</p> <p>The <i>Flood Disaster Protection Act of 1973</i> is amended in § 102(f)(3)(A) (enforcement against the GSEs) by replacing the FHFA Director with the FMIC Chairperson.</p>	<p>of agencies;</p> <ul style="list-style-type: none"> • In § 11(t), which currently provides that covered agencies may share information without waiving privileges, by adding the NMFA to the definition of covered agency. This change is also made in § 226(a)(1). • In section 33(e) (employee whistleblower protection for agency employees), by adding NMFA to the list of agencies. <p>The <i>Riegle Community Development and Regulatory Improvement Act of 1994</i> is amended in § 117(e) (in making annual reports, the CDFI Fund must consult with several agencies) by adding NMFA to the list of agencies.</p> <p>The <i>Multifamily Assisted Housing Reform and Affordability Act of 1997</i> is amended in § 517(b)(4) (42 U.S.C. 1437f note) (mortgage restructuring and rental assistance sufficiency plans may include GSE enhancements) by adding that they may include NMFA enhancements.</p> <p>The <i>Paperwork Reduction Act</i> is amended by adding NMFA to the definition of independent regulatory agencies</p> <p>The <i>Local TV Act of 2000</i> is amended in § 1004(d)(2)(D)(iii), which prohibits</p>	

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		<p><i>HERA</i> § 1002(b) (references in this Act) is amended by replacing FHFA with FMIC and by replacing FHFA Director with FMIC Chairperson.</p> <p>The <i>Housing and Urban-Rural Recovery Act of 1983</i> is amended in § 469 (requiring HUD in cooperation with several agencies to report to Congress on mortgage delinquencies and foreclosures) to remove FHFA from the list of agencies.</p> <p>The <i>Multifamily Assisted Housing Reform and Affordability Act of 1997</i> is amended in § 517(b)(4) (42 U.S.C. 1437f note) (mortgage restructuring and rental assistance sufficiency plans may include GSE enhancements) by replacing FHFA with FMIC.</p> <p><i>Public Law 93-495</i>, 12 U.S.C. § 250, which makes several agencies independent, is amended to remove FHFA.</p> <p>The <i>Neighborhood Reinvestment Corporation Act</i> is amended in § 606(c)(3) (funding by several agencies is permitted) to replace FHFA with FMIC.</p> <p>The <i>Riegle Community Development and Regulatory Improvement Act of 1994</i> is amended in § 117(e) (in making annual</p>	<p>loans made by entities that FHFA regulates, from backing by the Local TV Loan Guarantee Board, to prohibit such backing for loans by entities the NMFA supervises.</p> <p><i>FIRREA</i> is amended—</p> <ul style="list-style-type: none"> • In § 1216(a), which requires equal opportunity in the Federal Government for listed agencies, by adding NMFA to the list of agencies; • In § 1216(c) (requiring listed agencies to have minority and women outreach programs for contracting), by adding NMFA to the list of agencies; • In § 402(e) (ARM loans that refer to agencies) by replacing FHFA with NMFA; • In § 1124 (AMC regulation) by adding NMFA to the list of agencies; and • In § 1125(b) (writing AVM regulations) by adding NMFA to the list of agencies. <p><i>EESA</i> is amended—</p> <ul style="list-style-type: none"> • In § 104(b) by adding NMFA to the Financial Stability Oversight Board; • In § 109(b) by adding NMFA as an agency with whom Treasury must coordinate in foreclosure mitigation efforts; and <p>The <i>Dodd-Frank Act</i> is amended—</p>	

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		<p>reports, the CDFI Fund must consult with several agencies) to replace FHFA with FMIC.</p> <p>The <i>Right to Financial Privacy Act of 1978</i> is amended in § 1113(o) (exclusion for disclosure to or examination by FHFA), to replace FHFA with FMIC.</p> <p>The <i>Sarbanes-Oxley Act</i> is amended in § 105(b)(5)(B)(ii)(II), which authorizes PCAOB disclosures to several agencies without loss of privilege, by replacing the FHFA Director with the FMIC Chairperson.</p> <p>The <i>Securities Exchange Act</i> is amended in § 15G (risk retention) by replacing FHFA with FMIC and by replacing FHFA Director with FMIC Chairperson.</p> <p><i>TILA</i> is amended:</p> <ul style="list-style-type: none"> • In § 129H(b)(4) (appraisals on HPMLs) by transfer rulewriting authority from FHFA to FMIC (the authority is interagency). • In § 129E(g)(1) and (h) (appraisal independence) by transfer rulewriting authority from FHFA to FMIC (the authority is interagency). <p>On and after the system certification date, any</p>	<ul style="list-style-type: none"> • In § 342(g)(1) (requiring several agencies to have an Office of Minority and Women Inclusion) by adding NMFA to the list of agencies; • In § 989E(a)(1) (establishing a Council of IGs on Financial Oversight), by adding NMFA’s IG to the council. • In § 1481 (requiring HUD’s multifamily mortgage resolution program and requiring HUD to coordinate with several agencies) by adding NMFA to the list of agencies. <p>The <i>Housing and Urban-Rural Recovery Act of 1983</i> is amended in § 469 (requiring HUD in cooperation with several agencies to report to Congress on mortgage delinquencies and foreclosures) by adding NMFA to the list of agencies.</p> <p>The <i>Neighborhood Reinvestment Corporation Act</i> is amended in § 606(c)(3) (funding by several agencies is permitted) by adding NMFA to the list of agencies.</p> <p>The <i>Federal Insurance Office Act</i> (Dodd-Frank Title V Subtitle A) is amended in 31 U.S.C. § 313(r)(4) (defining federal financial regulatory agency) by adding NMFA to the list of agencies.</p> <p>The <i>Commodity Exchange Act</i>, in § 1a(39)(E)</p>	

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		reference to FHFA or its Director in any law, rule, regulation, certificate, directive, instruction, or other official paper in force on the system certification date shall be considered to refer and apply to the FMIC and its Chairperson, respectively.	<p>(defining prudential regulator) is amended—</p> <ul style="list-style-type: none"> • By replacing FHFA with respect to a regulated entity with FHFA with respect to a GSE; and • By adding NMFA in the case of a swap dealer, major swap participant, security-based swap dealer, or major security-based swap participant that is an FHLB. <p><i>TILA</i> is amended:</p> <ul style="list-style-type: none"> • In § 129H(b)(4) (appraisals on HPMLs) by adding NMFA to the list of agencies with rulewriting authority. • In § 129E(g)(1) and (h) (appraisal independence) by adding NMFA to the list of agencies with rulewriting authority. <p>The <i>FFIEC Act of 1978</i> is amended in § 1011 adding NMFA to the FFIEC Appraisal Subcommittee.</p>	
Transition Oversight		<p>§ 606 Oversight of Transition of the Housing Finance System</p> <p><u>Testimony</u> Beginning on the agency transfer date and ending on the system certification date, the Chairperson shall, on an annual basis, appear before the Senate Banking and House Financial Services Committees to provide testimony on the progress made in carrying out the requirements of this title.</p> <p><u>IG Report on Transition</u></p>		

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		<p>Beginning on the agency transfer date and ending on the system certification date, the FMIC IG shall, on an annual basis—</p> <ul style="list-style-type: none"> • Submit a report to the Senate Banking and House Financial Services Committees— <ul style="list-style-type: none"> ○ On the status of the transition to the new housing finance system authorized by this Act; ○ That includes recommendations to facilitate an orderly transition to the new housing finance system authorized by this Act; and ○ On the impact of various actions required by this Act on borrowers and small mortgage lenders; and • Appear before the Senate Banking and House Financial Services Committees to provide testimony on the report. <p><u>GAO Report on Transition</u> Not later than 18 months after the system certification date, GAO shall conduct a study and submit a report to the Senate Banking and House Financial Services Committees reviewing the transition required by this Act. The study shall review—</p> <ul style="list-style-type: none"> • All property, including intellectual property, of the GSEs that may have been sold, transferred, or licensed for value pursuant to this title or any amendment made by this title; 		

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		<ul style="list-style-type: none"> The number and market share of each type of approved entity; and The amount of any taxpayer repayment. 		
Provisional Standards		<p>§ 607 Authority to Establish Provisional Standards <u>Provisional Standards</u></p> <ul style="list-style-type: none"> Notwithstanding any standard required under subtitle B of title III or § 703, the FMIC may establish provisional standards for the approval of approved entities in order to ensure the sufficient participation of financially sound entities in the housing finance system. The FMIC is authorized to establish such provisional standards before the system certification date and such provisional standards shall— <ul style="list-style-type: none"> Be published in the Federal Register for notice and comment; and Remain in effect until the FMIC adopts and publishes final standards for the approval of approved entities pursuant to subtitle B of title III or § 703. The FMIC is authorized to establish such provisional standards during periods when the authority of the FMIC under § 305 is exercised and such provisional standards shall— <ul style="list-style-type: none"> Be published in the Federal Register; and Remain in effect until the final date 		

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		<p>of the timeline established by the FMIC pursuant to § 305(h)(1).</p> <ul style="list-style-type: none"> • Nothing allowing the FMIC to establish the provisional standards before the system certification date shall be construed to allow the FMIC to delay or otherwise not implement the phased-in capital standards for approved guarantors in § 607(c) in the required timeframe. <p><u>Oversight of Approved Entities</u> During any period in which such a provisional standard is in effect, the FMIC shall maintain all oversight and enforcement authorities with regard to approved entities in accordance with the requirements and authorities of subtitles B and C of title III and § 703.</p> <p><u>Phased-In of Capital Standards for Approved Guarantors</u></p> <ul style="list-style-type: none"> • The requirement under § 311(g)(1)(A) shall take effect 8 years after the FMIC approves the first approved guarantor under this section. Beginning on the date the FMIC approves the first approved guarantor under this section and ending on that 8-year date, the FMIC shall— <ul style="list-style-type: none"> ○ Require an approved guarantor to maintain an appropriate level of capital necessary to help ensure an orderly transition pursuant to this title; and 		

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		<ul style="list-style-type: none"> ○ Increase annually, in equal increments, the required amount of capital to be held by the approved guarantor. ● Each such capital level, including each such annual increase, shall only apply with respect to new business being guaranteed by an approved guarantor on and after the date each capital level becomes effective. 		
Repeal of Mandatory Housing Goals	<p>§ 104(c) Limitations on GSE Authority The 1992 Act is amended:</p> <ul style="list-style-type: none"> ● By striking §§ 1331 through 1336. This repeals the GSE affordable housing goals, including the duty to serve underserved markets, and their enforcement. ● There are conforming amendments to: <ul style="list-style-type: none"> ○ Section 1303(28) (definition of low-income area); ○ Section 1324(b)(1)(A) (annual housing report); ○ Section 1339(h) (restriction on using Capital Magnet Fund to meet housing goals); ○ Section 1341 (housing goals enforcement); ○ Section 1345(to remove penalties for violations of the housing goals); ○ Section 1345(f), by removing language that civil money penalties collected for affordable housing goals and housing reports violations 	<p>§ 408 Repeal of Mandatory Housing Goals</p> <ul style="list-style-type: none"> ● Effective on enactment, the GSEs' mandatory housing goals are repealed. ● Notwithstanding any other provision of this Act, approved entities and the Securitization Platform shall comply with Federal and State nondiscrimination laws, including the Fair Housing Act and ECOA. ● In carrying out this Act, the FMIC shall comply with Federal and State nondiscrimination laws. The FMIC shall periodically review its policies, standards, and guidelines with respect to eligible mortgage loans, including but not limited to any AUS, to ensure that such policies, standards, and guidelines are consistent with this requirement. ● The 1992 Act is amended in § 1325 as follows: <p>(a) IN GENERAL. The Secretary of HUD</p>	<p>§§ 506 and 507 Repeal of Mandatory Housing Goals The 1992 Act is amended:</p> <ul style="list-style-type: none"> ● By striking §§ 1331 through 1336. This repeals the GSE affordable housing goals, including the duty to serve underserved markets, and their enforcement. ● There are conforming amendments to: <ul style="list-style-type: none"> ○ Section 1303(28) (definition of low-income area); ○ Section 1324(b)(1)(A) (annual housing report); ○ Section 1341 (housing goals enforcement); ○ Section 1345(a) (to remove penalties for violations of the housing goals); and ○ Section 1371(a)(2) (housing goals enforcement). <p>This does not eliminate the Issuer's responsibility to comply with the Fair</p>	

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	<p>fund the Housing Trust Fund.</p> <ul style="list-style-type: none"> ○ Section 1371(a)(2) (housing goals enforcement). 	<p>shall—</p> <p>(1) by regulation, prohibit each enterprise, approved guarantor, approved multifamily guarantor, approved aggregator, and the Securitization Platform from discriminating in any manner in the purchase or guarantee of any mortgage or MBS because of race, color, religion, sex, handicap, familial status, age, or national origin, including any consideration of the age or location of the dwelling or the age of the neighborhood or census tract where the dwelling is located in a manner that has a discriminatory effect;</p> <p>(2)(A) by regulation, require each enterprise to submit data to the Secretary to assist the Secretary in investigating whether a mortgage lender with which the enterprise does business has failed to comply with the Fair Housing Act; and</p> <p>(B) with respect to the market for covered guarantee transactions and covered market-based risk-sharing transactions, by regulation, require each approved guarantor, approved multifamily guarantor, and approved aggregator to submit data to the Secretary to assist the Secretary in investigating whether a mortgage lender with which the approved guarantor, approved multifamily guarantor, or approved aggregator does business has failed to comply with the Fair Housing Act.</p> <p>(3)(A) by regulation, require each enterprise</p>	<p>Housing Act. The NMFA may impose reporting requirements or take other action as it deems necessary for enforcement purposes.</p>	

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		<p>to submit data to the Secretary to assist in investigating whether a mortgage lender with which the enterprise does business has failed to comply with the ECOA, and shall submit any such information received to the appropriate Federal agencies, as provided in ECOA § 704 for appropriate action; and (B) with respect to the market for covered guarantee transactions and covered market-based risk-sharing transactions, by regulation, require each approved guarantor, approved multifamily guarantor, and approved aggregator to submit data to the Secretary to assist the Secretary in investigating whether a mortgage lender with which the approved guarantor, approved multifamily guarantor, or approved aggregator does business has failed to comply with ECOA, and shall submit any such information received to the appropriate Federal agencies, as provided in ECOA § 704, for appropriate action;</p> <p>(4) obtain information from other regulatory and enforcement agencies of the Federal Government and State and local governments regarding violations by lenders of the Fair Housing Act and the ECOA and make such information available to the enterprises and FMIC;</p> <p>(5)(A) direct the enterprises to undertake various remedial actions, including suspension, probation, reprimand, or</p>		

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		<p>settlement, against lenders that have been found to have engaged in discriminatory lending practices in violation of the Fair Housing Act or the ECOA, pursuant to a final adjudication on the record, and after opportunity for an administrative hearing, in accordance with subchapter II of chapter 5 of title 5; and</p> <p>(B) with respect to the market for covered guarantee transactions and covered market-based risk-sharing transactions, apply various remedial actions, including suspension, probation, reprimand, or settlement, against lenders that have been found to have engaged in discriminatory lending practices in violation of the Fair Housing Act or ECOA, pursuant to a final adjudication on the record, and after opportunity for an administrative hearing [under the APA].</p> <p>(6)(A) periodically review and comment on the underwriting and appraisal guidelines of each enterprise to ensure that such guidelines are consistent with the Fair Housing Act and this section; and</p> <p>(B) with respect to the market for covered guarantee transactions and covered market-based risk-sharing transactions, periodically review and comment on the underwriting and appraisal guidelines of each approved guarantor, approved multifamily guarantor, and approved aggregator, and the policies, standards, and</p>		

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		guidelines of the Securitization Platform to ensure that such guidelines are consistent with the Fair Housing Act and this section. (b) DEFINITIONS. [incorporating definitions from § 2.]		
Affordable Housing Allocations	Section 104(c) repeals § 1337, affordable housing allocation.	<p>§ 501 Affordable Housing Allocations <u>Fee and Allocation of Amounts</u> In addition to any fees for the provision of insurance established in accordance with title III, in each fiscal year the FMIC shall—</p> <ul style="list-style-type: none"> • Charge and collect a fee as determined below for each dollar of the outstanding principal balance of eligible mortgage loans collateralizing covered securities for which insurance is being provided under this Act; and • Annually allocate or otherwise transfer— <ul style="list-style-type: none"> ○ 75% of such fee amounts to HUD to fund the Housing Trust Fund established under § 1338 of the 1992 Act; ○ 15% of such fee amounts to Treasury to fund the Capital Magnet Fund established under § 1339 of the 1992 Act; and ○ 10% to the FMIC to fund the Market Access Fund established under § 504. <p><u>Determination of Fee</u> The fee shall be determined as follows:</p> <ul style="list-style-type: none"> • From enactment until the date that is 12 	<p>§ 401 Affordable Housing Allocations <u>Fee and Allocation of Amounts</u> Subject to suspensions below, and in addition to any fees for the provision of insurance established in accordance with title II, in each fiscal year the NMFA shall—</p> <ul style="list-style-type: none"> • Charge and collect a fee of 10 basis points for each dollar of the outstanding principal balance of eligible mortgages collateralizing covered securities, and of eligible multifamily mortgages collateralizing covered multifamily securities pursuant to § 603, and on any securities insured through the common securitization platform where insurance is not being provided by the MIF; and • Of this amount, allocate or otherwise transfer— <ul style="list-style-type: none"> ○ 75% to HUD to fund the Housing Trust Fund, of which not more than 5% of the aggregate amount allocated to a State or State designated entity under this subsection shall be used for activities under § 1338 (c)(7)(B); ○ 15% to Treasury to fund the Capital 	<p>§ 501 Affordable Housing Allocations <u>Fee and Allocation of Amounts</u> In addition to any fees for the provision of insurance established in accordance with title II, in each fiscal year the Platform shall—</p> <ul style="list-style-type: none"> • Charge and collect a fee in an amount equal to 10 basis points for each dollar of the outstanding principal balance of— <ul style="list-style-type: none"> ○ All eligible mortgage loans that collateralize securities insured under this Act; and ○ 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; and • Allocate or otherwise transfer the fees annually— <ul style="list-style-type: none"> ○ 75% to HUD to fund the Housing Trust Fund; ○ 15% to Treasury to fund the Capital Magnet Fund; and ○ 10% to Ginnie Mae to fund the Market Access Fund established under § 504 of this Act.

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		<p>months after the date of the approval of at least 2 approved guarantors, approved multifamily guarantors, or approved aggregators, the fee shall be 10 basis points for each dollar of the outstanding principal balance of eligible mortgage loans collateralizing covered securities insured under this Act.</p> <ul style="list-style-type: none"> • Not later than 6 months after approval of at least 2 such parties, the FMIC shall, by regulation, after notice and comment, establish a formula for determining the fee that meets the following criteria: <ul style="list-style-type: none"> ○ The average of fees charged on the total outstanding principal balance of all eligible mortgage loans collateralizing covered securities insured under this Act shall be equal to 10 basis points. ○ The highest basis point fee charged to an approved guarantor, approved multifamily guarantor (collectively “Approved Guarantor”), or approved aggregator engaged in a covered guarantee transaction or an approved aggregator engaged in a covered market-based risk-sharing transaction shall not exceed 2 times the lowest basis point fee charged. ○ The formula shall provide that the amount by which any particular fee charged to an Approved Guarantor, or approved aggregator engaged in a 	<p>Magnet Fund; and</p> <ul style="list-style-type: none"> ○ 10% to the Issuer to fund the Market Access Fund established under § 404 of this Act. <p><u>Suspension of Contributions</u></p> <ul style="list-style-type: none"> • The NMFA may temporarily suspend such allocations, for a period of not longer than one year, upon submission by the NMFA, to the House Financial Services and Senate Banking Committees, of a written determination that such allocations are contributing, or would contribute, to the financial instability of the Issuer. • The NMFA, upon written agreement with Treasury and HUD, may continue such suspension for periods of 6 months following the initial suspension, provided that the NMFA, with Treasury and HUD, provides a written determination to the House Financial Services and Senate Banking Committees that continuing the termination of such suspension would contribute to the financial instability of the Issuer. 	<p><u>Continuing Obligation</u> The required fee shall be collected for the life of the security.</p> <p><u>Suspension of Contributions</u> The Director may temporarily suspend allocations to the Housing Trust Fund, Capital Magnet Fund, and Market Access Fund, for an initial period of one year, upon submission to the Senate Banking and House Financial Services Committees of a written determination by the Director that such allocations are contributing, or would contribute, to the financial instability of the § 202 insurance Fund. The Director may continue such suspension for additional periods, each up to one year in length, pursuant to the same submission and determination requirements.</p> <p><u>Rule of Construction</u> The cost of the required fee shall not be borne by eligible borrowers.</p>

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		<p>covered guarantee transaction or an approved aggregator engaged in a covered market-based risk-sharing transaction may be more or less than the average fee (on the total balance of all eligible loans collateralizing covered, insured securities) based upon consideration of the following:</p> <ul style="list-style-type: none"> ▪ The performance of each Approved Guarantor, or approved aggregator engaged in a covered guarantee transaction and each approved aggregator engaged in a covered market-based risk-sharing transaction in serving underserved market segments, as identified and defined under § 210, relative to the performance of all other Approved Guarantors, or approved aggregators engaged in a covered guarantee transaction or covered market-based risk-sharing transaction. ▪ The performance of each Approved Guarantor, or approved aggregator engaged in a covered guarantee transaction and each approved aggregator engaged in a covered market-based risk-sharing transaction in serving underserved market segments, as identified and 		

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		<p>defined under § 210, relative to the level of primary market mortgage originations in each of the underserved market segments so identified and defined that were facilitated by the Approved Guarantor, or approved aggregator's engagement in a covered guarantee transaction or the approved aggregator's engagement in a covered market-based risk-sharing transaction.</p> <ul style="list-style-type: none"> ▪ The relative extent to which each of the underserved market segments, as identified and defined under § 210, that have primary market mortgage originations facilitated by the Approved Guarantor, or approved aggregator's engagement in a covered guarantee transaction or the approved aggregator's engagement in a covered market-based risk-sharing transaction is underserved. ▪ The formula shall assign such weights to each of these factors as the FMIC determines necessary and appropriate. ▪ To measure the performance in 		

