

AMENDMENT TO H.R. 2767
OFFERED BY MS. WATERS OF CALIFORNIA, MR.
MEEKS OF NEW YORK, MR. DAVID SCOTT OF
GEORGIA, AND MRS. BEATTY OF OHIO

Insert after section 325 the following:

1 **SEC. 326. OPTIONAL FEDERAL GUARANTEE OF QUALIFIED**
2 **SECURITIES.**

3 (a) **GUARANTEE FACILITY.**—

4 (1) **ESTABLISHMENT.**—Notwithstanding any
5 other provision of this subtitle, there is established
6 within the Agency a guarantee facility that shall
7 provide guarantees of principal and interest on a
8 qualified security, upon the insolvency of the issuer
9 of such security.

10 (2) **SEPARATE INSURANCE FUND.**—There is es-
11 tablished a separate insurance fund which shall be
12 used by the guarantee facility to carry out this sec-
13 tion.

14 (b) **STANDARDS FOR SECURITIES.**—Securities eligi-
15 ble for the guarantee under this section—

16 (1) may include both single family and multi-
17 family loans;

1 (2) shall meet such standards as the Director
2 may specify; and

3 (3) may include only loans that meet the size
4 limitation and loan-to-value requirements established
5 in section 302 of the Federal National Mortgage As-
6 sociation Charter Act (12 U.S.C. 1717).

7 (c) FHFA AUTHORITY.—The Director shall have au-
8 thority to establish—

9 (1) guarantee fees to be paid to the guarantee
10 facility, which may vary depending on the historical
11 performance of loans from an issuer or originator,
12 but not volume;

13 (2) reserves to be maintained by the guarantee
14 facility;

15 (3) standards for when the guarantee will be
16 paid, including in the case of the bankruptcy, con-
17 servatorship, or receivership of the issuer;

18 (4) rights of the guarantor to collateral that is
19 collateralizing the guaranteed security;

20 (5) capital standards applicable to the issuer;

21 (6) underwriting standards, in addition to those
22 described under subsection (b), applicable to loans in
23 eligible securitizations; and

1 (7) rules applicable to the aggregation of loans
2 for issuance, particularly to facilitate the participa-
3 tion of smaller institutions.

4 (d) CREDIT RISK.—The Director may establish re-
5 quirements for additional mortgage insurance or other
6 means of placing credit risk in the private markets by the
7 issuers or by the guarantee facility. Such means may in-
8 clude credit-linked note and other means of retaining or
9 otherwise placing credit risk in the private markets. If the
10 Director determines that such requirements are raising
11 the costs to borrowers by over 50 basis points, the Direc-
12 tor may waive such requirements or adjust the require-
13 ments to lower the cost to borrowers.