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		<p>serving underserved market segments, as identified and defined under § 210, by Approved Guarantor, or approved aggregators engaged in a covered guarantee transaction and approved aggregators engaged in a covered market-based risk-sharing transaction and the extent to which a market segment is underserved, the formula determined under this subsection shall provide for the use of—</p> <ul style="list-style-type: none"> ◆ The identifications and definitions of underserved market segments established by the FMIC under § 210; ◆ Data and other information in the annual report filed with the FMIC by each Approved Guarantor, or approved aggregator engaged in a covered guarantee transaction and each approved aggregator engaged in a covered market-based risk-sharing transaction, as required under § 210; ◆ Loan level data, to the extent possible in the 		

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		<p>manner required by HMDA on activities related to covered securities; and</p> <ul style="list-style-type: none"> ◆ Other publicly available data. <ul style="list-style-type: none"> ○ The FMIC, through a competitive process, shall select an entity independent of the FMIC to gather, use, and provide to the FMIC the data required to measure the performance in serving underserved market segments. This independent entity shall— <ul style="list-style-type: none"> ▪ Analyze the data and rank the approved guarantors, approved multifamily guarantors, or approved aggregators engaged in a covered guarantee transaction and the approved aggregators engaged in a covered market-based risk-sharing transaction, applying the formula established by the FMIC; and ▪ On an annual basis, provide the rankings. The annual rankings shall begin at a time to be determined mutually by the independent entity and the FMIC, so that the FMIC will be positioned to determine, charge, and collect the first incentive-based fees beginning on the date that is 12 months after the date 		

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		<p>of approval of at least 2 approved guarantors, approved multifamily guarantors, or approved aggregators.</p> <ul style="list-style-type: none"> ○ The FMIC shall, by regulation, establish procedures for collecting the incentive-based fee on a periodic basis, and shall collect all incentive-based fees consistent with these procedures. <ul style="list-style-type: none"> ▪ Subject to the opt-outs below, the FMIC shall charge and collect the first incentive-based fees required under this subsection beginning on the date that is 12 months after the date of the approval of at least 2 approved guarantors, approved multifamily guarantors, or approved aggregators ▪ Subject to the opt-outs below, the FMIC shall charge and collect incentive-based fees annually on the first business day of each 12-month period that begins after the expiration of the initial 12-month period. ▪ The FMIC shall make appropriate adjustments to the incentive-based fee for any year based on the application of the formula and the measured performance in that year. Any 		

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		<p>such adjustments may take the form of a credit against the fee or an additional amount owing for the year.</p> <ul style="list-style-type: none"> ▪ In determining the appropriate periodic basis for collecting the incentive-based fees, the FMIC shall take into consideration the need to make appropriate adjustments to the fees through credits or additional billings. ▪ This shall not be construed to waive, override, or in any manner supersede the requirement that the average fees be 10 basis points on the total loan balances. <p>○ Notwithstanding any provision of § 504 or any other provision of law, the FMIC may use up to 50% of the amounts in the Market Access Fund, determined as of the date that an incentive-based fee is to be charged in any year, to provide 1 or more approved guarantors, approved multifamily guarantors, or approved aggregators engaged in a covered guarantee transaction or approved aggregators engaged in a covered market-based risk-sharing transaction with additional incentives to serve underserved market segments, as identified and defined under § 210,</p>		

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		<p>through the award of a credit that may be applied to reduce the annual fee to any person that exceeds performance measures related to the service of such underserved market segments established by the FMIC. The FMIC shall establish, by regulation, the terms, conditions, and performance measures for the awarding of such credits.</p> <ul style="list-style-type: none"> • An Approved Guarantor, or approved aggregator engaged in a covered guarantee transaction or an approved aggregator engaged in a covered market-based risk-sharing transaction may elect to be excepted from the incentive-based fee by notifying the FMIC in writing and agreeing to pay the fee described below. <ul style="list-style-type: none"> ○ For any 12-month period for which an incentive-based fee will be charged, an opt-out election may be made not later than 3 months before the beginning of such 12-month period. ○ Upon an opt-out, the FMIC shall charge, and collect, a fee in an amount equal to the highest fee charged by FMIC for the 12-month period under the independent party's annual performance ranking. ○ An opt-out shall not release, diminish, or otherwise affect any requirement set forth by this Act that 		

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		<p>requires a party to furnish to the FMIC such information as the FMIC is authorized by this Act to obtain, including the annual report required to be filed with the FMIC under § 210.</p> <p><u>Continuing Obligation</u> The fee shall be collected for the life of the covered security.</p> <p><u>Suspension of Contributions</u> The FMIC may temporarily suspend allocations upon a finding by the FMIC that such allocations are contributing, or would contribute, to the financial instability of the MIF.</p> <p><u>Rule of Construction</u> The cost of the fee shall not be borne by eligible borrowers.</p> <p><u>Suspension of Contributions</u> The FMIC may temporarily suspend such allocations upon a finding by the FMIC that such allocations are contributing, or would contribute, to the financial instability of the MIF.</p>		
Housing Trust Fund	Section 104(c) repeals § 1338, housing trust fund. A conforming amendment removes a reference to § 1338, from § 1303(24)(B).	<p>§ 502 Housing Trust Fund The 1992 Act, in § 1338, housing trust fund, is amended—</p> <ul style="list-style-type: none"> • In subsection (a)(1) by permitting grants 	<p>§ 402 Housing Trust Fund Section 1338 of the 1992 Act is amended—</p> <ul style="list-style-type: none"> • In subsection (a), by striking language 	<p>§ 502 Housing Trust Fund Section 1338 of the 1992 Act (12 U.S.C. 4568) is amended.</p> <ul style="list-style-type: none"> • To add as a purpose of the Housing Trust

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		<p>to federally-recognized tribes.</p> <ul style="list-style-type: none"> • By repealing subsection (b), allocations for HOPE bond payments. • In (c)(2), which permits state grantees to fund tribally designated housing entities, by removing the definition of these entities, and providing that an Indian tribe receiving such grants may designate a federally recognized tribe or a tribally designated housing entity to receive such grant amounts. This shall not 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. • In (c)(3). Currently, this requires HUD to distribute funds to states to provide affordable housing to extremely low- and very-low households. This survives, but only receives amounts remaining after a new distribution. The new distribution is as follows: <ul style="list-style-type: none"> ○ HUD, acting through the Office of Native American Programs (“ONAP”), shall distribute via competitive grants the amounts determined below and made available under this subsection to federally recognized tribes and tribally designated housing entities. ○ The total amount to be distributed for 	<p>that has the GSEs fund the Housing Trust Fund under § 1338, and replacing it with funding pursuant to § 401 of the Housing Opportunities Move the Economy Forward Act of 2014.</p> <ul style="list-style-type: none"> • By repealing subsection (b), allocations for HOPE bond payments. • In § 1338(c)(10)(A). This currently caps at 10% the § 1338(b) allocations to a state or state-designated entity used for housing production, preservation, and rehabilitation for homeownership. It would be amended to provide, of that such amounts: • In each fiscal year, the State or State designated entity shall ensure that, at a minimum, such amounts are distributed for the benefit of nonentitlement areas in that State in the same proportion that the total population of nonentitlement areas in that State bears to the total population of that State. For this purpose, “nonentitlement area” has the same meaning as under § 102(a)(7) of the Housing and Community Development Act of 1974 (42 U.S.C. 5302(a)(7)). • By striking § 1338(c)(10)(E), which prohibits goals credit to the GSEs for grants used for housing production, preservation, and rehabilitation for homeownership. 	<p>Fund to provide grants to federally-recognized tribes.</p> <ul style="list-style-type: none"> • In (c)(2) (permissible state designees), to delete the 25 U.S.C. § 4103 definition of tribally designated housing entity and add: <p>“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 to be a permissible designated recipient of grant amounts provided by a State under this section.”</p> • To add a new distribution to paragraph (c)(3)(A). Currently, this requires HUD to distribute § 1338(c) funds by a formula to states for housing for extremely-low and very-low income households. That remains, but only from amounts left after the new distribution. The new distribution is not subject to the current §§ 1338(c)(3) formula, procedures, eligible activities, or tenant protections. The new distribution is as follows: <ul style="list-style-type: none"> ○ HUD, acting through the Office of Native American Programs (“ONAP”), shall distribute via competitive grants the amounts made

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		<p>a fiscal year is the greater of \$20,000,000, or 2% of the total amount of amounts allocated for the Housing Trust Fund under this section.</p> <ul style="list-style-type: none"> ○ Competitive grant amounts received by a federally recognized tribe or a tribally designated housing entity may be used, or committed to use, only for those activities that are identified as eligible affordable housing activities under § 202 of the Native American Housing Assistance and Self-Determination Act of 1996 (25 U.S.C. 4132). <ul style="list-style-type: none"> ▪ In evaluating any application for the receipt of competitive grant amounts, HUD, acting through ONAP, 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: <ul style="list-style-type: none"> ◆ Level of poverty on the Indian reservation or in the Indian area. 		<p>available under this subsection to federally recognized tribes and tribally designated housing entities.</p> <ul style="list-style-type: none"> ○ The amount to be distributed for a fiscal year is the greater of \$20,000,000, or 2% of the total amount of amounts allocated for the Housing Trust Fund under this section. ○ Competitive grant amounts received by a federally recognized tribe or a tribally designated housing entity may be used or committed only for activities identified as eligible affordable housing activities under § 202 of the Native American Housing Assistance and Self-Determination Act of 1996 (25 U.S.C. 4132). ○ In evaluating an application, HUD, through the ONAP, shall consider with respect to the 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: <ul style="list-style-type: none"> ▪ Level of poverty on the Indian reservation or in the Indian area. ▪ Level of unemployment on the Indian reservation or in the Indian area.

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		<ul style="list-style-type: none"> ◆ Level of unemployment on the Indian reservation or in the Indian area. ◆ Condition of housing stock on the Indian reservation or in the Indian area. ◆ Level of overcrowded housing, as measured by the number of households in which the number of persons per room is greater than 1. ◆ Presence and prevalence of black mold on the Indian reservation or in the Indian area. ◆ Demonstrated experience, capacity, and ability of the applicant to manage affordable housing programs, including rental housing programs, homeownership programs, and programs to assist purchasers with down payments, closing costs, or interest rate buy-downs. ◆ Demonstrated ability of the applicant to meet the requirements under the Native American Housing Assistance and Self- 		<ul style="list-style-type: none"> ▪ Condition of housing stock on the Indian reservation or in the Indian area. ▪ 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 one. ▪ Presence and prevalence of black mold on the Indian reservation or in the Indian area. ▪ Demonstrated experience, capacity, and ability of the applicant to manage affordable housing programs, including multifamily rental housing programs, homeownership programs, and programs to assist purchasers with down payments, closing costs, or interest rate buy-downs. ▪ 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. ▪ Such other criteria as HUD may specify to evaluate the overall quality of the proposed project,

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		<p>Determination Act of 1996 (25 U.S.C. 4101 et. seq.), including the timely and efficient expenditure of funds.</p> <ul style="list-style-type: none"> ◆ Such other criteria as may HUD may specify 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. ▪ In evaluating any application for the receipt of competitive grant amounts authorized under this clause, the Secretary, acting through ONAP, 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 Census Bureau and upon which HUD, acting through ONAP, relies, provided such tribally-collected data meets HUD's standards for accuracy. ▪ Notwithstanding any other provision of law, competitive 		<p>its feasibility, and whether it will address the housing needs on the Indian reservation or in the Indian area.</p> <ul style="list-style-type: none"> ○ In evaluating any application, HUD, acting through the ONAP, 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 Census Bureau and upon which HUD, acting through the ONAP, relies, provided such tribally-collected data meets HUD's standards for accuracy. ○ 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. • In § 1338(c)(3)(iv)(B), which currently requires HUD to make grants in fiscal years other than 2009, the bill removes the 2009 exception. • In § 1338(c)(4)(c). Currently, this sets an annual minimum allocation to each state, despite the formula, of \$3 million. (The increase is deducted <i>pro rata</i> from the other states.) This is revised and has a new exception.

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		<p>grant amounts received under this clause shall not be considered Federal funds for purposes of matching other Federal sources of funds.</p> <ul style="list-style-type: none"> ▪ This new distribution is not subject to the preexisting distribution formula, its allocation requirements, activity and tenant protection requirements, or its required amount for homeownership. • Also in § 1338(c)(4)(B), the existing minimum state allocation is revised. Currently, if the formula would allocate less than \$3 million to a state, the allocation for that state is increased to \$3 million, with the increase deducted from the other states <i>pro rata</i>. This is revised: <ul style="list-style-type: none"> ○ The minimum allocation to a state is increased to \$10 million. ○ However, if the allocation to the Housing Trust Fund under § 501(a)(2)(A) of the Housing Finance Reform and Taxpayer Protection Act of 2014 for a fiscal year is less than \$1 billion, the minimum allocation to any state shall be the greater of \$5 million or 1% percent of the total allocated for the Housing Trust Fund under § 1338 and the increase is deducted from the allocation above the minimum to the 		<ul style="list-style-type: none"> ○ The revision is to change \$3 million to the greater of \$10 million or 1% of the total allocation under § 1338. ○ The exception is, if the allocation to the Housing Trust Fund under § 501(a)(2)(A) of the Partnership to Strengthen Homeownership Act of 2014 for a fiscal year is less than \$1 billion, the minimum to any state is the greater of \$5 million or 1% percent of the total allocation under § 1338. • There is a new § 1338(c)(11): 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. • To add to §1338(f), definitions, that <i>federally recognized tribe, Indian area, Indian tribe, and tribally designated housing entity</i> have the meaning in § 4 of the Native American Housing Assistance and Self-Determination Act of 1996 (25 U.S.C. 4103), and that <i>Indian reservation</i> means land subject to the jurisdiction of an Indian tribe.

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		<p>other states <i>pro rata</i>.</p> <ul style="list-style-type: none"> • In § 1338(c)(5)(A) to require States or State-designated entities that receive grants under this subsection in a year to plan for achieving geographic diversity, including the distribution of grants to rural areas in proportion to housing needs in those areas. • In § 1338(c)(7)(A), eligible activities are amended as follows: Assistance for “the production, preservation, and rehabilitation of rental housing, including housing under the programs identified in § 1335(a)(2)(B) subsidized under Federal law or comparable State or local laws . . .” [There is no § 1335(a)(2)(B).] • In § 1338(c)(9), which lists eligible recipients to include agencies, is amended to clarify that agencies include public housing agencies. • In § 1338(c), the following is added: 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. • In § 1338(f), to add: <ul style="list-style-type: none"> ○ The terms ‘federally recognized tribe’, ‘Indian area’, ‘Indian tribe’, and ‘tribally designated housing 		

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		<p>entity' have the same meaning as in § 4 of the Native American Housing Assistance and Self-Determination Act of 1996 (25 U.S.C. 4103).</p> <ul style="list-style-type: none"> ○ The term 'Indian reservation' means land subject to the jurisdiction of an Indian tribe. ○ The term 'rural area' means any community eligible for assistance under § 520 of the Housing Act of 1949. • In § 1338(g) (regulations) to add to the current requirement for regulations to require funding priority for, among other things, geographic diversity. The addition is that geographic diversity includes the distribution of grants to rural areas in proportion to housing needs in those areas. 		
Capital Magnet Fund	<p>Section 104(c) amends § 1339:</p> <ul style="list-style-type: none"> • In § 1339(b)(1), by striking language that provides that the GSEs fund the Capital Magnet Fund under § 1337. • By repealing § 1339(h)(7), which prohibits goals credit to the GSEs for Capital Magnet Fund amounts used for housing development, preservation, rehabilitation, or purchase for extremely-low, very-low, and low-income families, or economic development activities, such as through loan-loss reserves, a revolving loan fund, an affordable housing fund, or 	<p>§ 503 Capital Magnet Fund Section 1339 of the 1992 Act is amended—</p> <ul style="list-style-type: none"> • In subsection (b)(1), by striking language that provides that the GSEs fund the Capital Magnet Fund under § 1337, and replacing it with amounts transferred under § 501 of the Housing Finance Reform and Taxpayer Protection Act of 2014. • In subsection (c)(2), which provides that funds may be used to stabilize or revitalize low-income or underserved areas, by adding that funding is 	<p>§ 403 Capital Magnet Fund Section 1339 of the 1992 Act is amended—</p> <ul style="list-style-type: none"> • In subsection (b)(1) by striking language that has the GSEs fund the Capital Magnet under § 1337, and replacing it with funding pursuant to § 401 of the Housing Opportunities Move the Economy Forward Act of 2014. • By repealing § 1339(h)(7), which prohibits goals credit to the GSEs for Capital Magnet Fund amounts used for housing development, preservation, rehabilitation, or purchase for extremely- 	<p>§ 503 Capital Magnet Fund Section 1339 of the 1992 Act is amended—</p> <ul style="list-style-type: none"> • In subsection (c)(2), by adding tribal areas to the areas where expenditures for economic development activities and community service facilities are permissible. • In subsection (h)(2)(A), by adding tribal areas to the areas where Treasury should seek geographic diversity. • To add (unclear where) that <i>federally recognized tribe, Indian area, Indian tribe, and tribally designated housing</i>

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	risk-sharing loans.	<p>permissible for activities designed to foster revitalization in areas experiencing severe economic distress and property disinvestment, including but not limited to demolition, property rehabilitation, and infrastructure configuration; and to add that funds may be used for tribal areas.</p> <ul style="list-style-type: none"> • In (f)(4), which lists eligible uses of funds, adding (c)(3) activities. [There is no (c)(3).] • In subsection (h)(2)(A), which requires funding to be geographically diverse, including metropolitan and underserved rural areas, to add tribal areas. 	<p>low, very-low, and low-income families, or economic development activities, such as through loan-loss reserves, a revolving loan fund, an affordable housing fund, or risk-sharing loans.</p>	<p><i>entity</i> have the meaning in § 4 of the Native American Housing Assistance and Self-Determination Act of 1996 (25 U.S.C. 4103), and that <i>Indian reservation</i> means land subject to the jurisdiction of an Indian tribe.</p>
Market Access Fund		<p>§ 504 Market Access Fund Establishment The FMIC shall establish the Market Access Fund, maintained and administered by the Office of Consumer and Market Access.</p> <p>Deposits The Market Access Fund shall be credited with—</p> <ul style="list-style-type: none"> • The share of the fee charged and collected by the FMIC under § 501; and • Such other amounts as may be appropriated or transferred to the Market Access Fund. <p>Purpose Amounts in the Market Access Fund shall be eligible for use by grantees to address the</p>	<p>§ 404 Market Access Fund Establishment and Purpose The NMFA shall establish and manage a Market Access Fund, which shall be funded with amounts allocated pursuant to § 401 of this Act. The purpose of the Market Access Fund is to promote innovation in housing finance and affordability.</p> <p>Eligible Activities Amounts allocated pursuant to this section shall be used for the following assistance:</p> <ul style="list-style-type: none"> • For 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, provided that such grant or 	<p>§ 504 Market Access Fund Establishment Ginnie Mae shall establish the Market Access Fund.</p> <p>Deposits The Market Access Fund shall be credited with—</p> <ul style="list-style-type: none"> • The 10% share of the fee charged and collected by the Platform under § 501(a)(1)(B)(iii) [meaning (a)(2)(C)]; and • Such other amounts as may be appropriated or transferred to the Market Access Fund. <p>Purpose Amounts in the Market Access Fund shall be</p>

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		<p>homeownership and rental housing needs of underserved or hard-to-serve populations by—</p> <ul style="list-style-type: none"> • Providing grants and loans for research, development, and pilot testing of innovations in consumer education, product design, underwriting, and servicing; • 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 FMIC under this Act, provided that amounts for such additional credit support do not replace borrower funds required of an eligible mortgage loan; • 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% of the median income for the area as determined by the FMIC, with adjustments for family size; • Providing limited credit enhancement, 	<p>loan amounts are used only for the benefit of families whose income does not exceed 120% of the area median income as determined by the Director, with adjustments for family size.</p> <ul style="list-style-type: none"> • To provide limited credit enhancement, and other forms of credit support, for product and services that— <ul style="list-style-type: none"> ○ Will increase the rate of sustainable homeownership and affordable rental by individuals or families whose income does not exceed 120% of the area median income as determined by the Director, with adjustments for family size; and ○ 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. • Grants and loans, to be used in partnership with HUD, to redevelop abandoned and foreclosed properties in areas of greatest need. 	<p>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—</p> <ul style="list-style-type: none"> • Providing grants and loans for research, development, and pilot testing of innovations in consumer education, product design, underwriting, and servicing; • 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; • 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% of the median income for the area

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		<p>and other forms of credit support, for product and services that—</p> <ul style="list-style-type: none"> ○ 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% of the area median income as determined by the FMIC, with adjustments for family size; and ○ 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; <ul style="list-style-type: none"> • Providing housing counseling by a HUD-approved housing counseling agency; • Providing incentives to achieve broader access to credit; and • Providing grants and loans for activities designed to foster revitalization in areas experiencing severe economic distress and property disinvestment, including but not limited to demolition, rehabilitation, infrastructure configuration, and reuse of vacant land. <p><u>Annual Report</u> The Chairperson shall report to Congress, in</p>		<p>as determined by Ginnie Mae, with adjustments for family size;</p> <ul style="list-style-type: none"> • Providing limited credit enhancement, and other forms of credit support, for product and services that— <ul style="list-style-type: none"> ○ 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 ○ 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; • Providing housing counseling by a HUD-approved housing counseling agency; and • Providing incentives to achieve broader access to credit. <p><u>Annual Report</u> The Ginnie Mae Director shall report annually to Congress on the performance and outcome of grants, loans, or credit support programs funded by the Market Access Fund, including an evaluation of how each grant, loan, or</p>

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		<p>its annual § 206 report, on the performance and outcome of grants, loans, or credit support programs funded by the Market Access Fund in accordance with its purposes, including—</p> <ul style="list-style-type: none"> • An evaluation of how each grant, loan, or credit support program: <ul style="list-style-type: none"> ○ 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 ○ Succeeded in maximizing or failed to maximize the advantage of public investment made for each such grant, loan, or credit support program. • For each Market Access Fund award for a grant, loan, or credit support program— <ul style="list-style-type: none"> ○ The funds recipient; ○ The purpose of the funds; ○ The amount, excluding administrative costs, used to directly meet the identified purpose, including meeting the housing needs of extremely low-, very low-, low-, and moderate-income and underserved or hard-to-serve populations. 		<p>credit support program—</p> <ul style="list-style-type: none"> • 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 • Succeeded in maximizing or failed to maximize the leverage of public investment made for each such grant, loan, or credit support program.
Restrictions on Political Activity		<p>§ 505 Additional Taxpayer Protections <u>Not to be Used for Political Activities</u> Consistent with the existing requirements under §§ 1338(c)(10)(D) and 1339(h)(5) of</p>	<p>§ 405 Additional Taxpayer Protections <u>Not to Be Used for Political Activities</u> Consistent with the existing requirements under §§ 1338(c)(10)(D) and 1339(h)(5) of</p>	

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		<p>the 1992 Act and § 504 of this Act, HUD, Treasury, and the Office of Community and Market Access, respectively, shall ensure that grant amounts allocated by covered grantees to eligible recipients or allocated to individuals by such eligible recipients are not used for—</p> <ul style="list-style-type: none"> • Political activities; • Political advocacy; • Lobbying, whether directly or through other parties; • Influencing the selection, nomination, election, or appointment of 1 or more candidates to any Federal, State or local office; • Personal counseling services; • Travel expenses; and • Preparing or providing advice on tax returns. <p><u>Penalties</u></p> <ul style="list-style-type: none"> • If an eligible recipient or any other individual in receipt of grant amounts described by this section violates any such restriction on funding political activity, HUD, Treasury, or the FMIC, as the case may be, may impose a civil penalty on such recipient or individual, as the case may be, of not more than \$1,000,000 for each violation. • Whoever, being subject to the restrictions, knowingly participates, directly or 	<p>the 1992 Act, HUD and Treasury, respectively, shall ensure that grant amounts allocated by covered grantees to eligible recipients or allocated to individuals by such eligible recipients are not used for—</p> <ul style="list-style-type: none"> • Political activities; • Advocacy; • Lobbying, whether directly or through other parties; • Influencing the selection, nomination, election, or appointment of one or more candidates to any Federal, State or local office; • Personal counseling services not related to preparing potential borrowers for homeownership or addressing avoidance of foreclosure; • Travel expenses; and • Preparing or providing advice on tax returns. <p><u>Penalties</u></p> <p>If an eligible recipient or any other individual in receipt of grant amounts described by this section violates any provision of subsection (a) or (b) [apparently meaning (a), the ban on political activity], HUD or Treasury, as the case may be, may impose a civil penalty on such recipient or individual, as the case may be, of not more than \$1,000,000 for each violation. These penalties shall be in addition to any other available penalty and may be</p>	

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		<p>indirectly, in any manner in conduct that results in a violation of such restrictions shall, notwithstanding 18 U.S.C. § 3571, be fined not more than \$1,000,000 for each violation, imprisoned for not more than 5 years, or both.</p> <ul style="list-style-type: none"> • These civil and criminal penalties shall be in addition to any other available civil remedy or any other available criminal penalty and may be imposed whether or not HUD, Treasury, or the FMIC, as the case may be, imposes other administrative sanctions. <p><u>Definition</u> As used in this section— <i>Covered grantee</i> means—</p> <ul style="list-style-type: none"> • For purposes of the Housing Trust Fund, a State or State designated entity; and • For purposes of the Capital Magnet Fund, an eligible grantee as described under § 1339(e) of the 1992 Act; <p><i>Eligible recipient</i> means—</p> <ul style="list-style-type: none"> • For purposes of the Housing Trust Fund, a recipient as described under § 1338(c)(9); and • For purposes of the Capital Magnet Fund, a recipient of assistance from the Capital Magnet Fund; <p><i>Capital Magnet Fund</i> means the Capital Magnet Fund established under § 1339, and</p>	<p>imposed whether or not HUD or Treasury imposes other administrative sanctions.</p> <p><u>Definition</u> As used in this section—</p> <p><i>Covered grantee</i> means—</p> <ul style="list-style-type: none"> • For purposes of the Housing Trust Fund, a State or State designated entity; and • For purposes of the Capital Magnet Fund, an eligible grantee as described under § 1339(e); <p><i>Eligible recipient</i> means—</p> <ul style="list-style-type: none"> • For purposes of the Housing Trust Fund, a recipient as described under § 1338(c)(9) and • For purposes of the Capital Magnet Fund, a recipient of assistance from the Capital Magnet Fund; <p><i>Capital Magnet Fund</i> means the Capital Magnet Fund established under § 1339 and <i>Housing Trust Fund</i> means the Housing Trust Fund established under § 1338.</p>	

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		<p><i>Housing Trust Fund</i> means the Housing Trust Fund established under § 1338.</p> <p><u>Rule of Construction</u> Nothing in restriction on funding political activity shall be construed to prevent funds from being used for—</p> <ul style="list-style-type: none"> • HUD-approved housing counseling services; • Financial literacy education; or • Application fees, permits, or other construction-related expenses, if funds are authorized for such construction. 		
Promoting Affordable Housing Investment		<p>§ 506 Promoting Affordable Housing Investment</p> <ul style="list-style-type: none"> • There is added to § 542(c) of the Housing and Community Development Act of 1992: <ul style="list-style-type: none"> ○ Ginnie Mae may, at the Secretary’s discretion, securitize any multifamily loan insured under this subsection, if: <ul style="list-style-type: none"> ▪ FHA provides insurance based on the UPB as shall be described by regulation; ▪ FHA shall not require an assignment fee for insurance claims related to the securitized mortgages; ▪ The risk-sharing agreement must provide for reimbursement to the Secretary by the risk share partner or partners for either all 		

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		<p>or a portion of the losses incurred on the loans insured, regardless of whether the servicing rights or other related mortgage interest have been transferred to a different entity; and</p> <ul style="list-style-type: none"> ▪ Any entity that subsequently acquires the servicing rights or other related mortgage interest of the risk share partner or partners shall not assume any obligation under the risk-sharing agreement. ○ There is a conforming change to § 306(g)(1) of the National Housing Act relating to the same loans. • Both of these revisions sunset September 30, 2021. 		
Criteria Before Transfer		<p>TITLE VI—TRANSITION and TERMINATION of GSEs § 601 Minimum Housing Finance System Criteria to be Met Prior to System Certification Date <u>System Certification Date</u> The system certification date shall be the date that the Board of Directors, in its sole discretion, certifies by a majority vote that—</p> <ul style="list-style-type: none"> • The FMIC is able to undertake, in a manner found satisfactory to the Board, the duties specified by this Act, and any amendments made by this Act; and 		

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		<ul style="list-style-type: none"> • All the minimum criteria set forth below with respect to the housing finance system have been fully satisfied. <p><u>Minimum Housing Finance System Criteria</u> The Board of Directors shall consider the following minimum criteria in determining whether to certify that the new housing finance system is ready:</p> <ul style="list-style-type: none"> • Treasury advised the Board of Directors that laws and contracts are in place to provide for compensation to the Department for its support of the GSEs and the housing finance system. • The Securitization Platform is developed and able to issue standardized securities for the single-family covered securities market. • At least 1 small lender mutual is fully operational and able to undertake the duties specified in § 315. • A sufficient number of approved entities have been approved pursuant the provisions of subtitle B of title III— <ul style="list-style-type: none"> ○ To assume a reasonable level of first loss position through approved guarantors or through approved credit risk-sharing mechanisms established under § 302; and ○ To generate a substantial volume of secondary mortgage market activity with respect to single-family eligible 		

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		<p>mortgage loans collateralizing single-family covered securities insured in accordance with this Act.</p> <ul style="list-style-type: none"> • The FMIC has approved multiple multifamily guarantors pursuant to Title VII who are providing sufficient multifamily financing in the primary, secondary, and tertiary geographical markets, including in rural markets and through a diversity of experienced multifamily lenders. <ul style="list-style-type: none"> ○ Approved multifamily guarantors are meeting the requirements of this Act. ○ There is a competitive multifamily market for approved multifamily guarantors engaging in multifamily covered securities. ○ Noncompliance with the requirements of this Act by any individual approved multifamily guarantor shall not constitute grounds to prevent system certification. <p><u>Rule of Construction</u> The FMIC shall take all steps necessary to meet each of these minimum housing finance system criteria as expeditiously and efficiently as practicable. The FMIC may commence providing guarantees on single-family or multifamily covered securities before meeting all the minimum housing finance system criteria.</p>		

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		<p><u>Notification to Congress</u></p> <ul style="list-style-type: none"> • The Chairperson shall promptly submit to the Senate Banking and House Financial Services Committees a written notification that the Board of Directors has certified that the minimum housing finance system criteria have been met. • The FMIC shall do so within 5 years of enactment. <ul style="list-style-type: none"> ○ If the FMIC is unable to make such a certification within 5 years, the Board of Directors may, with an affirmative vote of the majority of the Board, extend the deadline an additional 2 years. ○ If, after a first extension of 2 years, the FMIC is unable to make such a certification, the Board of Directors may, with an affirmative vote of at least 2/3 of the Board, extend the deadline an additional 2 years. ○ If, after a second extension of 2 years, the FMIC is unable to make such a certification, the Board of Directors may, with a unanimous affirmative vote of the Board and upon the written agreement of the Chairman of the Federal Reserve and the Treasury Secretary, and in consultation with HUD, extend the deadline an additional year, and annually thereafter utilizing the same 		

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		<p>process until the Board of Directors makes the certification.</p> <p>§ 602 Transition of the Housing Finance System <u>Transition Plan</u> The Transition Committee established under § 404 shall develop a transition plan not later than 12 months after enactment to facilitate an orderly transition to the new housing finance system authorized by this Act.</p> <p><u>Contents of Plan</u> The transition plan shall include—</p> <ul style="list-style-type: none"> • Estimated timeframes by which to achieve the minimum housing finance system criteria set forth under § 601(b) within 5 years after enactment; • Detailed actions that the FMIC will take to achieve such minimum criteria; • Estimated timeframes and detailed actions that the FMIC, including FHFA, will take to provide an orderly wind down of the GSEs; • A detailed inventory of all intellectual property owned, held, or licensed by the GSEs, including patents, trademarks, software, credit evaluation systems, and data and information on mortgage performance and plans for using any such intellectual property, technology, infrastructure, or processes of the GSE in 		

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		<p>effecting the transition plan;</p> <ul style="list-style-type: none"> • Description and updates on the ongoing operations of the FMIC, including the operations of FHFA; • Detailed plans and timeframes for establishing, as soon as practicable, a multifamily covered securities market; • Detailed plans and timeframes for establishing, as soon as practicable, a standardized security issued through the Securitization Platform for the single-family covered securities market; and • Detailed plans for increasing the level of credit risk-sharing in the secondary mortgage market. <p><u>Considerations</u></p> <ul style="list-style-type: none"> • For purposes of facilitating an orderly transition to the new housing finance system authorized by this Act, the FMIC shall consider in determining how to best fulfill the requirements of this title the estimated impact of various transition options with respect to the following: <ul style="list-style-type: none"> ○ Housing prices and affordability. ○ The effectiveness of consumer protections in the housing market. ○ Volume and characteristics of mortgage loan originations. ○ The condition of the rental housing market. ○ Small lender participation in the 		

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		<p>secondary mortgage market.</p> <ul style="list-style-type: none"> ○ Access to credit in rural and underserved communities. ○ Competition among market participants. ○ The condition of the multifamily housing market. ○ Innovation among secondary mortgage market participants. ○ Taxpayer repayment. ○ Private capital in the secondary mortgage market. <ul style="list-style-type: none"> ● A description and analysis of each such consideration shall be included in the following report to Congress. <p><u>Report to Congress</u></p> <ul style="list-style-type: none"> ● Not later than 12 months after enactment and in accordance with § 404(c)(2), the Transition Committee shall submit the transition plan to the Senate Banking and House Financial Services Committees. ● Not later than 1 year after the date on which the transition plan is submitted and annually thereafter until the system certification date, the Chairperson shall update the transition plan and submit such updated plan to the Senate Banking and House Financial Services Committees. 		
Resolution Authority		§ 603 Resolution Authority; Technical Amendments		

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Amendments		<p>The amendments made by this section shall take effect on the agency transfer date.</p> <p>Section 1367 of the 1992 Act (conservator and receivership authority) is amended:</p> <ul style="list-style-type: none"> • By replacing “stockholder” and “stockholders” with “shareholder, member,” and “shareholders, members,” respectively, each place those terms appear; • By replacing “wind up” and “winding up” with “wind down” and “winding down” each place those terms appear; • In § 1367(a)— <ul style="list-style-type: none"> ○ In paragraph (3)(G) (losses as a basis for conservatorship or receivership), by removing the requirement that there be no reasonable prospect for the regulated entity to become adequately capitalized; ○ By replacing paragraph (3)(J) (undercapitalization as a basis for conservatorship or receivership) with a basis that the regulated entity is insolvent or near-insolvent; ○ By striking paragraph (3)(K) (critical undercapitalization as a basis for conservatorship or receivership); ○ In paragraph (4)(B) with conforming changes; ○ In paragraph (4)(B) to remove the requirement that a conservator or 		

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		<p>receiver preserve and conserve the entity's assets.</p> <ul style="list-style-type: none"> • In § 1367(b) — <ul style="list-style-type: none"> ○ In paragraph (2)(H) (payment of valid obligations “to the extent of proceeds from” contracts or assets), by replacing this with to the extent that funds are available; ○ In paragraph (2)(I)(i)(I) (conservator or receiver may exercise subpoena powers under § 1348 [which probably meant to refer to subpoena powers under § 1379D]), by amending this to refer to powers under part II of this subtitle [this subtitle does not have parts]; ○ In paragraph (2)(I)(iii) (this subsection does not limit the agency's power under §§ 1317 (examinations) or 1379B (public disclosure of orders)), by amending this to refer to subtitle B of this Act (§§ 4511 to 4603); ○ By replacing paragraph (3)(A) (receiver may determine claims under paragraph (4)) with: The Agency— <ul style="list-style-type: none"> ▪ May, as receiver, determine claims in accordance with the requirements of this subsection and any regulations prescribed under paragraph (4); and ▪ May define the term ‘creditor’ 		

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		<p>and may distinguish between creditors, in order to facilitate the orderly administration of the regulated entity in conservatorship or receivership, in accordance with the requirements of this section.</p> <ul style="list-style-type: none"> ○ In paragraph (3)(B) (notice to creditors in winding up a closed entity), by striking the word closed; ○ In paragraph (5)(D)(iii)(II) (receiver may not disallow security interests in the entity’s assets securing a loan), to read: “any legally enforceable and perfected security interest in the assets of the regulated entity securing any such extension of credit.” ○ By striking paragraph (7) (arbitration to resolve claims); ○ In paragraph (10)(E) [as renumbered from the current (11)(E)] (disposition of assets to maximize returns and to ensure fair treatment), by also requiring the disposition to: <ul style="list-style-type: none"> ▪ Prohibit discrimination on the basis of race, sex, or ethnic group in the solicitation or consideration of offers; and ▪ Mitigate the potential for serious adverse effects to the financial system. ● By replacing § 1367(c) (claims priority – administrative expenses, then senior 		

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		<p>debts, then junior debts, then shareholders) with:</p> <p>(1) IN GENERAL.— Unsecured claims against a regulated entity, or the receiver therefor, that are proven to the satisfaction of the receiver shall have priority in the following order:</p> <ul style="list-style-type: none"> (A) Claims of the receiver for administrative expenses. (B) Any amounts owed to the U.S., unless the U.S. agrees or consents otherwise. (C) Wages, salaries, or commissions, including vacation, severance, and sick leave pay earned by an individual (other than an individual described in subparagraph (F)), but only to the extent of \$12,475 for each individual (as indexed for inflation, by regulation of the Agency) earned not later than 180 days before the appointment of the Agency as receiver. (D) Contributions owed to employee benefit plans arising from services rendered not later than 180 days before the appointment of the Agency as receiver, to the extent of the number of employees covered by each such plan, multiplied by \$12,475 (as indexed for inflation, by regulation of the Agency), less the 		

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		<p>aggregate amount paid to such employees under subparagraph (C), plus the aggregate amount paid by the receivership on behalf of such employees to any other employee benefit plan.</p> <p>(E) Any claim arising solely from a covered guarantee transaction involving the regulated entity.</p> <p>(F) Any other general or senior liability of the regulated entity (which is not a liability described under subparagraph (G), (H), or (I)).</p> <p>(G) Any obligation subordinated to general creditors (which is not an obligation described under subparagraph (H) or (I)).</p> <p>(H) Any wages, salaries, or commissions, including any vacation, severance, and sick leave pay earned, owed to senior executives and directors of the regulated entity.</p> <p>(I) Any obligation to shareholders or members arising as a result of their status as shareholders or members.</p> <p>(2) CLAIMS OF THE U.S.— Unsecured claims of the U.S. shall, at a minimum, have a higher priority than liabilities of the regulated entity that count as regulatory capital.</p> <p>(3) CREDITORS SIMILARLY SITUATED.— All creditors that are similarly situated under</p>		

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		<p>paragraph (1) shall be treated in a similar manner, except that the receiver may take any action (including making payments) that does not comply with this subsection, if—</p> <p>(A) the Agency determines that such action is necessary to—</p> <ul style="list-style-type: none"> (i) maximize the value of the assets of the regulated entity; (ii) maximize the present value return from the sale or other disposition of the assets of the regulated entity; (iii) initiate and continue operations essential to implementation of the receivership or any limited-life regulated entity; (iv) minimize the amount of any loss realized upon the sale or other disposition of the assets of the regulated entity; or (v) preserve the financial stability of the U.S.; and <p>(B) all creditors that are similarly situated under paragraph (1) receive not less than the amount provided in subsection (f)(2).</p> <p>(4) DEFINITION.—As used in this subsection, the term ‘administrative expenses of the receiver’ includes—</p> <p>(A) the actual, necessary costs and expenses incurred by the receiver in preserving the assets of a failed regulated entity or liquidating or</p>		

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		<p>otherwise resolving the affairs of a failed regulated entity; and</p> <p>(B) any obligations that the receiver determines are necessary and appropriate to facilitate the smooth and orderly liquidation or other resolution of the regulated entity.</p> <ul style="list-style-type: none"> By adding § 1367(d) (and redesignating (d) through (j) ((k) is repealed, as below)): <p>(d) SUBROGATION.—</p> <p>(1) IN GENERAL.—Notwithstanding any other provision of Federal law, the law of any State, or the constitution of any State, the Agency, upon the payment to any person as provided in subsection (c) in connection with any covered guarantee transaction, shall be subrogated to all rights of the person against such regulated entity to the extent of such payment or assumption.</p> <p>(2) DIVIDENDS ON SUBROGATED AMOUNTS.—The subrogation of the Agency under paragraph (1) with respect to any regulated entity shall include the right on the part of the Agency to receive the same dividends, fees, or other amounts from the proceeds of the assets of such regulated entity and recoveries on account of stockholders' liability as would have been payable to the person on a claim related to the covered guarantee transaction.</p> <p>(3) WAIVER OF CERTAIN CLAIMS.—The</p>		

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		<p>Agency shall waive, in favor only of any person against whom stockholders' individual liability may be asserted, any claim on account of such liability in excess of the liability, if any, to the regulated entity or its creditors, for the amount unpaid upon such stock in such regulated entity, but any such waiver shall be effected in such manner and on such terms and conditions as will not increase recoveries or dividends on account of claims to which the Agency is not subrogated.</p> <ul style="list-style-type: none"> • In § 1367(e), [as redesignated from the current (d)] <ul style="list-style-type: none"> ○ In paragraph (8) (qualified financial contracts), by adding: ○ The Agency may prescribe regulations requiring that regulated entities maintain such records with respect to qualified financial contracts (including market valuations) that the Agency determines to be necessary or appropriate in order to assist the Agency as receiver for a regulated entity in being able to exercise its rights and fulfill its obligations under this paragraph or paragraph (9) or (10). ○ By revising paragraph (9) as follows: <p>(9) TRANSFER OF QUALIFIED FINANCIAL CONTRACTS.—</p>		

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		<p>(A) IN GENERAL.— In making any transfer of assets or liabilities of a regulated entity in default which includes any qualified financial contract, the conservator or receiver for such regulated entity shall either—</p> <p>(A) transfer to 1 person—</p> <p>(i) transfer to 1 person, other than a person for which a conservator, receiver, trustee in bankruptcy, or other legal custodian has been appointed or which is otherwise the subject of a bankruptcy or insolvency proceeding—</p> <p>(I) all qualified financial contracts between any person (or any affiliate of such person) and the regulated entity in default;</p> <p>(II) all claims of such person (or any affiliate of such person) against such regulated entity under any such contract (other than any claim which, under the terms of any such contract, is subordinated to the claims of general unsecured creditors of such regulated entity);</p> <p>(III) all claims of such regulated entity against such person (or any affiliate of such person) under any such contract; and</p> <p>(IV) all property securing, or any other credit enhancement for any contract described in subclause (I), or any claim described in subclause (II) or (III) under any such contract; or</p> <p>(Bii) transfer none of the financial contracts, claims, or property referred to under subparagraph (A) clause (i) (with respect to such person and any affiliate of such person).</p>		

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		<p>(B) TRANSFER TO FOREIGN BANK, FINANCIAL INSTITUTION, OR BRANCH OR AGENCY THEREOF.—In transferring any qualified financial contracts and related claims and property under subparagraph (A)(i), the Agency as receiver for a regulated entity shall not make such transfer to a foreign person unless, under the law applicable to such foreign person, to the qualified financial contracts, and to any netting contract, any security agreement or arrangement or other credit enhancement related to 1 or more qualified financial contracts, the contractual rights of the parties to such qualified financial contracts, netting contracts, security agreements or arrangements, or other credit enhancements, are enforceable substantially to the same extent as permitted under this section.</p> <ul style="list-style-type: none"> • In § 1367(e)(13)(C)(ii) [as redesignated from the current subsection (d)] (which lists exceptions to the requirement for Agency approval to terminate a contract with a GSE in 90 days after a receivership) by adding a new exception for the rights of parties to netting contracts pursuant to subtitle A of title IV of the FDIA (12 U.S.C. 4401 et seq.). • In § 1367(g) [as redesignated from the 		

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		<p>current (f)] by revising it as follows: Except as provided in this section or at the request of the Director title, no court may take any action to restrain or affect the exercise of powers or functions of the Agency as a conservator or a receiver the conservator or receiver hereunder, and any remedy against the Agency as conservator or receiver shall be limited to money damages determined in accordance with this title.</p> <ul style="list-style-type: none"> • In § 1367(j)(1)(A)(ii) [as redesignated from the current subsection (i)] (GSE receiver shall organize a limited-life regulated entity) by replacing shall with may, and a conforming amendment to a heading; • In § 1367(j)(2)(A) [as redesignated from the current subsection (i)] (GSE limited-life regulated entity succeeds to GSE charter) to provide that the limited-life entity succeeds to the GSE's registered status. • In § 1367(j)(3) [as redesignated from the current subsection (i)], by adding that, notwithstanding any other law, the Agency may permit a limited-life regulated entity to operate without any capital or surplus. • In § 1367(j)(3) [as redesignated from the current subsection (i)], by adding: • Upon the organization of a limited-life 		

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		<p>regulated entity, and thereafter, as the Agency may, in its discretion, determine to be necessary or advisable, the Agency may make available to the limited-life regulated entity, upon such terms and conditions and in such form and amounts as the Agency may in its discretion determine, funds for the operation of the limited-life regulated entity in lieu of capital.</p> <ul style="list-style-type: none"> • In § 1367(j)(6)(A) [as redesignated from the current subsection (i)] (limited-life regulated entity survives 2 years unless the time is extended) to require, for a GSE but not an FHLB, the entity's wind down when the Agency determines necessary and appropriate. • In § 1367(j)(7)(A)(iv) [as redesignated from the current subsection (i)] (asset transfers require equitable treatment of similarly situated creditors, unless necessary to maximize the return on assets and the creditor receives no less than it would have if the Agency had liquidated the assets) by providing the Agency with discretion to distinguish between creditors to: <ul style="list-style-type: none"> ○ Maximize the value of the assets of the regulated entity; ○ Maximize the present value return from the sale or other disposition of the assets of the regulated entity; 		

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		<ul style="list-style-type: none"> ○ Initiate and continue operations essential to the implementation of the limited-life regulated entity; ○ Minimize the amount of any loss realized upon the sale or other disposition of the assets of the regulated entity; ○ Preserve the financial stability of the U.S.; and <p>The Agency must ensure that all similarly situated creditors under subsection (c)(1) receive not less than they would have had the agency liquidated the assets and not formed a limited-life regulated entity.</p> <ul style="list-style-type: none"> ● In § 1367(j)(11)(C) [as redesignated from the current subsection (i)] (limited-life regulated entity may sometimes borrow with a super-priority lien after notice and hearing, but the lien may not be above loans backing GSE MBS) by removing the protection for loans backing GSE MBS, and requiring the hearing to be in federal court. ● By striking § 1367(k), which prohibits a GSE receiver from revoking, annulling, or terminating a GSE charter. <p>Finally, by adding that nothing in this 2014 Act, or any amendments made by this Act, except as may be explicitly provided for in this Act, or any amendment made by this Act, shall be deemed to alter the powers,</p>		

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		authorities, rights, or duties that are vested in the FHFA or its Director with respect to supervision and regulation of the GSEs, until the FHFA and the position of its Director are transferred in accordance with Title IV.		
Wind Down	<p>§ 103 Termination of Conservatorship; Mandatory Receivership Five years after enactment, the Director shall, with respect to each GSE, immediately appoint FHFA as receiver under § 1367 of the 1992 Act.</p> <p>§ 109 Receiver’s Discretionary Authority to Create Receivership Entity The 1992 Act § 1367(i) (limited-life regulated entities) is revised to read: <u>Receivership Entity</u> The Agency, as receiver, may establish a receivership entity in such form or structure as the Agency deems appropriate to meet the purposes of receivership and this section.</p> <ul style="list-style-type: none"> • Upon creation of such receivership entity, the Agency may transfer to it any assets or liabilities of the regulated entity in default as the Agency, in its discretion, determines to be appropriate, and may authorize the receivership entity to perform any temporary function that the Agency, in its discretion, prescribes in accordance with this section. The transfer of any assets or liabilities of a regulated entity for which the Agency has been 	<p>§ 604 Wind Down <u>Authority of FHFA Director</u></p> <ul style="list-style-type: none"> • Beginning on enactment and ending on the system certification date, the FHFA Director, in consultation with the FMIC, shall take such action, and may prescribe such regulations and procedures, as may be necessary to wind down the operations of the GSEs in an orderly manner that complies with the requirements of this Act and any amendments made by this Act. • Notwithstanding any such wind down authority— <ul style="list-style-type: none"> ○ The sale, exchange, license, or other disposition of any asset for value subject to the wind down required under this section shall be prohibited, if the FMIC— <ul style="list-style-type: none"> ▪ In its discretion determines that such sale, transfer, exchange, license, or disposition would materially interfere with the ability of the FMIC to carry out the requirements of this Act; and ▪ Notifies, in writing, the FHFA Director within 14 days of such 	<p>§ 501 Transition <u>Cessation of New Business</u> Upon the expiration of the 5-year period beginning on the date of the enactment, the Fannie Mae and Freddie Mac shall cease providing new guarantees on securities backed by mortgages and all other new business (other than the rollover of debt related to existing assets). At that time, the GSEs shall continue to manage activities related to the remaining portfolio, including outstanding debt and MBS, capital lease obligations, obligations with respect to letters of credit and bankers’ acceptances, and similar obligations, to minimize risk to Treasury and maximize return, with earnings to be distributed as specified below. Treasury may determine to extend such deadline for no more than one year for cause.</p> <p><u>Distribution of Earnings</u> Upon the expiration of such 5-year (up to 6-year) period, the net GSE earnings from the beginning of the conservatorships until the end of such period shall be distributed in the following order of priority:</p> <ul style="list-style-type: none"> • Repayment of the Senior Preferred Shares 	<p>TITLE III—WIND DOWN OF FANNIE MAE AND FREDDIE MAC § 301 Limitation on Business The Ginnie Mae Director shall provide that, after the certification date—</p> <ul style="list-style-type: none"> • The GSEs may not issue, guarantee, or purchase any security backed by mortgages on 1- to 4-family residences except as specifically authorized by this Act; • A GSE may act as a participating aggregator of eligible mortgages for securitization pursuant to § 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— <ul style="list-style-type: none"> ○ 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 GSEs to cease such business; or ○ The commencement of the receivership under § 304(a); and

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	<p>appointed receiver shall be effective without any further approval under Federal or State law, assignment, or consent with respect thereto. Such authority is in addition to any other power the Agency may have as receiver or may confer on the receivership entity.</p> <ul style="list-style-type: none"> Notwithstanding any other provision of Federal or State law, any receivership entity established by the Agency pursuant to this section, its franchise, property and income, shall be exempt from all taxation now or hereafter imposed by the U.S., by any territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority. The Agency may promulgate such regulations as the Agency determines to be necessary or appropriate to implement this sub- section. A receivership entity established pursuant to this section shall not be a U.S. agency, establishment, or instrumentality. <p>(Under current § 1367(i), the limited-life entity succeeds to the GSE charter, can issue stock, winds up in 2 years without GSE charter repeal, and can obtain unsecured and super-priority credit.)</p> <p>§ 110 Receiver’s Authority to Repeal GSE Charter The 1992 Act § 1367(k) (charter repeal</p>	<p>determination; and</p> <ul style="list-style-type: none"> The FMIC may direct the conservator of the GSEs to sell, transfer, exchange, license or otherwise dispose of any asset for value subject to the wind down required under this section, if the Board of Directors certifies by a majority vote that— <ul style="list-style-type: none"> Not completing such sale, transfer, exchange, license, or other disposition for value would be inconsistent with the transition plan approved pursuant to § 602; and Such sale, transfer, exchange, license, or disposition for value would not violate the duties of the conservator. <p><u>Authority of FMIC</u> Beginning on the system certification date, the FMIC shall take such action, and may prescribe such regulations and procedures, as may be necessary to wind down the operations of the enterprises in an orderly manner that complies with the requirements of this Act and any amendments made by this Act.</p> <p><u>Resolution Plan</u></p> <ul style="list-style-type: none"> Each GSE shall develop a resolution plan in order to facilitate an orderly transition to the new housing finance system 	<p>owned by the Treasury.</p> <ul style="list-style-type: none"> 10% rate of interest per year over the term of the Senior Preferred Shares. Establishment of any reserve funds that Treasury determines are needed in connection with the wind-down of the GSEs businesses. Payment of any deferred contributions to the Housing Trust Fund and Capital Magnet Fund that have not been paid. Purchase of other outstanding preferred shares. Purchase of outstanding common shares, for which purpose warrants held by the Treasury shall be treated as common stock. <p><u>Earnings after Cessation of New Business</u> GSE earnings that accrue after the date on which new business ceases (including reserves that are not needed) may be paid in accordance with the distribution schedule above after all obligations and earnings of the GSEs have been extinguished or received, including the proceeds of sales to the Issuer.</p> <p><u>Sale of Assets</u> In connection with the wind down of the entities, Treasury, in consultation with the NMFA and the Agency, may determine to sell GSE assets, including the common securitization platform, multi-family</p>	<ul style="list-style-type: none"> A GSE may act as a reinsurer for MBS in accordance with § 202(b) until the commencement of the receivership. <p>§ 303 Continued Conservatorship Timing The conservatorships of the GSEs in effect upon the enactment shall continue until the commencement of the receivership, subject to the transfer of FHFA functions to Ginnie Mae.</p> <p><u>Aligning Purposes of Conservatorship</u> Notwithstanding § 1367(b)(2)(D) of the 1992 Act (12 U.S.C. 4617(b)(2)(D) (authorizing a GSE conservator to restore a GSE’s solvency and preserve and conserve its assets), after enactment of this Act, the Director shall, as conservator of each GSE, take such actions as are necessary to manage the affairs, assets, and obligations of each GSE, and to operate each GSE, in compliance with this section.</p> <p><u>Return of GSEs to Private Market</u> During the term of the GSE conservatorships, the Director shall—</p> <ul style="list-style-type: none"> Carry out the conservatorship in a manner that furthers achievement of the goals and terms of the mandatory receiverships; Identify any GSE assets necessary for Ginnie Mae to carry out its functions and responsibilities under §§ 201, 202, and 401 of this Act; and

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	<p>prohibition) is revised to read:</p> <ul style="list-style-type: none"> • Five years after enactment, the charter of each GSE is repealed and the GSE shall have no authority to conduct new business under such charter, except that the charter provisions in effect immediately before such repeal shall continue to apply with respect to the rights and obligations of any holders of— <ul style="list-style-type: none"> ○ Outstanding debt obligations of the GSE, including any— <ul style="list-style-type: none"> ▪ Bonds, debentures, notes, or other similar instruments; ▪ Capital lease obligations; or ▪ Obligations in respect of letters of credit, bankers’ acceptances, or other similar instruments; or ○ MBS guaranteed by the GSE. • The full faith and credit of the U.S. is pledged to the payment of all amounts which may be required to be paid under the continuing charter provisions. • 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 Purchase Agreement (between Treasury and each GSE), or any provision of any certificate in connection with such Agreement creating or designating the terms, powers, 	<p>authorized by this Act.</p> <ul style="list-style-type: none"> • Each GSE resolution plan shall be submitted to the FHFA Director not later than 90 days after the agency transfer date. • Each GSE resolution plan shall include a full description and valuation of the assets, liabilities, and contractual obligations of the GSE, and any other information that the FHFA Director may require. • Notwithstanding any provision of a GSE resolution plan, FHFA and the FMIC shall retain and exercise full discretion to the extent that either the Agency or the FMIC utilizes or relies on such a resolution plan, either in whole or in part, in fulfilling any duty or responsibility required by this Act. • After reviewing each GSE resolution plan, the FMIC shall make available to the public a summary of each such resolution plan. • After reviewing each GSE resolution plan, the FMIC shall conduct a valuation study of each GSE’s business segments, including any technology, business unit, legacy book, and other assets and liabilities that may be sold for value in a manner consistent with the purposes and requirements of this Act. 	<p>businesses, and other assets to the Issuer. In affecting such sales, Treasury may issue new preferred shares to the Issuer.</p> <p><u>Full Faith and Credit</u> The full faith and credit of the U.S. is pledged to ensure that all payments on any obligation of the GSEs are paid. Treasury remains obligated to ensure that the GSEs remain in a position to pay all holders of obligations or other outstanding debt in the GSEs, as well as employees who continue to be employed by the GSEs.</p> <p>§ 502 Wind Down <u>Wind Down</u></p> <ul style="list-style-type: none"> • Beginning on enactment and ending on the date certified by Treasury, the FHFA Director, in consultation with the NMFA and Treasury, shall take such action, and may prescribe such regulations and procedures, as may be necessary to wind down the operations of the GSEs in an orderly manner that complies with the requirements of this Act and any amendments made by this Act. Notwithstanding any such authority granted to the FHFA Director, the sale, transfer, exchange, or other disposition of any asset subject to the wind down required under this section shall be prohibited, if the NMFA— <ul style="list-style-type: none"> ○ In its discretion determines that such 	<ul style="list-style-type: none"> • Prepare for the transfer of the GSEs’ multifamily business in accordance with § 401 of this Act. <p>§ 304 Mandatory Receivership <u>Commencement</u> The Director shall, with respect to each GSE, immediately appoint Ginnie Mae as receiver upon the later of the following:</p> <ul style="list-style-type: none"> • The expiration of the 60-month period beginning on the date of the enactment of this Act, as the duration of such period may be adjusted pursuant to subsection (c). • The certification date has occurred and the Director has determined that— <ul style="list-style-type: none"> ○ A competitive private housing finance market has been established; ○ Competitive and equitable access to the Platform for smaller mortgage lenders is available; ○ The FHLB pooling services competitive with services made available by the GSEs before the certification date; ○ The FHLBs are capable of meeting the cash window needs of credit unions, community and mid-sized depository institutions, and non-depository mortgage originators with competitive rates and terms; and ○ The FHLBs have created a “to be

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	<p>preferences, privileges, limitations, or any other conditions of the Variable Liquidation Preference Senior Preferred Stock of an GSE issued pursuant to such Agreement—</p> <ul style="list-style-type: none"> ○ Shall not be amended, restated, or otherwise changed to reduce the rate or amount of dividends, except that any amendment to facilitate the sale of GSE assets shall be permitted; and ○ Shall remain in effect until the GSEs' MBS guarantee obligations are fully extinguished. <ul style="list-style-type: none"> • All g-fee amounts derived from the GSEs' single-family mortgage guarantee business in existence as of five years after the date of the enactment shall be deposited into the Treasury, for purposes of deficit reduction. • For purposes of the existing guarantee obligations, <i>Senior Preferred Stock Purchase Agreement</i> means— <ul style="list-style-type: none"> ○ The GSE agreement with Treasury dated September 26, 2008, as amended on May 6, 2009, December 24, 2009, and August 17, 2012, and as such Agreement may be further amended and restated; and ○ Any provision of any certificate in connection with such Agreement creating or designating the terms, powers, preferences, privileges, 	<p><u>Prohibition on New Business</u> Effective on the system certification date, the GSEs shall have no authority to conduct new business under their charters.</p> <ul style="list-style-type: none"> • For this purpose, “new business” means any new— <ul style="list-style-type: none"> ○ For both GSEs, purchase of, servicing of, or dealing in any insured or conventional mortgages under § 302(b) of Fannie Mae’s charter or § 305(a) of Freddie Mac’s charter; ○ For both GSEs, issue of an obligation under § 304(b) of Fannie Mae’s charter or § 306(a) of Freddie Mac’s charter, including— <ul style="list-style-type: none"> ▪ Bonds, notes, debentures, and other similar instruments; ▪ Capital lease obligations; ▪ Obligations in respect of letters of credit, bankers acceptances, or other similar instruments; ▪ Guarantees of new securities based on mortgages set aside; and ▪ Swap, security-based swap, derivative product, or other similar instrument; ○ For both GSEs, issue of a subordinated obligation of the GSE under § 304(e) of Fannie Mae’s charter or under Freddie Mac’s charter; 	<p>sale, transfer (other than to the NMFA or the Issuer), exchange, or disposition would materially interfere with the ability of the NMFA to carry out the requirements of this Act; and</p> <ul style="list-style-type: none"> ○ Notifies, in writing, the FHFA Director within 14 days of such determination. • Notwithstanding any such authority granted to the FHFA Director, the FHFA Director— <ul style="list-style-type: none"> ○ Shall have no authority to sell, transfer, exchange, or otherwise dispose of any guarantee obligations described under § 501(a)(2) and (b)(2) [there is no § 501(a)(2); § 501(b)(2) is 10% interest on Treasury’s preferred GSE shares]; and ○ Shall have no rights, claims, or title to, nor any authority to sell, transfer, exchange, or otherwise dispose of, g-fee amounts derived from the single-family mortgage guarantee business of the GSEs in existence as of the NMFA certification date. <p><u>Division of Assets and Liabilities; Authority to Establish Holding Corporation and Dissolution Trust Fund</u> Such wind down authority—</p> <ul style="list-style-type: none"> • May include the establishment and 	<p>announced” market that is viable in all economic cycles.</p> <p><u>Goals and Terms</u> Ginnie Mae shall carry out the GSE receivership under the authority of § 1367 of the 1992 Act, subject to the following requirements:</p> <ul style="list-style-type: none"> • In carrying out the receivership of each GSE, Ginnie Mae shall strive to achieve both of the following goals: <ul style="list-style-type: none"> ○ Obtaining an adequate return of taxpayer investment in the GSE, taking into consideration the total cost to the taxpayers, the value provided to the GSE, 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 Federal Reserve and Treasury. ○ Removing barriers to private sector competition in the housing finance market by providing for the transfer of the assets of the GSE into the private sector to compete in a functioning housing finance market. • 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 U.S. nor or any agency or

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	<p>limitations, or any other conditions of the Variable Liquidation Preference Senior Preferred Stock of a GSE issued or sold pursuant to such Agreement.</p> <p>§ 102 Definitions For purposes of this title, the following definitions shall apply:</p> <p><i>Charter</i> means the Fannie Mae charter with respect to Fannie Mae, and the Freddie Mac charter with respect to Freddie Mac.</p> <p><i>Director</i> means the FHFA Director.</p> <p><i>Enterprise</i> or <i>GSE</i> means Fannie Mae or Freddie Mac.</p>	<ul style="list-style-type: none"> ○ For Fannie Mae, purchase of a mortgage in Fannie Mae’s secondary mortgage market operations under § 304(a) of Fannie Mae’s charter; ○ For Fannie Mae, setting aside of any mortgages it held and any new issue and sale of securities based on the mortgages so set aside under § 304(d) of the Fannie Mae’s charter; and ○ For Freddie Mac, issue of MBS under the Freddie Mac charter; ● New business shall not include any new— <ul style="list-style-type: none"> ○ For both GSEs, purchase of a non-performing mortgage from a pool of mortgages previously set aside by the GSE; ○ For both GSEs, issue of an obligation if, after giving effect to the issuance, the aggregate amount of such obligations does not exceed 120% of the amount of mortgage assets permitted to be owned by the GSE under § 605; ○ For both GSEs, transfer of guarantees of MBS guaranteed by the GSE if the mortgage loans collateralizing such securities are refinanced, regardless of the value of the underlying collateral and the homeowner’s current employment status and income; or 	<p>execution of plans to provide for an equitable division, distribution, and liquidation of the assets and liabilities of a GSE, including any infrastructure, property, including intellectual property, platforms, or any other thing or object of value, provided such plan complies with the requirements of this Act and any amendments made by this Act; and</p> <ul style="list-style-type: none"> ● May provide for establishment of— <ul style="list-style-type: none"> ○ A holding corporation organized under the laws of any State of the U.S. or D.C. for the purpose of winding down a GSE; and ○ One or more trusts to which to transfer— <ul style="list-style-type: none"> ▪ Outstanding debt obligations of a GSE; or ▪ Outstanding mortgages held for the purpose of collateralizing MBS guaranteed by a GSE. <p><u>Determination of Distributions of GSE Earnings</u> The amount of any proceeds to be paid pursuant to § 501(b) (distribution of earnings) shall be jointly determined by the FHFA Director, the NMFA, and Treasury. The wind down of each GSE required under this section shall be managed by the FHFA Director, in consultation with the NMFA and Treasury, to obtain resolutions that maximize the earnings distributed to the senior preferred</p>	<p>instrumentality thereof.</p> <ul style="list-style-type: none"> ● The receivership shall provide, notwithstanding any other provision of this Act, for the transfer of the GSEs’ multifamily business in accordance with § 401 of this Act. ● The receivership shall provide for— <ul style="list-style-type: none"> ○ The identification of any GSE assets that are not necessary for the operation of the limited-life entities; and ○ Making such assets available at auction for acquisition by any private entities, which shall include the private entities established pursuant to paragraph (6)(C). ● The receivership shall provide for the restructuring of the Senior Preferred Stock Purchase Agreements between the GSEs and Treasury on September 26, 2008, as amended and restated thereafter, to— <ul style="list-style-type: none"> ○ Permit the redemption of senior preferred shares of the Treasury; ○ Provide for the cancellation of the warrants for the purchase of GSE common stock issued to Treasury; and ○ Provide for the appropriate level of compensation to the government for the financial support and commitment provided to the GSEs.

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		<ul style="list-style-type: none"> ○ For both GSEs, entry into any swap, security-based swap, or other similar instrument, or purchase of sale of any derivative product, or other similar instrument, to facilitate the orderly wind down of the GSE and appropriate loss mitigation on any outstanding GSE guarantees under § 605. ○ For Fannie Mae, setting aside of mortgages Fannie Mae previously set aside, or any new issue and sale of securities based on the mortgages so previously set aside, to refund or replace an outstanding issue of securities based on mortgages previously set aside, if the face amount of the refunding or replacing MBS does not exceed the face amount of the MBS being refunded or replaced; ○ For Freddie Mac, issue of MBS, to refund or replace an outstanding issue of MBS, if the face amount of the refunding or replacing MBS does not exceed the face amount of the MBS being refunded or replaced. ● Nothing in new business prohibition shall adversely affect the rights and obligations of any holders of— <ul style="list-style-type: none"> ○ Outstanding debt obligations of the GSE, including any— <ul style="list-style-type: none"> ▪ Bonds, notes, debentures, or 	<p>shareholder, to the extent that such resolutions—</p> <ul style="list-style-type: none"> ● Are consistent with the goal of supporting a sound, stable, and liquid housing market; ● Are consistent with applicable Federal and State law; ● Comply with the requirements of this Act and any amendments made by this Act; and ● Protect the taxpayer. <p>§ 503 Aligning Purpose of Conservatorship with NMFA <u>Power as Conservator</u> The 1992 Act is amended in § 1367(b)(2) by adding subparagraph (D): After the date of enactment of the Housing Opportunities Move the Economy Forward Act of 2014 the Agency shall, as conservator, take such actions as are necessary—</p> <ul style="list-style-type: none"> ● To ensure the efficient, effective, and expeditious wind down of the GSEs; ● To manage the affairs, assets, and obligations of the GSEs and to operate the GSEs in compliance with the requirements of the Housing Opportunities Move the Economy Forward Act of 2014; ● To assist the NMFA, in a consultative capacity, in carrying out the requirements under the Housing Opportunities Move 	<ul style="list-style-type: none"> ● Under the receivership— <ul style="list-style-type: none"> ○ The receiver shall organize a limited-life regulated entity for the GSE in accordance with § 1367(i) of the 1992 Act, except that— <ul style="list-style-type: none"> ▪ Any GSE assets and liabilities that the receiver determines are necessary to allow the limited-life regulated entity to operate independent from the resolution of the GSE shall be transferred to the limited-life regulated entity; and ▪ In winding up the affairs of the limited-life regulated entity, its remaining assets shall be made available to the successor entities and to other private guarantors engaged in providing insurance for eligible MBS in accordance with § 202; ○ The GSE charter shall be repealed; and ○ The receiver shall provide for reorganizing and chartering the successor entity to the limited life regulated entity as an entity established to operate as an insurer under § 202(b)(2)(A) of this Act or a participating aggregator of eligible mortgages for securitization pursuant to § 201 if such eligible mortgages are originated by originators whose

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		<p>other similar instruments;</p> <ul style="list-style-type: none"> ▪ Capital lease obligations; ▪ Obligations in respect of letters of credit, bankers' acceptances, or other similar instruments; or ▪ Swap, security-based swap, derivative product, or other similar instrument; or <ul style="list-style-type: none"> ○ MBS guaranteed by the GSE. <ul style="list-style-type: none"> • The prohibition on new business by the GSEs shall not prohibit, nor be construed to prohibit, the FMIC from managing the GSE. • The full faith and credit of the U.S. is pledged to the payment of all amounts which may be required to be paid under any obligation that is exempt from the new business prohibition or outstanding debt or MBS that the new business prohibition does not adversely affect, including any obligation issued on or after the system certification date to refund or replace an obligation that was outstanding on the day before the system certification date. <ul style="list-style-type: none"> ○ The GSEs shall include as eligible loans for the purposes of refinancing all current loans that qualify as eligible mortgage loans and meet those underwriting requirements for eligibility for same servicer refinancing, except that the GSEs 	<p>the Economy Forward Act of 2014; and</p> <ul style="list-style-type: none"> • To maintain liquidity and stability in the secondary mortgage market with respect to the debt of the GSEs. <p><u>Rule of Construction</u> Nothing in this Act, or any amendments made by this Act, except as may be explicitly provided for in this Act, or any amendment made by this Act, shall be deemed to alter the powers, authorities, rights, and duties that are vested in the FHFA and the FHFA Director with respect to its supervision and regulation of the GSEs.</p>	<p>volume of such business is insufficient to allow for such originators to aggregate and securitize such mortgages.</p> <p><u>Adjustment of Timing</u> Ginnie Mae may adjust the duration of the 5-year period for appointing Ginnie Mae receiver by establishing requirements to be met by market participants before such period may be considered to be concluded. Such requirements may include requirements regarding—</p> <ul style="list-style-type: none"> • Ensuring that there is an adequate level of private capital available for efficient financing of single-family and multifamily housing mortgages through— <ul style="list-style-type: none"> ○ The market for initial public offerings; ○ Retained earnings of market participants; and • Ensuring that any anticompetitive liquidity advantages in mortgage-backed securities are adequately protected against. <p>§ 305 Repeal of GSE Charters Section 1367 of the 1992 Act is amended</p> <ul style="list-style-type: none"> • By striking the prohibition on GSE charter repeal and inserting: Effective upon the certification date (as defined in § 2 of the Partnership to

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		<p>may not disqualify or impose varying rules based on LTV, combined LTV, employment status, or income with regard to refinancing mortgage loans that collateralize MBS issued by a GSE before the system certification date.</p> <ul style="list-style-type: none"> ○ Notwithstanding the provisions of this section or 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 Purchase Agreement, or 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 a GSE issued pursuant to such Agreement— <ul style="list-style-type: none"> ▪ 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 Amendment to such Agreement dated August 17, 2012, except that any amendment to such Agreement shall be permitted if it facilitates the sale of assets of 		<p>Strengthen Homeownership Act of 2014), the GSE charters are repealed and the GSEs 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—</p> <ul style="list-style-type: none"> ○ Outstanding GSE debt obligations, including any— <ul style="list-style-type: none"> ▪ Bonds, debentures, notes, or other similar instruments; ▪ Capital lease obligations; or ▪ Obligations in respect of letters of credit, bankers' acceptances, or other similar instruments; or ○ MBS guaranteed by the GSE that are not eligible MBS insured by Ginnie Mae pursuant to § 202 of the Partnership to Strengthen Homeownership Act of 2014. • The full faith and credit of the U.S. is pledged to the payment of all amounts which may be required to be paid under any such GSE obligations • Notwithstanding any other provision of law, provision 2(a) and (c) (Dividend Payment Dates and Dividend Periods, and Dividend Rates and Dividend Amount) of the Senior Preferred Stock Purchase Agreement, as amended, or any provision of any certificate in connection with such

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		<p>the GSEs to facilitate compliance with this title; and</p> <ul style="list-style-type: none"> ▪ Shall remain in effect until the guarantee obligations that are exempt from the new business prohibition or outstanding debt or MBS that the new business prohibition does not adversely affect, are fully extinguished. • Notwithstanding the provisions of this section, all g-fee amounts derived from the mortgage guarantee business of the GSEs in existence as of the system certification date, after satisfying the fee amounts required to be collected by § 1327 of the 1992 Act (until 2021, g-fee increases are paid to Treasury and are not a reimbursement to the government for the costs or subsidy provided to a GSE) shall be subject to the terms of the Senior Preferred Stock Purchase Agreement. <p><u>Charters Revoked</u> Effective upon the date the guarantee obligations, that are backed by the full faith and credit of the U.S. for obligations that are exempt from the new business prohibition or outstanding debt or MBS that the new business prohibition does not adversely affect, are fully extinguished, the GSE charters are repealed, but not the provisions of Fannie Mae’s charter act that relate to Ginnie Mae.</p>		<p>Agreement creating or designating the terms, powers, preferences, privileges, limitations, or any other conditions of the Variable Liquidation Preference Senior Preferred Stock of a GSE issued pursuant to such Agreement—</p> <ul style="list-style-type: none"> ○ 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 Amendment of August 17, 2012, except that any amendment to facilitate the sale of GSE assets shall be permitted; and ○ Shall remain in effect until the debt and MBS guarantee obligations are fully extinguished. • All g-fees derived from the GSEs’ single-family mortgage guarantee business in existence as of the certification date shall be subject to the Senior Preferred Stock Purchase Agreement. • Ginnie Mae shall provide that during the 30-year period beginning upon the certification date, any GSE MBS may be exchanged, at the request of the holder, for securities insured under § 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

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		<p><u>Authority to Insure Outstanding MBS; GSE MBS</u></p> <ul style="list-style-type: none"> • After the agency transfer date, and subject to such procedures, standards, terms, and conditions as may be adopted by the FMIC, the FMIC may— <ul style="list-style-type: none"> ○ Upon application and in exchange for a fee determined by the FMIC, provide insurance on outstanding MBS issued by the GSEs; and ○ Facilitate, including through the operations of the GSEs or the utilization of the Platform, the— <ul style="list-style-type: none"> ▪ Exchange of MBS issued by either GSE for covered securities; ▪ Exchange of MBS issued by 1 GSE for those of the other GSE; ▪ Issuance of MBS by both GSEs through a single issuer; and ▪ Issuance of REMIC securities, consisting of MBS issued by the GSEs. • The FMIC shall develop and adopt procedures, standards, terms, and conditions, to enable the FMIC and each of the GSE, as applicable, to implement each of such FMIC activities. • In the development and adoption of the procedures, standards, terms, and conditions, the FMIC shall consider the effect of each activity with respect to the 		<p>such exchanges as Ginnie Mae considers appropriate, except that Ginnie Mae shall provide that in such exchanges the GSE MBS securities shall receive a risk weight of zero.</p> <p>§ 306 Ginnie Mae Authority Regarding Timing <u>Authority</u> The Director may extend any deadline in §§ 301 (GSE new business limitations), 303(a) (continuing the conservatorships), 304(a) (mandatory receivership), or § 305 (charter repeals), but only if the Director—</p> <ul style="list-style-type: none"> • Makes a determination, after consultation with the Federal Reserve, that such deadline is posing significant risk to the housing market; and • Causes notice of such determination to be published in the Federal Register. <p><u>Extensions</u></p> <ul style="list-style-type: none"> • The first such extension shall be for a period of an additional 2 years. • If, after the first extension, the Director makes a determination after consultation with the Federal Reserve, that such deadline is posing significant risk to the housing market, the Director may extend the deadline an additional 2 years. • If, after the second extension, the Director makes a determination after consultation

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		<p>following:</p> <ul style="list-style-type: none"> ○ Lender access to the secondary mortgage market. ○ The liquidity and trading price of existing GSE MBS. ○ The ability of market participants and the GSEs to issue new MBS. ○ The costs to the GSEs or the FMIC to exchange, restructure, or insure MBS. <p><u>Report to Congress</u> Before the agency transfer date, the FHFA Director shall submit a study considering the feasibility of activities under the FMIC's authority to insure outstanding MBS to the Senate Banking and House Financial Services Committees. Following the agency transfer date, the FMIC shall provide updates on such activities in the transition plan (and in each annual update thereof) required under § 602.</p> <p><u>Division of Assets and Liabilities; Authority to Establish Holding Companies, Trusts, and Subsidiaries</u></p> <ul style="list-style-type: none"> • The wind down action and procedures required under subsection (a): <ul style="list-style-type: none"> ○ Shall include the establishment and execution of plans to manage assets toward the liquidation of liabilities and provide for an equitable division, distribution, and liquidation of the assets and liabilities of a GSE, 		<p>with the Federal Reserve, that such deadline is posing significant risk to the housing market, the Director may, upon the written agreement of the Federal Reserve Chairman and the Treasury Secretary, and in consultation with the HUD Secretary, extend the deadline an additional year, and annually thereafter utilizing the same process until the Director makes a determination that such deadline does not pose a significant risk to the housing market.</p> <p><u>Reports</u> If the Director extends any deadline, until the charters are repealed, the Director shall report monthly to Congress regarding the transition of the GSEs, the status of the business of the GSEs, and their market share.</p>

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		<p>including any infrastructure, property, including intellectual property, historic data, platforms, or any other thing or object of value, provided such plan complies with the requirements of this Act and any amendments made by this Act;</p> <ul style="list-style-type: none"> ○ May provide for the establishment of— <ul style="list-style-type: none"> ▪ A holding corporation organized under the laws of any state for the purpose of winding down one GSE or both GSEs; ▪ 1 or more trusts to which to transfer— <ul style="list-style-type: none"> ◆ Outstanding debt obligations one GSE or both GSEs; or ◆ Outstanding mortgages held for the purpose of collateralizing MBS guaranteed by one GSE or both GSEs; and ▪ One or more subsidiaries or joint ventures with private entities for the purposes of facilitating an orderly wind down of one GSE or both GSEs and the transition to the new housing finance system; ○ May include the sale as a going concern of any holding company, 		

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		<p>trust, subsidiary, or joint venture with a private entity established by a GSE under this subsection; and</p> <ul style="list-style-type: none"> ○ May provide that any holding company, trust, subsidiary, or joint venture sold as a going concern may be utilized to facilitate the formation of— <ul style="list-style-type: none"> ▪ A small lender mutual under § 315; ▪ An approved guarantor; ▪ An approved multifamily guarantor; ▪ An approved aggregator; or ▪ The Securitization Platform. • Any holding company, trust, subsidiary, or joint venture established by a GSE before or after the agency transfer date is eligible to be sold by the FHFA as a going concern for the purposes described in this section. <p><u>Recoupment by Senior Preferred Shareholders</u></p> <ul style="list-style-type: none"> • The wind down of each GSE shall be managed by the FMIC, to obtain resolutions that maximize the return for the senior preferred shareholders, to the extent that such resolutions— <ul style="list-style-type: none"> ○ Are consistent with the goals of facilitating— <ul style="list-style-type: none"> ▪ a deep, liquid, and resilient secondary mortgage market for 		

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		<p>single-family and multifamily MBS to support access to mortgage credit in the primary mortgage market; and</p> <ul style="list-style-type: none"> ▪ an orderly transition from housing finance markets facilitated by the GSEs to housing finance markets facilitated by the FMIC with minimum disruption in the availability of loan credit; ○ Are consistent with applicable Federal and State law; ○ Comply with the requirements of this Act and the amendments made by this Act; and ○ Protect the taxpayer from having to absorb losses incurred in the secondary mortgage market. <ul style="list-style-type: none"> • If FHFA makes the determination below, the FHFA may conduct a sale, exchange, license, or other disposition for value of any line of business of a GSE, or any function, activity, assets, intellectual property, or service of a GSE, as a going concern. Such a sale is permitted if the FHFA determines that the sale, exchange, license, or other disposition for value — <ul style="list-style-type: none"> ○ Is consistent with the goal of an orderly transition from housing finance markets facilitated by the enterprises to efficient housing finance markets facilitated by the 		

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		<p>FMIC with minimum disruption in the availability of loan credit;</p> <ul style="list-style-type: none"> ○ Does not impede or otherwise interfere with the ability of the FHFA or the FMIC to carry out the functions and requirements of this Act; ○ Does not transfer, convey, or authorize any guarantee or Federal support, assistance, or backing, implicit or explicit, related to any such business line, function, activity, or service; ○ Will maximize the return for the senior preferred shareholders as required under this subsection; and ○ Would not result in an uncompetitive primary or secondary mortgage market or otherwise limit competitiveness in the primary or secondary mortgage markets. <ul style="list-style-type: none"> ● FHFA shall conduct a sale for value of each GSE's historic data, including loan-level historical performance data. FHFA may require that the purchaser: <ul style="list-style-type: none"> ○ Is the FMIC or Securitization Platform; ○ Makes the historic data available to the public in a searchable and easily accessible format as promptly as practicable; and ○ Takes appropriate steps to ensure the privacy of consumers, minimizes the 		

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		collection and storage of personally identifiable financial information, and considers statuses, rules, and regulations relating to the privacy of consumer credit information and personally identifiable financial information.		
Portfolio Caps	<p>§ 104(a) Limitations on GSE Authority The 1992 Act is amended by adding § 1369E: No GSE shall own mortgage assets in portfolio in excess of—</p> <ul style="list-style-type: none"> • As of December 31, 2013, \$550,000,000,000; or • As of December 31 of each year thereafter, 85% of the aggregate amount of mortgage assets the GSE was permitted to own as of December 31 of the immediately preceding calendar year. <p>In no event shall a GSE be required to own less than \$250,000,000,000 in mortgage assets.</p> <p><i>Mortgage Assets</i> means, with respect to a GSE, assets consisting of mortgages, mortgage loans, mortgage-related securities, participation certificates, mortgage-backed commercial paper, obligations of REMICs and similar assets, in each case to the extent such assets would appear on the balance sheet of such GSE in accordance with GAAP in effect in the U.S. as of September 7, 2008, and</p>	<p>§ 605 Portfolio Reduction</p> <ul style="list-style-type: none"> • On December 31 of the year after the date of enactment, and on December 31 of each year thereafter, until each GSE reaches the allowable size of the retained single-family portfolio, each GSE shall not own single-family mortgage loan assets in excess of 85% of the aggregate amount of the single-family mortgage loan assets that the GSE was permitted to own as of December 31 of the immediately preceding calendar year. [See also the end of § 701, which excludes limited multifamily loans.] • Not later than the system certification date, the FMIC shall establish an allowable amount of GSE-owned single-family mortgage loan assets in an amount equal to the amount necessary to facilitate— <ul style="list-style-type: none"> ○ The orderly wind down of the GSEs; and ○ Appropriate loss mitigation on any legacy guarantees of the GSEs. • For purposes of this section, <i>mortgage</i> 	<p>§ 505 Portfolio Reduction</p> <ul style="list-style-type: none"> • Each GSE shall not own, as of any applicable date, mortgage assets in excess of— <ul style="list-style-type: none"> ○ As of December 31, 2014, \$552,500,000,000; and ○ On December 31 of each year thereafter until the NMFA certification date, 85% of the aggregate amount of the mortgage assets that the GSE was permitted to own as of December 31 of the immediately preceding calendar year. • On December 31 of the year in which the NMFA certification date occurs, the NMFA shall establish an allowable amount of GSE owned mortgage assets in an amount equal to the amount necessary to facilitate— <ul style="list-style-type: none"> ○ The orderly wind down of the GSEs; and ○ Appropriate loss mitigation on any legacy guarantees of the GSEs. • For purposes of this section, <i>mortgage assets</i> means, with respect to a GSE, 	

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	without giving any effect to any change that may be made after that date, in respect of FAS 140 or any similar accounting standard.	<i>loan assets</i> means, with respect to a GSE, assets of such GSE consisting of mortgage loans, mortgage-related securities, participation certificates, mortgage-backed commercial paper, obligations of real estate mortgage loan investment conduits, and similar assets, in each case to the extent that such assets would appear on the GSE's balance sheet in accordance with GAAP as in effect in the U.S. as of September 7, 2008 (as set forth in the opinions and pronouncements of the Accounting Principles Board and the AICPA and statements and pronouncements of FASB from time to time, and without giving any effect to any change that may be made after September 7, 2008, in respect of SFAS 140 or any similar accounting standard.	assets of such GSE consisting of mortgages, mortgage loans, mortgage-related securities, participation certificates, mortgage-backed commercial paper, obligations of REMICs and similar assets, in each case to the extent such assets would appear on the balance sheet of such GSE in accordance with generally accepted accounting principles and held for the benefit of the GSEs.	
G-Fee Limits	<p>§ 104(b) Limitations on GSE Authority The 1992 Act is amended by adding § 1327(f):</p> <ul style="list-style-type: none"> Notwithstanding any other provision of this section, the Director shall ensure, pursuant to an annual review, that each GSE charges a g-fee, in connection with any mortgage guaranteed after enactment, in an amount that the Director determines is equivalent to the amount that the GSE would charge if it were held to the same capital standards as private banks or financial institutions. 			

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	<ul style="list-style-type: none"> At least annually, the Director shall review each GSE's g-fees and determine how such fees compare to the amount determined by the Director as what it would charge if it were held to the capital standards of private banks or financial institutions. If the Director determines that a GSE charged lower g-fees, the Director shall, by order, require the GSE to increase such fees as the Director determines necessary to equal what the GSE would charge if it were held to the capital standards of private banks or financial institutions. To determine the amount of any such increase, the Director shall establish a pricing mechanism as the Director considers appropriate, taking into consideration current market conditions, including the GSE's current market share, and any data collected pursuant to 12 U.S.C. § 4514a (FHFA's authority to require reports from the GSEs and FHLBs). 			
Multifamily Findings			<p>§ 602 Findings Congress finds the following:</p> <ul style="list-style-type: none"> Broad housing finance reform is necessary to provide stability and certainty to the housing market, and to protect taxpayers from future losses. The multifamily housing businesses of Fannie Mae and Freddie Mac maintained 	

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			<p>appropriate underwriting standards during the recent housing bubble, and, as a result, did not incur significant losses during the financial crisis.</p> <ul style="list-style-type: none"> • Due to the strong performance of their multifamily housing businesses, Fannie Mae and Freddie Mac were able to play an important countercyclical role in the multifamily housing market by increasing their financing for multifamily housing projects at the same time that private lenders were pulling back from the multifamily housing market. • The multifamily businesses of Fannie Mae and Freddie Mac have each developed successful risk-sharing programs that provide substantial protection for taxpayers by requiring private market entities to share losses with the GSEs. • Broad housing finance reform should strive to preserve the successful multifamily risk-sharing programs that Fannie Mae and Freddie Mac have developed. • In the context of broad housing finance reform that replaces Fannie Mae and Freddie Mac with a government-backed reinsurance program, the best way to ensure the continuation of the successful multifamily risk-sharing programs that Fannie Mae and Freddie Mac have 	

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			<p>developed is to—</p> <ul style="list-style-type: none"> ○ Transfer Fannie Mae and Freddie Mac’s multifamily housing businesses to the Issuer; ○ Subject the multifamily platform(s), as part of the Issuer, to supervision and oversight by the NMFA; and ○ Allow the multifamily platform(s), as part of the Issuer, to purchase catastrophic reinsurance from a government-backed agency, subject to minimum loss-sharing requirements that protect taxpayers from future bailouts. <ul style="list-style-type: none"> • The NMFA and the MIF should serve as the regulator and reinsurer for the multifamily platform(s) created by this Act as part of the Issuer. 	
Multifamily Definitions			<p>§ 603 Definitions For purposes of this Act, the following definitions shall apply:</p> <p><i>Approved multifamily lender</i> means a lender that is approved by the Issuer under such rules as the NMFA provides.</p> <p><i>Covered multifamily security</i> means a mortgage-backed security—</p> <ul style="list-style-type: none"> • Collateralized by eligible multifamily mortgages; and • Which is eligible for insurance by the MIF pursuant to § 611. 	

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			<p><i>Eligible multifamily mortgage</i> means a mortgage that—</p> <ul style="list-style-type: none"> • Is secured by a property comprising five or more dwelling units; and • Is originated by an approved multifamily lender in accordance with the underwriting standards established by the NMFA under § 609(b)(2) of this Act. <p><i>Multifamily Platform</i> means the entity established in § 604 of this Act.</p> <p><i>Multifamily Platform certification date</i> means the date on which the Issuer certifies that the Multifamily Platform is operational and able to perform the functions described in this Act, which date shall not be later than 5 years after enactment, except that Treasury may extend such 5-year period for not more than 12 additional months.</p>	
Multifamily Subsidiaries		<p>TITLE VII--MULTIFAMILY § 701 Establishment of Multifamily Subsidiaries <u>Formation and Governance of Multifamily Subsidiaries</u></p> <ul style="list-style-type: none"> • The FHFA Director, in consultation with Treasury, shall direct the GSEs each to develop a plan, not later than 180 days after the date of enactment, to establish a multifamily subsidiary for purposes of expeditiously meeting the multifamily 		<p>§ 401 Establishment of Multifamily Subsidiaries <u>Formation and Governance</u></p> <ul style="list-style-type: none"> • The Ginnie Mae Director, in consultation with Treasury, shall direct the GSEs to develop a plan, within 180 days after enactment, to each establish a multifamily subsidiary to expeditiously— <ul style="list-style-type: none"> ○ Provide sufficient multifamily financing in the primary, secondary, and tertiary geographical markets,

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		<p>market minimum criteria required under § 601.</p> <ul style="list-style-type: none"> • Pursuant to § 604, FHFA shall direct each GSE to establish a multifamily subsidiary not later than 1 year after the date of enactment. <p><u>Transfer of Functions</u></p> <ul style="list-style-type: none"> • Notwithstanding title VI or any other provision of law, effective on the date on which the Fannie Mae multifamily subsidiary is established, all employees, functions, activities, infrastructure, property, including the DUS and Servicing Lender Program and other intellectual property, platforms, technology, or any other object or service of Fannie Mae necessary to the support, maintenance, and operation of its multifamily business shall be transferred and contributed, without cost, to the multifamily subsidiary. • In connection with such transfer, Fannie Mae shall contribute, in any form or manner the FHFA may determine, subject to the approval right of Treasury in the Senior Preferred Stock Purchase Agreement, any capital necessary to ensure that the multifamily subsidiary has, in the determination of the FHFA Director, sufficient capital to carry out its multifamily business, including the ability 		<p>including in rural markets and through a diversity of experienced multifamily lenders; and</p> <ul style="list-style-type: none"> ○ Establish a competitive multifamily market for multifamily housing guarantors engaging in multifamily covered securities. • The Director shall direct the GSEs to establish the multifamily subsidiaries within 1 year of enactment. <p><u>Transfer of Functions</u></p> <ul style="list-style-type: none"> • Notwithstanding title III or VI or any other provision of law, effective when the multifamily subsidiary is established, all employees, functions, activities, infrastructure, property, including and intellectual property, platforms, technology, or any other object or service of the GSEs necessary to the support, maintenance, and operation of the GSEs' multifamily business shall be transferred and contributed, without cost, to each GSE's multifamily subsidiary. This includes transfer of: <ul style="list-style-type: none"> ○ The Delegated Underwriting and Servicing Lender Program (Fannie Mae); and ○ Capital Market Execution Program Series K Structured 2Pass-Through Certificates originated and offered under the Program Plus Lender

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		<p>to obtain warehouse lines of credit.</p> <ul style="list-style-type: none"> • In carrying out the transferred multifamily business, the multifamily subsidiary shall ensure that any such business continues to operate, as applicable, consistent with— <ul style="list-style-type: none"> ○ The DUS and Servicing Lender Program established by Fannie Mae; ○ Any other programs, activities, and contractual agreements of the GSEs that support the GSEs’ provision of liquidity to the multifamily housing market; and ○ The provisions of this title. • Notwithstanding title VI or any other provision of law, effective on the date on which the Freddie Mac multifamily subsidiary is established, all employees, functions, activities, infrastructure, property, including the K Series Structured Pass-Through Certificates originated and offered under the Program Plus Lender Program and other intellectual property, platforms, technology, or any other object or service of Freddie Mac necessary to the support, maintenance, and operation of its multifamily business shall be transferred and contributed, without cost, to the multifamily subsidiary. • In connection with such transfer, Freddie Mac shall contribute, in any form or 		<p>Program (Freddie Mac).</p> <ul style="list-style-type: none"> • In connection with the transfer, each GSE shall contribute, in any form or manner the Director may determine, subject to the approval right of Treasury in the Senior Preferred Stock Purchase Agreement, any capital necessary to ensure that each multifamily subsidiary has, in the determination of the Director, sufficient capital to carry out its multifamily business, including the ability to obtain warehouse lines of credit. • In carrying out the transferred multifamily business, each multifamily subsidiary shall ensure that any such business continues to operate, as applicable, consistent with— <ul style="list-style-type: none"> ○ The Delegated Underwriting and Servicing Lender Program established by Fannie Mae; ○ The Capital Market Execution Program Series K Structured 2Pass-Through Certificates originated and offered under the Program Plus Lender Program established by Freddie Mac; ○ Any other programs, activities, and contractual agreements of the GSEs that support their provision of liquidity to the multifamily housing market; and ○ The provisions of this title.

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		<p>manner the FHFA may determine, subject to the approval right of Treasury in the Senior Preferred Stock Purchase Agreement, any capital necessary to ensure that the multifamily subsidiary has, in the determination of the FHFA Director, sufficient capital to carry out its multifamily business, including the ability to obtain warehouse lines of credit.</p> <ul style="list-style-type: none"> • In carrying out the transferred multifamily business, the multifamily subsidiary shall ensure that any such business continues to operate, as applicable, consistent with— <ul style="list-style-type: none"> ○ The K Series Structured Pass-Through Certificates originated and offered under the Program Plus Lender Program established by Freddie Mac; ○ Any other programs, activities, and contractual agreements of the GSEs that support the GSEs’ provision of liquidity to the multifamily housing market; and ○ The provisions of this title. <p><u>Multifamily Subsidiaries</u></p> <ul style="list-style-type: none"> • The multifamily subsidiaries established by the GSEs may retain a limited multifamily mortgage loan portfolio to— <ul style="list-style-type: none"> ○ Aggregate mortgage loans for pooled securities executions; 		<p><u>Multifamily Subsidiaries</u></p> <ul style="list-style-type: none"> • The multifamily subsidiaries may retain a limited multifamily mortgage loan portfolio to— <ul style="list-style-type: none"> ○ Aggregate mortgage loans for pooled securities executions; ○ Implement pilot mortgage loan programs and other risk-sharing transactions and product modification testing; ○ Engage in the financing of properties with rent-regulatory restrictions, off-campus student housing, and senior and assisted living developments; and ○ Perform additional activities as may be established by the Director for facilitating the continuation of existing multifamily activities. • For purposes of expeditiously meeting the purposes of the subsidiaries, the multifamily subsidiaries shall not be subject to any portfolio reduction required under title III.

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		<ul style="list-style-type: none"> ○ Implement pilot mortgage loan programs and other risk-sharing transactions and product modification testing; ○ Engage in the financing of properties with rent-regulatory restrictions, off-campus student housing, and senior and assisted living developments; and ○ Perform additional activities as may be established by the FMIC to facilitate the continuation of existing multifamily activities. ● For purposes of expeditiously meeting the multifamily market minimum criteria required under § 601, the multifamily subsidiaries shall not be subject to the portfolio reduction required under § 605. 		
Disposition of Multifamily Business		<p>§ 702 Disposition of Multifamily Businesses <u>Authority to Manage Disposition of Multifamily Businesses</u> Notwithstanding any provision of title VI or any other provision of law, FHFA may, on or before the system certification date, manage the sale, transfer, or disposition for value of property, including intellectual property, technology, platforms, and legacy systems, infrastructure and processes of a GSE relating to the operation and maintenance of the multifamily business of a GSE.</p> <p><u>Required Establishment of Well-Functioning</u></p>		<p>§ 402 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 a GSE relating to the operation and maintenance of its multifamily business. In exercising such authority, the Director shall manage any disposition of the multifamily business of a GSE in a manner consistent with—</p> <ul style="list-style-type: none"> ● The establishment of a well-functioning

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		<p><u>Multifamily Covered Security Market</u> In exercising such authority, FHFA shall manage any disposition of the multifamily business of a GSE in a manner consistent with—</p> <ul style="list-style-type: none"> • The establishment of a well-functioning multifamily covered security market; • The provision of broad access to multifamily financing; and • Facilitating competition in the multifamily covered security market by— <ul style="list-style-type: none"> ○ Providing open access to performance information on the legacy multifamily business of a GSE; ○ Providing for reasonable licensing of the multifamily proprietary systems of a GSE; and ○ Setting market share limitations, fees, or additional capital standards on multifamily business assets that were sold, transferred, or disposed. 		<p>multifamily covered security market;</p> <ul style="list-style-type: none"> • The provision of broad access to multifamily financing; and • Facilitating competition in the multifamily covered security market by— <ul style="list-style-type: none"> ○ Providing open access to performance information on the legacy multifamily business of a GSE; ○ Providing for reasonable licensing of the GSEs’ multifamily proprietary systems; and ○ Setting market share limitations, fees, or additional capital standards on multifamily business assets that were sold, transferred, or disposed.
Approval of Multifamily Guarantors / Insurance		<p>§ 703 Approval and Supervision of Multifamily Guarantors <u>Standards for Approval</u></p> <ul style="list-style-type: none"> • The FMIC shall develop, adopt, and publish standards for the approval by the FMIC of multifamily guarantors to— <ul style="list-style-type: none"> ○ Issue multifamily covered securities; and ○ Guarantee the timely payment of principal and interest on multifamily 	<p>§ 610 Multifamily Mortgage Insurance Insurance Authority Insurance for securities backed by multifamily loans shall be provided by the MIF.</p> <p><u>Deposits</u> The MIF shall be credited with any—</p> <ul style="list-style-type: none"> • Insurance fee amounts required to be deposited in the Fund by the NMFA; • G-fee amounts collected under subsection 	

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		<p>covered securities collateralized by eligible multifamily mortgage loans and insured by the FMIC.</p> <ul style="list-style-type: none"> • The standards shall include— <ul style="list-style-type: none"> ○ The financial history and condition of the multifamily guarantor; ○ A requirement that the multifamily guarantor maintain capital levels as defined by the FMIC; ○ The capability of the multifamily guarantor’s management; ○ The general character and fitness of the multifamily guarantor’s officers and directors, including their compliance history with Federal and State laws and rules and regulations of self-regulatory organizations as defined in § 3(a)(26) of the Exchange Act as applicable; ○ The risk presented by the multifamily guarantor to the MIF; ○ The adequacy of insurance and fidelity coverage of the multifamily guarantor; ○ The ability of the multifamily guarantor to— <ul style="list-style-type: none"> ▪ Ensure that eligible multifamily mortgage loans that collateralize a multifamily covered security insured under this Act are originated in compliance with the requirements of this Act; ▪ Oversee multifamily servicers 	<p>(f) of this section [there is none; apparently means (d)]; and</p> <ul style="list-style-type: none"> • Amounts earned on investments pursuant to subsection (g) of this section [there is none]. <p><u>Reserve Ratio Goals for MIF</u> The NMFA, consistent with its authority under § 203, shall endeavor to ensure that, with respect to multifamily lending and the capital dedicated to multifamily lending, the MIF attains a reserve balance—</p> <ul style="list-style-type: none"> • Of 1.25% of the sum of the outstanding principal balance of the covered securities for which insurance is being provided under this title within 5 years of the Multifamily Platform certification date, and to strive to maintain such ratio thereafter, subject to the following; and • Of 2.25% of the sum of the outstanding principal balance of the covered securities for which insurance is being provided under this title within 12 years of the Multifamily Platform certification date, and to strive to maintain such ratio at all times thereafter. <p><u>Maintenance of Reserve Ratio: Establishment of Fees</u></p> <ul style="list-style-type: none"> • The MIF shall charge and collect a g-fee in connection with any insurance provided under this title, and the NMFA 	

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		<p>and special servicers conducting servicing activities on eligible multifamily mortgage loans, which may be governed under the terms of seller-servicer guides in effect at either of the GSEs on the date of enactment; and</p> <ul style="list-style-type: none"> ▪ Oversee counterparties in credit risk-sharing transactions; ○ The capacity of the multifamily guarantor to take the first loss position, <i>pari passu</i> position, or transfer investment risk and credit risk to private market holders; ○ That the multifamily guarantor has the capacity to guarantee eligible multifamily mortgage loans in a manner that furthers the purposes of the FMIC as described in § 201(b)(5); ○ A requirement that the multifamily guarantor submit audited financial statements to the FMIC; ○ That the multifamily guarantor does not originate eligible multifamily mortgage loans and is not an affiliate of a person that actively engages in the business of originating eligible multifamily mortgage loans; and ○ A requirement that the multifamily guarantor has the capacity to meet the requirement of § 704. 	<p>may in its discretion increase or decrease such fee, to—</p> <ul style="list-style-type: none"> ○ Achieve and maintain the reserve ratio goals; and ○ Fund the operations of the NMFA relating to multifamily lending. • In exercising such g-fee, the NMFA shall consider— <ul style="list-style-type: none"> ○ The expected operating expenses of the MIF relating to multifamily lending; ○ The risk of loss to the MIF in carrying out the requirements under this title; ○ The nature and level of the credit enhancement that private market entities are providing pursuant to the minimum loss-sharing requirement in § 611; ○ Economic conditions generally affecting the mortgage markets; ○ The extent to which the reserve ratio of the MIF relating to multifamily lending met— <ul style="list-style-type: none"> ▪ The reserve ratio set for the preceding 12-month period; or ▪ The reserve ratio goals; and ○ Any other factor that the NMFA determines appropriate. <p>§ 611 Catastrophic Insurance Authority Subject to the minimum loss-sharing</p>	

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		<ul style="list-style-type: none"> • To promote consistency and minimize regulatory conflict, the FMIC shall consult and coordinate with appropriate Federal and State regulators and officials when developing these standards. <p><u>Application and Approval</u></p> <ul style="list-style-type: none"> • The FMIC shall establish an application process, in such form and manner and requiring such information as the FMIC may require, for the approval of multifamily guarantors under this section. <ul style="list-style-type: none"> ○ The FMIC shall establish internal timelines for its processing of applications under this section, including timelines for any action to approve or to deny an application under this section. ○ Only a separately capitalized affiliate of an insured depository institution may be eligible to apply to become an approved multifamily guarantor. This shall not be construed to prohibit or otherwise restrict an entity that is not an insured depository institution from seeking to become an approved multifamily guarantor. ○ The FMIC may establish an expedited application process for an applicant applying to become an approved multifamily guarantor, 	<p>requirement below, the NMFA shall, upon application and in exchange for a fee in accordance with § 610, insure the timely payment of principal and interest on a covered multifamily security with respect to losses that may be incurred on such security.</p> <p><u>Minimum Loss-Sharing Requirement</u> Prior to making any such commitment to provide insurance, the NMFA shall ensure that private market entities have agreed to take, in writing, in a form and manner acceptable to the NMFA—</p> <ul style="list-style-type: none"> • The first at least 10% of losses on a pool of eligible multifamily mortgages collateralizing a covered multifamily security; • Losses on a covered multifamily security equal to at least 15% of the total losses on such security, subject to a <i>pari passu</i> loss-sharing agreement; or • At least a comparable amount of losses on a covered multifamily security, as determined by the NMFA. <p><u>Insurance in Severe Market Downturns</u> If the NMFA, in consultation with the Federal Reserve, Treasury, and HUD, determines that unusual and exigent circumstances have created or threatened to create an anomalous lack of mortgage credit availability within the housing markets that could materially and</p>	

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		<p>provided that any such applicant—</p> <ul style="list-style-type: none"> ▪ Proposes to use a credit risk-sharing mechanism approved under subsection (c); and ▪ Otherwise meets the requirements of this section. <ul style="list-style-type: none"> • The FMIC may approve any application, provided the multifamily guarantor meets the established standards. • The FMIC shall have authority to deny any application if an officer or director of the multifamily guarantor has, at any time before approval been subject to a statutory disqualification pursuant to § 3(a)(39) of the Exchange Act or suspended, removed, or prohibited under FDIA § 8(g), prohibited pursuant to FDIA § 8(e)(6) or (7), subject to an action resulting in a written agreement or statement under FDIA § 8(u)(1), for which a violation may be enforced by an appropriate Federal banking agency, or subject to any final order issued under FDIA § 8. • The FMIC shall— <ul style="list-style-type: none"> ○ Provide prompt notice to a multifamily guarantor of the approval or denial of any application of the multifamily guarantor to become an approved multifamily guarantor under this section; ○ Publish a notice in the Federal 	<p>severely disrupt the functioning of the multifamily housing finance system of the U.S., the NMFA may provide insurance to any covered multifamily security regardless of whether such security has satisfied the minimum loss-sharing requirements, provided that the NMFA adjusts the g-fee paid to the MIF and capital requirements for the multifamily platform accordingly to protect taxpayers against the additional risk to the Fund, consistent with § 202.</p> <p><u>Full Faith and Credit</u> The full faith and credit of the U.S. is pledged to the payment of all amounts which may be required to be paid under any insurance provided under this section.</p> <p><u>Prohibition on Cross-Subsidization</u> Multifamily lenders shall not be required to recapitalize the Issuer as a result of a loss due to risks from single-family lending. Single-family lenders shall not be required to recapitalize the Issuer as a result of losses due to multi-family lending.</p> <p>§ 612 Exemptions</p> <ul style="list-style-type: none"> • Consistent with § 205(c), the Multifamily Platform shall be exempt from all taxation imposed by the U.S., any territory, dependency, or possession of the U.S. or any State, county, municipality, or local taxing authority. 	

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		<p>Register upon approval of any multifamily guarantor; and</p> <ul style="list-style-type: none"> ○ Maintain an updated list of approved multifamily guarantors on its website. <p><u>Credit Risk-Sharing Mechanisms</u></p> <ul style="list-style-type: none"> • The FMIC shall— <ul style="list-style-type: none"> ○ Consider and approve credit risk-sharing mechanisms that may be employed by an approved multifamily guarantor to manage the credit risk related to guarantees provided for multifamily covered securities; and ○ Approve any credit risk-sharing mechanism undertaken by a GSE as of the date of enactment of this Act, including— <ul style="list-style-type: none"> ▪ The Delegated Underwriting and Servicing Lender Program established by Fannie Mae; ▪ The K Series Structured Pass-Through Certificates originated and offered under the Program Plus Lender Program established by Freddie Mac; ▪ Any other program, activity, or contractual agreement of a GSE that supports the GSE’s provision of liquidity to the multifamily housing market; and ▪ Any credit risk-sharing 	<p>All covered multifamily securities insured or guaranteed by the NMFA shall, to the same extent as securities that are direct obligations of or obligations guaranteed as to principal or interest by the U.S., be deemed to be exempt securities within the meaning of the laws administered by the SEC.</p>	

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		<p>mechanism based on such credit risk-sharing mechanisms undertaken by a GSE as of enactment, with modifications approved by the FMIC;</p> <ul style="list-style-type: none"> • This shall not be construed to— <ul style="list-style-type: none"> ○ Prevent private market holders from taking a first loss position on multifamily covered securities guaranteed by an approved multifamily guarantor; or ○ Limit an approved multifamily guarantor from engaging in other forms of risk sharing using mechanisms that have not been considered or approved by the FMIC. • Each report required by § 302(b)(5) shall include a description of each credit risk-sharing mechanism approved by the FMIC pursuant to this subsection. • The FMIC shall— <ul style="list-style-type: none"> ○ Provide prompt notice to any person seeking approval for a credit risk-sharing mechanism of the approval or denial of that credit risk-sharing mechanism under this section; and ○ Make available on the FMIC’s website updated information regarding approved credit risk-sharing mechanisms. • No counterparty that enters into a swap, as defined by § 1a of the Commodity 		

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		<p>Exchange Act, for purposes of structuring any credit risk-sharing mechanism that is approved by the FMIC pursuant to this section, which credit risk-sharing mechanism is designed to be used or is used by a private market holder to assume losses and to reduce the specific risks arising from losses realized under such credit risk-sharing mechanism associated with any multifamily covered security insured in accordance with §§ 303 or 305, shall be deemed, by reason of such swap transaction, to be a commodity pool, as defined in § 1a of the CEA. Before approving any credit risk-sharing mechanism that would be exempt from the CEA, the FMIC shall consult with the CFTC.</p> <ul style="list-style-type: none"> • Any credit risk-sharing mechanism that is approved by the FMIC pursuant to this section, which credit risk-sharing mechanism is designed to be used or is used by a private market holder to assume losses and to reduce the specific risks arising from losses realized under such credit risk-sharing mechanism associated with any multifamily covered security insured in accordance with § 303 or § 305, shall be exempt from § 27B of the Securities Act of 1933. Before approving any credit risk-sharing mechanism that would be exempt from § 27B, the FMIC shall consult with the SEC. 		

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		<p><u>Requirement to Maintain Approval Status</u></p> <ul style="list-style-type: none"> • If the FMIC determines that an approved multifamily guarantor approved 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 FMIC may— <ul style="list-style-type: none"> ○ Suspend or revoke the approved status of the approved multifamily guarantor; or ○ Take any other action with respect to such approved multifamily guarantor as may be authorized under this Act. • The suspension or revocation of the approved status of an approved multifamily guarantor shall have no effect on the status as a multifamily covered security of any multifamily covered security collateralized by eligible multifamily mortgage loans with which the approved multifamily guarantor contracted before the suspension or revocation. • The FMIC shall— <ul style="list-style-type: none"> ○ Promptly publish a notice in the Federal Register upon suspension or revocation of the approval of any approved multifamily guarantor; and ○ Maintain an updated list of such 		

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		<p>approved multifamily guarantors on the website of the FMIC.</p> <ul style="list-style-type: none"> • 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. <p><u>Prudential Standards for Supervision</u> The FMIC shall prescribe prudential standards for approved multifamily guarantors in order to—</p> <ul style="list-style-type: none"> • Ensure— <ul style="list-style-type: none"> ○ The safety and soundness of approved multifamily guarantors; and ○ The maintenance of approval standards by approved multifamily guarantors; and • Minimize the risk presented to the MIF. <p><u>Reports and Examinations</u> For purposes of determining whether an approved multifamily guarantor is fulfilling the requirements under this Act, the FMIC shall have the authority to require reports from and examine approved multifamily guarantors, in the same manner and to the same extent as the FDIC has with respect to insured depository institutions under FDIA§ 9(a).</p>		

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		<p><u>Enforcement</u> The FMIC shall have the authority to enforce the provisions of this Act with respect to approved multifamily guarantors, in the same manner and to the same extent as the FDIC has with respect to insured depository institutions under FDIA § 8(b) through (n).</p> <p><u>Capital Standards</u></p> <ul style="list-style-type: none"> • Pursuant to the requirement to establish capital and related solvency standards under § 309(b), the FMIC shall establish standards for approved multifamily guarantors as follows— <ul style="list-style-type: none"> ○ The capital standard for eligible multifamily mortgage loans that collateralize FMIC-insured multifamily covered securities shall require an approved multifamily guarantor to hold 10% capital. ○ An approved multifamily guarantor shall hold capital in an amount comparable to that required to be held by insured depository institutions and their affiliates with respect to their applicable aggregating activities. ○ An approved multifamily guarantor shall maintain solvency levels adequate for it to withstand losses that it might incur in a period of economic stress, including national 		

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		<p>and regional multifamily housing price declines, such as those observed during moderate to severe recessions in the U.S.</p> <ul style="list-style-type: none"> • For the purpose of the 10% requirement, the FMIC shall consider the extent, amount, and form of risk-sharing and risk mitigation through the use by approved multifamily guarantors of credit risk-sharing mechanisms approved pursuant to § 703(c). The FMIC shall allow such risk sharing and risk mitigation to fulfill required amounts of capital to be held while maintaining an appropriate structure of capital as determined by the FMIC. • For purposes of the 10% requirement, the FMIC shall seek to ensure equivalent capital treatment between approved credit risk-sharing mechanisms with similar performance histories. • To reflect the differences between single-family and multifamily businesses, the capital standards may differ from the capital standards established under § 311 for approved guarantors. • The FMIC shall conduct appropriate stress tests of approved multifamily guarantors that have total assets of more than \$10,000,000,000, provided that such stress tests shall be— <ul style="list-style-type: none"> ○ Specifically tailored to the business 		

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		<p>model of the approved multifamily guarantor; and</p> <ul style="list-style-type: none"> ○ Utilized to— ○ Ensure the safety and soundness of the approved multifamily guarantor; and ○ Minimize the risk the approved multifamily guarantor may present to the MIF. <p><u>Resolution Authority for Failing Multifamily Guarantors</u></p> <ul style="list-style-type: none"> • Notwithstanding any other provision of Federal law, the law of any State, or the constitution of any State, the FMIC shall— <ul style="list-style-type: none"> ○ Have the authority to act, in the same manner and to the same extent, with respect to an approved multifamily guarantor as the FDIC has with respect to insured depository institutions under 12 U.S.C. §§ 1821(c) through (s), 1822, and 1823 [conservatorship and receivership authority], while tailoring such actions to the specific business model of the approved guarantor, as may be necessary to properly exercise such authority under this subsection; ○ In carrying out any such authority, act, in the same manner and to the same extent, with respect to the MIF 		

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		<p>as the FDIC may act with respect to the Deposit Insurance Fund under such FDIA authorities;</p> <ul style="list-style-type: none"> ○ Prescribe regulations governing the applicable rights, duties, and obligations of an approved multifamily guarantor placed into resolution under this section, its creditors, counterparties, and other persons, as FMIC deems necessary to properly exercise its conservatorship and receivership authority; ○ Consistent with such FDIA authorities provided to the FMIC, immediately place an insolvent approved multifamily guarantor into receivership; and ○ Upon placing an approved multifamily guarantor into receivership, treat FMIC-insured multifamily covered securities in the same manner as the FDIC treats deposit liabilities under FDIA § 11(d)(11)(A)(ii) and insured deposits under § 11(f), where the FMIC shall have the same right of subrogation as the FDIC has under § 11(g). <ul style="list-style-type: none"> • The FMIC may not exercise any such authority with respect to any approved multifamily guarantor unless the total amount of the expenditures by the FMIC and obligations incurred by the FMIC in 		

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		<p>connection with the exercise of any such authority with respect to such approved multifamily guarantor is the least costly to the MIF, consistent with the least cost approach specified in the FDIA, of all possible methods for meeting the FMIC's obligations under this Act and expeditiously concluding its resolution activities, subject to FDIA § 13 where the FMIC and Board of Directors have the same authority as the FDIC and its board.</p> <ul style="list-style-type: none"> • The FMIC, in carrying out any authority provided in this subsection, shall prescribe regulations to ensure that any amounts owed to the U.S., unless the U.S. agrees or consents otherwise, shall have priority following administrative expenses of the receiver when satisfying unsecured claims against an approved multifamily guarantor, or the receiver therefor, that are proven to the satisfaction of the receiver. <p><u>Hearing</u> Upon notice of denial of an application for approval or upon a notice of suspension or revocation of the approved status of an approved multifamily guarantor, the applicant or approved multifamily guarantor shall be afforded a hearing under FDIA § 8(h) in the same manner and to the same extent as if the FMIC were the appropriate Federal banking agency, provided that the approved</p>		

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		<p>multifamily guarantor submits a request to the FMIC for a hearing not later than 10 days after the date on which the notice of denial, suspension, or revocation is published.</p> <p><u>Prohibited Activity</u> An approved multifamily guarantor may not:</p> <ul style="list-style-type: none"> • Originate eligible multifamily mortgage loans; or • Be an affiliate of a person that actively engages in the business of originating eligible multifamily mortgage loans. <p><u>Guarantors Required to Pay Claims</u> Subject to such standards as the FMIC may provide, an approved multifamily guarantor may not for any reason withhold payment of funds that would ensure holders of multifamily covered securities receive timely payment of principal and interest on multifamily covered securities. The FMIC shall by regulation develop a process for the mediation and resolution of disputed payment amounts.</p>		
Multifamily Housing Requirement		<p>§ 704 Multifamily Housing Requirement In General Each approved multifamily guarantor shall ensure, during each calendar year, that at least 60% of the rental housing units which are contained in the eligible multifamily mortgage loans that collateralize all multifamily covered securities guaranteed by each such approved</p>		

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		<p data-bbox="919 287 1413 375">multifamily guarantor during the previous 24-month period were, at the time of origination, affordable to low-income families.</p> <p data-bbox="919 407 1360 467"><u>Determination of Affordability of Rental Housing Units</u></p> <p data-bbox="919 472 1413 618">For these purposes, the affordability of rental housing units contained in an eligible multifamily mortgage loan shall be determined at the time of loan commitment by using—</p> <ul data-bbox="919 623 1413 776" style="list-style-type: none"> <li data-bbox="919 623 1413 683">• The most recent rent roll for an occupied property; or <li data-bbox="919 688 1413 776">• In the case of rental housing units that are newly constructed or substantially rehabilitated, a final <i>pro-forma</i> rent roll. <p data-bbox="919 808 1241 834"><u>Determination of Compliance</u></p> <ul data-bbox="919 839 1413 1261" style="list-style-type: none"> <li data-bbox="919 839 1413 959">• The FMIC shall determine, during each calendar year, whether each approved multifamily guarantor has complied with the affordability requirement. <li data-bbox="919 964 1413 1261">• The FMIC may suspend or adjust the affordability requirement for an approved multifamily guarantor or guarantors— <ul data-bbox="970 1057 1360 1261" style="list-style-type: none"> <li data-bbox="970 1057 1360 1177">○ During a period of unusual and exigent market conditions in the multifamily housing market as determined pursuant to § 305; or <li data-bbox="970 1182 1360 1261">○ Either— <ul data-bbox="1016 1208 1319 1261" style="list-style-type: none"> <li data-bbox="1016 1208 1319 1261">▪ Pursuant to information available to the FMIC 		

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		<p>demonstrating adverse market conditions in the multifamily housing market; or</p> <ul style="list-style-type: none"> ▪ Pursuant to a written request to suspend or adjust the requirement made by an approved multifamily guarantor, which the FMIC may grant in whole or in part. <ul style="list-style-type: none"> • The FMIC may suspend or adjust the affordability requirement only if— <ul style="list-style-type: none"> ○ Market and economic conditions require such an action; or ○ Efforts to meet the requirement would result in— <ul style="list-style-type: none"> ▪ The constraint of liquidity in certain market segments; ▪ Over-investment in certain market segments; or ▪ Other consequences contrary to the intent of this section. <p>The FMIC shall narrowly tailor any such suspension or adjustment to address the market conditions that prompted the suspension or adjustment.</p> <ul style="list-style-type: none"> • The FMIC shall, promptly upon a decision to pursue a suspension or adjustment or upon receipt of a suspension or adjustment request, seek public comment for a period of 30 days. The FMIC shall make a determination regarding any proposed suspension or 		

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		<p>adjustment within 30 days after the public comment period. The FMIC may extend the determination period for a single additional 15-day period, but only if the FMIC requests additional information from the regulated entity or approved multifamily guarantor.</p> <ul style="list-style-type: none"> • The FMIC shall review any suspension or adjustment at least annually to determine whether it satisfies the suspension or adjustment criteria. • The FMIC shall not less than annually, publish a list of all suspensions and adjustments, and seek public comment as to the continued necessity of such suspensions or adjustments. <p><u>Mixed Income Liquidity Study and Review</u></p> <ul style="list-style-type: none"> • Not later than 2 years after enactment, and periodically or as market conditions warrant thereafter, the FMIC shall conduct a study of liquidity in the market for financing the new construction or substantial rehabilitation of mixed-income properties containing multifamily units that— <ul style="list-style-type: none"> ○ Otherwise qualify under the affordability requirement under § 704(a); and ○ Are financed by tax-exempt bonds that are issued by a State or local housing finance agency. 		

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		<ul style="list-style-type: none"> • The FMIC may adjust the affordability requirement under § 704(a), subject to the procedures provided under § 704(d)(2) through (5) for suspension or adjustment, if the FMIC finds based on a such study that— <ul style="list-style-type: none"> ○ Liquidity is constrained in the market for eligible multifamily mortgage loans for such mixed-income properties; and ○ It is necessary to foster liquidity in that market. <p><u>Rule of Construction</u> Nothing in this section shall be construed to authorize the FMIC to require an approved multifamily guarantor to exceed the 60% requirement of § 704(a).</p> <p><u>Definitions: Applicability to GSEs</u> In this section—</p> <ul style="list-style-type: none"> • <i>Approved multifamily guarantor</i> includes an enterprise or any multifamily subsidiary established pursuant to § 701; • <i>Multifamily covered security</i> includes a multifamily MBS guaranteed by a GSE or any multifamily subsidiary established pursuant to § 701; and • <i>Eligible multifamily mortgage loan</i> includes a multifamily mortgage loan collateralizing a security guaranteed by a GSE or any multifamily subsidiary 		

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		established pursuant to § 701.		
Small Multifamily Properties		<p>§ 705 Establishment of Small Multifamily Property Program Pilot Program</p> <p>The FMIC shall establish at least 1 pilot program, to be administered by the Office of Multifamily Housing, in consultation with the Office of Consumer and Market Access, to test and assess methods or products designed to increase secondary mortgage market access for multifamily properties comprised of not more than 50 units or with mortgages not exceeding \$3 million (adjusted for inflation).</p> <p><u>Activities</u></p> <p>In administering the pilot program, the FMIC shall—</p> <ul style="list-style-type: none"> • Review, and may approve, proposals from regulated entities or approved multifamily guarantors, including proposals focused on lending by small business lenders, to participate in the pilot program by carrying out activities to decrease barriers to secondary mortgage market access for multifamily properties comprised of not more than 50 units or with mortgages not exceeding \$3 million (adjusted for inflation) through new risk-sharing, partnerships, or other mechanisms or incentives; and • Establish requirements governing the activities of the pilot program, including 		

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		<p>requirements with respect to—</p> <ul style="list-style-type: none"> ○ Any mid-course alterations of activities permitted under the pilot program, information sharing, reporting, and evaluation of the results of a pilot program; and ○ The tracking of any allocations of amounts from the Market Access Fund. <p><u>Use of Market Access Fund</u> A regulated entity or approved multifamily guarantor that submits a proposal may request, as part of the proposal, allocations from the Market Access Fund as necessary to support its proposed activities.</p> <p><u>Amendments to Pilot Program</u> The FMIC may amend such a pilot program as needed to accommodate the multifamily mortgage market.</p> <p><u>Publication</u> The FMIC shall make publicly available the results of such a pilot program.</p> <p><u>Requirement</u> The FMIC shall consider the results of such a pilot program for purposes of expanding and implementing new mechanisms to decrease barriers to secondary mortgage market access for multifamily properties comprised of not more than 50 units or with mortgages not</p>		

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		<p>exceeding \$3 million (adjusted for inflation).</p> <p><u>Limitation on Funding</u> The FMIC may not use funds from the MIF to fund any pilot program activities conducted by a regulated entity or approved multifamily guarantor under this section.</p>		
Multifamily Housing Study		<p>§ 706 Multifamily Housing Study The Office of Multifamily Housing established shall conduct a study on the expansion of the FHLBs Acquired Member Assets programs to eligible multifamily mortgage loans.</p>		
Multifamily Housing Platform		<p>§ 707 Multifamily Platform Study In General Not later than 18 months after the system certification date, the FMIC shall conduct a study on the need, feasibility, costs, and merits of creating a cooperatively-owned, nonprofit multifamily issuance platform to securitize eligible multifamily mortgage loans.</p> <p><u>Content of Study</u> The study shall address—</p> <ul style="list-style-type: none"> • Competition between existing approved multifamily guarantors; • The barriers to entry for new multifamily guarantors; • The costs associated with developing a new platform; • The funding of smaller-balance multifamily mortgage loans, including 	<p>§ 604 Establishment of Multifamily Platform In General The Issuer shall establish a separate group or entity within the Issuer to be known as the Multifamily Platform.</p> <p><u>Purposes</u> The purpose of the Multifamily Platform is to—</p> <ul style="list-style-type: none"> • Foster liquid, efficient, competitive, and resilient national multifamily housing finance markets; • Purchase, pool, and securitize eligible multifamily mortgages from approved multifamily lenders, and otherwise facilitate the issuance of covered multifamily securities; • Ensure equitable access to the secondary 	

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		<p>mortgage loans originated by credit unions and community and mid-size banks and other small-volume lenders in rural and other underserved communities;</p> <ul style="list-style-type: none"> • Standardized definitions and reporting and payment requirements; • Stability in the multifamily lending market in times of stress; and • Such other information as the FMIC determines appropriate to further the purpose of the study. <p><u>Consideration</u> In conducting the study, the FMIC shall consider whether any identified need to establish a multifamily securitization platform can and will be met by the Platform established under § 321, or any subsidiary or affiliate thereof.</p> <p><u>Report To Congress</u> Not later than 18 months after the system certification date, the FMIC shall submit the study to the Senate Banking and House Financial Services Committees.</p>	<p>mortgage market for all markets, including rural and underserved markets;</p> <ul style="list-style-type: none"> • Facilitate credit loss mitigation on eligible multifamily mortgages; • Collect a g-fee in connection with any guarantee of timely payment of principal and interest on covered multifamily securities under this title; and • Provide a stable source of liquidity for the national multifamily housing markets in severe market downturns. <p><u>Authorized Activities</u> The Multifamily Platform is authorized to—</p> <ul style="list-style-type: none"> • Purchase, service, sell, lend on the security of, and otherwise deal in eligible multifamily mortgages and covered multifamily securities, pursuant to commitments or otherwise; • Purchase insurance on a covered multifamily security from the NMFA under § 611; • Purchase, sell, receive, hold, and use real and personal property, and other assets necessary for the conduct of its operations; • Create, accept, execute, and otherwise administer in all respects such trusts as may be necessary to conduct the business of the Multifamily Platform; • Through the Issuer, issue covered multifamily securities; and 	

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			<ul style="list-style-type: none"> • Perform all other functions and services as are necessary or incidental to the proper conduct of its business under this Act. <p><u>Authority to Delegate Certain Functions to Members</u> The Multifamily Platform may, in accordance with regulations promulgated by the NMFA, delegate underwriting and servicing functions that the Multifamily Platform is authorized to perform under this title, to approved multifamily lenders.</p> <p><u>Multiple Forms of Loss-Sharing Deals Required to be Completed Each Year</u> The NMFA may require the Multifamily Platform to issue minimum amount, as determined by the NMFA, of covered multifamily securities each year which satisfy the minimum loss-sharing requirement under § 611(b).</p> <p><u>Affordability</u> In any year, to the maximum extent practicable, at least 60% of the total dwelling units financed by mortgages purchased by the Multifamily Platform must be affordable to households earning not in excess of 80% of area median income, with adjustments for smaller and larger households as determined by the NMFA. The NMFA shall promulgate regulations to implement the requirements of</p>	

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			<p>this section.</p> <p>§ 605 Transition <u>In General</u> In accordance with the transition schedule established below, the NMFA shall transfer the appropriate functions, activities, infrastructure, property, including intellectual property, platforms, or any other object or service of a GSE relating to the multifamily guarantee business of a GSE, to the Multifamily Platform.</p> <p><u>Transition Schedule</u> Not later than 12 months after the date of enactment of this Act, the NMFA shall develop and publish a schedule for transferring the systems, personnel, and assets of the GSEs' multifamily businesses to the Multifamily Platform. In developing the transition schedule, the NMFA shall seek, to the maximum extent possible, to minimize disruptions to the multifamily housing finance markets, and to preserve the going concern value of the GSEs' multifamily businesses. The transition schedule developed under this subsection shall establish a Multifamily Platform certification date.</p> <p><u>Initial Capitalization Amount</u> Not later than 15 months after the date of enactment, the NMFA shall publish an Initial Capitalization Amount, which shall represent</p>	

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			<p>the capitalization that the NMFA determines the portion of the Issuer or such separate entity as the Issuer shall establish relating to the Multifamily Platform will require to begin operations, in accordance with the transition schedule, on the Multifamily Platform certification date.</p> <p><u>Initial Capitalization Fund</u> Not later than 3 months after the NMFA publishes the Initial Capitalization Amount, the NMFA shall establish a segregated fund, to be known as the Initial Capitalization Fund. Beginning in the next calendar quarter after the Initial Capitalization Fund is established, the NMFA shall direct the GSEs to set aside and transfer, on a quarterly basis, the total net income attributable to each GSE’s multifamily business to the Initial Capitalization Fund, until the GSEs have collectively transferred to the Initial Capitalization Fund an amount equal to the Initial Capitalization Amount. On the Multifamily Platform certification date, the NMFA shall transfer the funds held in the Initial Capitalization Fund to the Issuer.</p> <p>§ 606 Membership <u>Eligibility</u> Eligibility to participate as a member in the Multifamily Platform shall be limited to insured depository institutions and non-depository mortgage originators that—</p> <ul style="list-style-type: none"> • Are, on the Multifamily Platform 	

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			<p>certification date, eligible to participate in either Freddie Mac’s Program Plus Lender Program or Fannie Mae’s Delegated Underwriting and Servicing Lender Program; or</p> <ul style="list-style-type: none"> • Meet the standards established by the NMFA below. <p><u>Standards for Approved Multifamily Lenders</u> The NMFA shall develop, adopt, and publish standards for the approval by the Multifamily Platform of lenders to participate as members of the Multifamily Platform, which shall include standards with respect to—</p> <ul style="list-style-type: none"> • The underwriting practices, procedures, and controls of the lender; • The financial history and condition of the lender; • The lender’s ability to originate loans in different geographical markets, as well as the lender’s ability to originate small multifamily loans; • The general character and fitness of the lender’s management; and • Any other standard the NMFA determines necessary or appropriate. <p><u>Review, Suspension or Revocation of Approved Status</u></p> <ul style="list-style-type: none"> • The Issuer, or the NMFA, shall have the authority to review the status of any approved multifamily lender. 	

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			<ul style="list-style-type: none"> • If the Issuer or the NMFA determines, in such a review, that an approved multifamily lender no longer meets the standards for approval, the NMFA may suspend or revoke the approved status of such lender. • The suspension or revocation of an approved multifamily lender’s approved status shall have no effect on the status of any covered multifamily security. • An approved multifamily lender may appeal a decision of the Issuer or NMFA suspending or revoking the approved status of such servicer. <p><u>Nationwide Network of Multifamily Mortgage Lenders; Small Multifamily Mortgage Loans</u> The Multifamily Platform shall, to the maximum extent practicable, ensure that its membership provides the Multifamily Platform with access to a broad, nationwide network of multifamily mortgage lenders, which shall include a substantial number of approved multifamily lenders that—</p> <ul style="list-style-type: none"> • Predominantly originate multifamily mortgage loans with a maximum original principal obligation amount that does not exceed \$3 million, or \$5 million in an area that is subject to a high cost area mortgage limit under title II of the National Housing Act (12 U.S.C. 1707 et seq.); or 	

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			<ul style="list-style-type: none"> • Make a significant volume of such loans, as determined by the NMFA. <p>§ 607 Governance of Multifamily Platform Board of Directors <u>Board of Directors</u> The management of the Multifamily Platform shall be vested in the board of directors of the Issuer, which shall include directors that represent Multifamily Platform members, as determined by the NMFA.</p> <p><u>Advisory Board</u> There is established an Advisory Board for the Multifamily Platform, which shall be comprised of—</p> <ul style="list-style-type: none"> • Members elected by the approved multifamily lenders, and who shall comprise at least the majority of the members of the Advisory Board; and • Independent members, appointed by the NMFA, who shall comprise not fewer than 1/5 of the members of the Advisory Board, of which— <ul style="list-style-type: none"> ○ Not less than one member shall have professional or academic experience in low-income or very low-income multifamily housing; ○ Not less than one member shall have professional or academic experience in rural multifamily housing; and ○ Not less than one member shall have professional or academic experience 	

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			<p>in the financing of small multifamily housing loans.</p> <p><u>No Preferences for Size</u> Approved multifamily lenders shall have equal voting rights on Advisory Board members and Issuer board members that represent the Multifamily Platform, regardless of the size of the individual approved multifamily lender.</p> <p><u>Impartial Administration</u> The board of directors of the Issuer shall administer the affairs of the Multifamily Platform fairly and impartially and without discrimination.</p> <p>§ 608 Capitalization; Funding <u>Capital Structure Plan</u> Not later than 2 years after enactment, the NMFA shall, by regulation, establish a capital structure plan for the Multifamily Platform, which shall include—</p> <ul style="list-style-type: none"> • A requirement that each member maintain a minimum capital contribution to the Multifamily Platform, the amount of which shall be determined by the NMFA, taking into account the minimum capital requirements under subsection (b); • A requirement that each member contribute an amount of capital to the Multifamily Platform based on either— 	

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			<ul style="list-style-type: none"> ○ The volume of eligible multifamily mortgages that such member sells or submits for a guarantee through to the Multifamily Platform; or ○ The percentage of the unpaid principal balance of the Multifamily Platform’s total new business purchases for which the member is responsible; and • A requirement that each member maintain a minimum capital contribution to the Multifamily Platform. <p><u>Minimum Capital Requirements</u> The NMFA shall, by regulation, establish risk-based capital requirements for the Multifamily Platform that ensure that the Multifamily Platform operates in a safe and sound manner, and maintains sufficient capital and reserves to support the operations of the Multifamily Platform during severe market downturns, as defined in § 611(c).</p> <p><u>Authority to Establish Membership Fees</u> The Issuer shall have the authority to establish, charge, and collect fees, and in its discretion increase or decrease such fees, on members of the Multifamily Platform, in order to cover the costs of the continued operation of the Multifamily Platform.</p> <p>§ 609 Oversight of Multifamily Platform <u>Deputy Director</u></p>	

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			<p>There is established within the NMFA the position of Deputy Director, who shall—</p> <ul style="list-style-type: none"> • Be responsible for the Division of Multifamily Lending; • Be designated by the Director of NMFA; and • Have a demonstrated understanding of financial management or oversight, and have a demonstrated understanding of the multifamily housing finance system. <p><u>Prudential Supervision of Multifamily Platform</u></p> <p>The NMFA shall establish, by regulation or guideline, prudential standards for the Multifamily Platform relating to—</p> <ul style="list-style-type: none"> • The safe and sound operation of the Multifamily Platform, including— <ul style="list-style-type: none"> ○ Risk-based capital requirements; ○ Management of the Multifamily Platform’s risk exposures, including market, credit, interest rate, liquidity, and operational risk exposures; and ○ Adequate and well-tested disaster recovery and business resumption plans for all major systems; • Minimum underwriting criteria for eligible multifamily mortgages, which may include criteria based on— <ul style="list-style-type: none"> ○ The LTV of a multifamily mortgage; and ○ The applicable debt service coverage 	

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			<p>ratio of a multifamily mortgage;</p> <ul style="list-style-type: none"> • The adequacy and independence of internal controls, including processes and policies to identify, monitor, and control credit and counterparty risk, including concentrations of counterparty risk; • The adequacy and maintenance of liquidity reserves, which shall include a requirement that the Multifamily Platform maintain an adequate reserve of unencumbered, high quality liquid assets, which reserve shall be sufficient to support— <ul style="list-style-type: none"> ○ The Multifamily Platform’s portfolio investments in eligible multifamily mortgages and covered multifamily securities; and ○ The continued operation of the Multifamily Platform in the event that the NMFA orders a recapitalization of the Multifamily Platform; • Procedures for recapitalization, including the exercise of the right to require additional capital from approved multifamily lenders; • Investments and acquisitions of assets by the Multifamily Platform; and • Maintenance of adequate records. <p><u>Reports by and Examinations of Multifamily Platform</u></p>	

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			<ul style="list-style-type: none"> • The NMFA may require, by general or specific orders, the Multifamily Platform to submit reports, including financial statements, to keep the NMFA informed as to— <ul style="list-style-type: none"> ○ The condition (including financial condition), management, activities, or operations of the Multifamily Platform, any approved multifamily lender, approved servicer, or any other regulated entity, as the NMFA considers appropriate; and ○ Compliance by the Multifamily Platform, any approved multifamily lender, approved servicer, or any other regulated entity, with the requirements of this title. • The NMFA may also require, by general or specific orders, the Multifamily Platform, any approved multifamily lender, approved servicer, or any other regulated entity, to submit special reports on any of such report topics or any other relevant topics, if, in the judgment of the NMFA, such reports are necessary to carry out the purposes of this title. • The NMFA may conduct examinations of the Multifamily Platform or any subsidiary whenever the NMFA determines that an examination is necessary or appropriate, to keep the NMFA informed as to— 	

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			<ul style="list-style-type: none"> ○ The nature of the operations and financial condition of the Multifamily Platform or any subsidiary; ○ The financial, operational, and other risks of the Multifamily Platform that may disrupt the liquid, efficient, competitive, and resilient national multifamily housing finance markets; and ○ Compliance by the Multifamily Platform with the requirements of this title. <p><u>Delegated Functions</u></p> <ul style="list-style-type: none"> • When the Multifamily Platform delegates to an approved multifamily lender the performance of any functions or services authorized to be performed by the Multifamily Platform under this title— <ul style="list-style-type: none"> ○ Such performance shall be subject to regulation and examination by the NMFA to the same extent as if such services were being performed by the Multifamily Platform; and ○ The Multifamily Platform shall promptly notify the NMFA of such delegation of functions or services to an approved multifamily lender. • The NMFA is authorized to issue such regulations and orders as may be necessary to enable the NMFA to 	

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			<p>administer and to carry out the purposes of this section and to prevent evasions thereof.</p> <p><u>Authority to Require Recapitalization</u> If the NMFA determines that the Multifamily Platform is in danger of depleting the capital dedicated to the Multifamily Platform due to defaults on multifamily lending, the NMFA shall order the Multifamily Platform to submit a plan for rebuilding the capital dedicated to multifamily lending.</p> <p><u>Responsibility to Ensure Broad Market Access</u> The NMFA shall develop and enforce standards which ensure that the Multifamily Platform is serving, to the maximum extent practicable and consistent with the safe and sound operation of the Multifamily Platform, broad market access, consistent with section 215, including access for underserved markets, including public, federally assisted, and tax credit funded housing, and rural areas. In developing and enforcing such standards, the NMFA may not impose on the Multifamily Platform numerical quotas of specific multifamily mortgage originations.</p> <p><u>Limitations on Portfolio of Multifamily Platform</u> Subject to § 214, the NMFA shall establish limitations on the Multifamily Platform's</p>	

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			<p>ability to hold eligible multifamily mortgages and covered multifamily securities on its balance sheet, which shall take into account the need for the Multifamily Platform to—</p> <ul style="list-style-type: none"> • Aggregate eligible multifamily mortgages to be securitized in a covered multifamily security; • Engage in appropriate credit loss mitigation with respect to an eligible multifamily mortgage that is collateralizing a covered multifamily security; • Facilitate a reasonably liquid and orderly market for covered multifamily securities; and • Facilitate transactions involving affordable housing and the introduction of new multifamily mortgage products. 	
General Provisions	<p>§ 107 Limitation of GSE Mortgage Purchases to QMs Each GSE charter is amended by adding: Effective for mortgages with application dates on or after January 10, 2014, the GSE may only purchase, make commitments to purchase, service, sell, lend on the security of, or otherwise deal in a mortgage that is a QM.</p> <p>§ 108 Prohibition Relating to Eminent Domain Each GSE charter is amended by adding: Notwithstanding any other provision of law,</p>	<p>§ 609 GAO Report on Full Privatization of Secondary Mortgage Market Not later than 8 years after enactment, GAO shall submit a report to the Senate Banking and House Financial Services Committees on the feasibility of transitioning to and creating a fully privatized secondary mortgage market, including recommendations on how to best carry out any displacement of the insurance model established under this Act, and an assessment of the cost of mortgage credit and the impact on the economy if the secondary mortgage market is fully privatized.</p>	<p>§ 802 Accounting Method In any evaluation, oversight, audit, or analysis by the NMFA of the cost of the MIF, the insurance or guarantee activities of the NMFA required under this Act, including any fee or charge in connection with the provision of such insurance guarantee, or the financial transactions of the NMFA, the NMFA shall conduct any such evaluation, oversight, audit, or analysis based on the Federal Credit Reform Act of 1990 (2 U.S.C. 661 et seq.).</p> <p>§ 803 Rule of Construction</p>	<p>§ 601 Rule of Construction for 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 a GSE.</p> <p>§ 602 Treatment of CDFIs Effective on the certification date, FHLB Act § 10(a) (12 U.S.C. 1430(a)) is amended—</p> <ul style="list-style-type: none"> • To add, as a permissible purpose for long-

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	<p>the GSE may not purchase or guarantee any mortgage that is secured by a structure or dwelling unit that is located within a county that contains any structure or dwelling unit that secures or secured a residential mortgage loan which mortgage loan was obtained by the State during the preceding 120 months by exercise of the power of eminent domain. For these purposes:</p> <ul style="list-style-type: none"> • <i>Residential mortgage loan</i> means a mortgage loan that is evidenced by a promissory note and secured by a mortgage, deed of trust, or other security instrument on a residential structure or a dwelling unit in a residential structure, including a first or subordinate mortgage loan. • <i>State</i> includes D.C., Puerto Rico, and any U.S. territory or possession, and includes any agency or political subdivision of a State. <p>§ 323 Liability for Misleading Statements</p> <ul style="list-style-type: none"> • Any person who shall make or cause to be made any statement in any application, report, or document filed with the Agency or Utility pursuant to any provisions of this subtitle, or any rule, regulation, or order thereunder, which statement was at the time and in light of the circumstances under which it was made false or misleading with respect to any material 	<p>Not later than 6 months after that report, the FMIC shall submit to the Senate Banking and House Financial Services Committees a description of the legislative, administrative, and regulatory actions necessary to implement the recommendations of the report.</p> <p>§ 801 Rule of Construction 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 a GSE’s Senior Preferred Stock Purchase Agreement or amendments thereof.</p> <p>§ 802 Severability If any provision of this Act or the application of any provision of this Act to any person or circumstance, is held invalid, the application of such provision to other persons or circumstances, and the remainder of this Act, shall not be affected thereby.</p> <p>§ 803 Loan Transfer Notice <u>In General</u></p> <ul style="list-style-type: none"> • TILA § 131(g)(2) (definitions for notice of new creditor, owner, or assignee) is amended by adding: <ul style="list-style-type: none"> ○ <i>Securitized residential mortgage</i> means any residential mortgage loan that serves as collateral for a fixed-income or other security that allows the security holder to receive 	<p>Nothing in this Act shall be construed to prohibit or otherwise restrict the ability of a holder of any loss position in any covered security insured under this Act from restructuring, retransferring, or resecuritizing such position.</p> <p>§ 804 Severability If any provision of this Act or the application of any provision of this Act to any person or circumstance, is held invalid, the application of such provision to other persons or circumstances, and the remainder of this Act, shall not be affected thereby.</p>	<p>term advances, funding CDFIs.</p> <ul style="list-style-type: none"> • To permit advances to CDFIs to be collateralized by securities representing a whole interest in secured loans for small business, agriculture, or community development activities.

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	<p>fact, or who shall omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading, shall be liable to any person (not knowing that such statement was false or misleading or of such omission) who, in reliance upon such statement or omission, shall have purchased or sold a qualified security issued under the indenture to which such application, report, or document relates, for damages caused by such reliance, unless the person sued shall prove that such person acted in good faith and had no knowledge that such statement was false or misleading or of such omission. A person seeking to enforce such liability may sue at law or in equity in any court of competent jurisdiction. In any such suit the court may, in its discretion, require an undertaking for the payment of the costs of such suit and assess reasonable costs, including reasonable attorneys' fees, against either party litigant, having due regard for the merits and good faith of the suit or defense. No action shall be maintained to enforce any liability created under this section unless brought within one year after the discovery of the facts constituting the cause of action and within three years after such cause of action accrued.</p> <ul style="list-style-type: none"> • The rights and remedies provided by this 	<p>payments dependent on the cash flow from the mortgage loans;</p> <ul style="list-style-type: none"> ○ <i>Servicer</i> has the meaning in § 129A except that it includes a person who receives any payments from a mortgagor, including any amounts for escrow accounts, and makes payments to the owner or other third parties, including payments made after default, pursuant to the terms of the relevant contracts, and excludes State and local housing agencies. • RESPA § 5(c)(3) [meaning 6(c)(3)] (notice of mortgage servicing transfers) is amended to require transferee servicers to notify borrowers within 15 days of the transfer effective date: <ul style="list-style-type: none"> ○ The application of all payments and charges, including the date received, as allocated to principal, interest, escrow, and other charges; ○ The status of the loan as of the transfer date, including whether the loan is in default and whether any loss mitigation application the borrower submitted is pending; and ○ An itemization and explanation for all arrearages claimed to be due as of the transfer date. <p><u>Safe Harbor for Mistaken Payments; Fees</u> TILA § 131 is amended by adding: (g) <i>Treatment of Mistaken Loan Payments</i></p>		

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	<p>part shall be in addition to any and all other rights and remedies that may exist under the Securities Act of 1933 or the Securities Exchange Act of 1934 or otherwise at law or in equity; but no person permitted to maintain a suit for damages under the provisions of this subtitle shall recover, through satisfaction of judgment in one or more actions, a total amount in excess of the person's actual damages on account of the act complained of.</p> <p>§ 324 Unlawful Representations It shall be unlawful for any person in offering, selling, or issuing any qualified security pursuant to this subtitle to represent or imply in any manner whatsoever that any action or failure to act by the Agency or Utility in the administration of this subtitle means that the Agency or Utility has in any way passed upon the merits of, or given approval to, any trustee, indenture, or security, or any transaction or transactions therein, or that any such action or failure to act with regard to any statement or report files or examined by the Agency or Utility pursuant to §§ 301 – 344 or any rule, regulation, or order thereunder, has the effect of a finding by the Agency or Utility that such statement or report is true and accurate on its face or that it is not false or misleading.</p>	<p><i>After Transfer</i> During the 60-day period beginning on the effective date of transfer of the servicing of any securitized residential mortgage loan, a late fee may not be imposed on the consumer with respect to any payment on such loan, and no such payment may be treated as late for any other purpose, if the payment is received by the transferor servicer (rather than the transferee servicer who should properly receive payment) on or before the applicable due date, including any grace period allowed under the loan documents.</p> <p>(h) <i>Fee Waive upon Transfer</i> (1) In General. The creditor, new owner, or assignee of the mortgage loan, by itself or through its servicer, may not impose or collect— (A) Any fee that is not listed as having been incurred in the notice to the consumer of the transfer of servicing of a securitized residential mortgage loan; or (B) Any fee incurred prior to the effective date of servicing transfer that is not disclosed on a periodic statement provided to the consumer prior to the effective date of servicing transfer of a securitized residential mortgage loan. (2) Definitions. For purposes of this subsection: • <i>Securitized residential mortgage</i> means any residential mortgage loan that serves as collateral for a fixed-income or other</p>		

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	<p>§ 325 Contrary Stipulations Void Any condition, stipulation, or provision binding any person to waive compliance with any provision of §§ 301 – 344 or with any rule, regulation, or order thereunder shall be void.</p> <p>§ 341 Conforming Amendment to FHLB Act Section 11 of the FHLB Act (12 U.S.C. 1431) is amended by adding authority for the FHLBs to aggregate for securitization through the common securitization platform residential mortgage loans originated by any member of the FHLB, pursuant to regulations issued by the Director.</p> <p>§ 342 Conforming Amendments to Dodd-Frank Section 803(8)(A) of the Dodd-Frank Act (12 U.S.C. 5462(8)(A)) is amended to define FHFA as the “Supervisory Agency” with respect to a designated financial market utility that is subject to FHFA’s exclusive supervision.</p> <p>§ 343 Conforming Amendments to Securities Act of 1933</p> <ul style="list-style-type: none"> Section 3(a) of the Securities Act of 1933 (15 U.S.C. 77c(a)) is amended to define as exempt any qualified security, as defined in § 321. 	<p>security that allows the security holder to receive payments dependent on the cash flow from the mortgage loan; and</p> <ul style="list-style-type: none"> <i>Servicer</i> has the meaning in § 129A except that it includes a person who receives any payments from a mortgagor, including any amounts for escrow accounts, and makes payments to the owner or other third parties, including payments made after default, pursuant to the terms of the relevant contracts, and excludes State and local housing agencies. <p>§ 804 Determination of Budgetary Effects The budgetary effects of this Act, for the purpose of complying with the Statutory Pay-As-You-Go Act of 2010, shall be determined by reference to the latest statement titled “Budgetary Effects of PAYGO Legislation” for this Act, submitted for printing in the Congressional Record by the Chairman of the Senate Budget Committee, provided that such statement has been submitted prior to the vote on passage.</p> <p>§ 805 Investment Authority to Support Rural Infrastructure The following is added to the FHLB Act § 11: In furtherance of its mission under § 5, each FHLB is authorized to purchase investment grade securities from nonmember cooperative lenders that have received financing from the</p>		

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	<ul style="list-style-type: none"> Section 27B of the Securities Act of 1933 (15 U.S.C. 77z-2a) is amended by striking subsection (d). [The section, Dodd-Frank § 621(b), prohibits ABS underwriters, placement agents, initial purchasers, sponsors, or their affiliates, within one year of the first sale of the ABS, from having conflicts of interest with investors. Its subsection (d) provides that the section does not limit the application of the Dodd-Frank risk retention requirement.] <p>§ 344 Conforming Amendments to Title 18</p> <ul style="list-style-type: none"> Section 709 is amended by adding: Whoever uses the words “National Mortgage Data Repository” or such other name as the FHFA Director may establish in the charter of the repository or any combination of words that appears to indicate that such use of the term conflicts with the exclusive operation of the repository created by §§ 331 – 335 of the National Mortgage Market Utility Act of 2013 as a business name or any part of a business name, or falsely publishes, advertises, or represents by any device or symbol or other means reasonably calculated to convey the impression that he or it is the repository created by §§ 331 – 335. There is a new § 1041: 	<p>Federal Financing Bank and that possess demonstrated experience in making loans to rural cooperatives. Such securities shall be secured investments collateralized by loans of the cooperative lender. The purchase of such securities shall be at the sole discretion of the FHLB, consistent with any Board regulations, restrictions, and limitations.</p> <p>§ 806 Consolidation of Similar Housing Assistance Programs <u>Report</u> Within two years of enactment, the FMIC, HUD, Treasury, Agriculture, VA, Labor, and Interior shall jointly submit to Congress, and post online, a report to:</p> <ul style="list-style-type: none"> Identify and evaluate, based on need and appropriateness, specific opportunities to consolidate similar housing assistance programs, which may include the programs identified in the August 2013 GAO report; Provide recommendations for legislative action to appropriately streamline, consolidate, or eliminate similar housing assistance programs; and Identify opportunities for cross-agency collaboration of housing assistance efforts. <p><u>Use of Administrative Authority</u></p> <ul style="list-style-type: none"> OMB shall coordinate with HUD, 		

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	<p>Whoever, with regard to any mortgage-related document (as defined in § 303 of the National Mortgage Market Utility Act of 2013) or the registration of any document or any interest in any such document pursuant to that Act, makes any false statement or representation of fact, knowing it to be false, or knowingly conceals, covers up or fails to disclose any material fact the disclosure of which is required by such Act or regulation, shall be fined under this title, or imprisoned not more than five years, or both.</p>	<p>Treasury, Agriculture, VA, Labor, and Interior to consider and evaluate opportunities to eliminate, consolidate, or streamline housing assistance programs.</p> <ul style="list-style-type: none"> • OMB, in coordination with HUD, Treasury, Agriculture, VA, Labor, and Interior, shall eliminate, consolidate, or streamline any identified programs they find appropriate. • Any administrative cost savings resulting from such consolidation, elimination, or streamlining shall be transferred 50% to the Housing Trust Fund and 50% to the Treasury's general fund for deficit reduction. • OMB shall report to Congress annually any actions taken to streamline similar housing assistance programs, and the resulting cost savings. • Nothing in this section shall be construed to grant OMB, HUD, Treasury, Agriculture, VA, Labor, or Interior any additional authority to eliminate, consolidate, or streamline housing assistance programs that they did not have before enactment of this Act. <p>§ 807 CFPB Review; GAO Report <u>CFPB Review</u></p> <ul style="list-style-type: none"> • Within 3 months of enactment, the CFPB shall, after reviewing relevant data and consulting with stakeholders, including 		

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		<p>representatives of the manufactured housing industry and of consumers and homeowners, consider and review the application of TILA § 103(bb) and (cc) (high-cost mortgage definition and mortgage originator definitions) to manufactured housing loans, including:</p> <ul style="list-style-type: none"> ○ The APR coverage test for high-cost mortgages; ○ The total points and fees coverage test for high-cost mortgages; and ○ The definition of mortgage originator. <ul style="list-style-type: none"> • The CFPB shall not be required to conduct the review if it does not receive relevant data that was not submitted by January 31, 2013. • This shall not be construed to require the CFPB to engage in rulemaking, including rulemaking to modify any rule related to § 103(bb) or (cc). • Within 10 months of enactment, GAO shall report to Congress on the manufactured housing loan market, which shall analyze: <ul style="list-style-type: none"> ○ The loan products available in such market and the performance of those products, and shall include a review of the underwriting standards and portfolios of creditors that originate manufactured housing loans, such as depository institutions and finance 		

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		<p>companies;</p> <ul style="list-style-type: none"> ○ The characteristics of borrowers that participate in the manufactured housing loan market, including: <ul style="list-style-type: none"> ▪ The borrower's creditworthiness; ▪ The borrower's usage pattern; and ▪ The process for evaluating and comparing loan products prior to purchase; and ○ The potential impact on access to mortgage credit for manufactured housing loans if § 103(bb) and (cc) were applied to manufactured housing loans, including: <ul style="list-style-type: none"> ▪ The APR coverage test for high-cost mortgages; ▪ The total points and fees coverage test for high-cost mortgages; and ▪ The definition of mortgage originator. ▪ Delinquency and default in the manufactured housing loan market; and ▪ Competition in the manufactured housing loan market. 		

