

	<b>PATH Act</b>	<b>Corker-Warner Bill</b>	<b>Johnson-Crapo Bill</b>
<b>TITLE</b>	<i>H.R.2767 Protecting American Taxpayers and Homeowners Act of 2013 (PATH Act)</i>	<i>S.1217 Housing Finance Reform and Tax Payer Protection Act of 2013</i>	<i>Amendment to S. 1217 Housing Finance Reform and Tax Payer Protection Act of 2014</i>
<b>GENERAL OVERVIEW</b>	<p>On July 11, 2013 Financial Services Committee Chairman Jeb Hensarling (R-TX) and other committee leaders announced the Protecting American Taxpayers and Homeowners Act (PATH Act) in order to create a sustainable housing finance system.</p> <p>H.R. 2767, the PATH Act: ends the taxpayer-funded bailout of the GSEs by phasing out the enterprises within five years, increases competition by ending federal control of the mortgage finance system and grants more options to consumers when selecting mortgage products.</p> <p>The FHFA remains in existence and oversees mandatory risk sharing programs, establishes a National Mortgage Market Utility (Utility) and acts as the regulator for RHS and FHA.</p>	<p>On June 25, 2013 Senators Mark Warner (D-VA) and Bob Corker (R-TN) introduced a comprehensive piece of legislation designed to overhaul Fannie Mae and Freddie Mac.</p> <p>S.1217, the Housing Finance Reform and Tax Payer Act sets the agenda to unwind the two government-sponsored enterprises (GSEs) involvement in the secondary mortgage market, expand the role of private mortgage insurance, and create a single government backstop through the Federal Mortgage Insurance Corporation (FMIC) to provide for common securitization platform and catastrophic mortgage insurance for qualified mortgage backed securities.</p>	<p>On March 11, 2014, Chairman Tim Johnson (D-SD) and Senator Mike Crapo (R-ID) announced an agreement on housing finance reform which would amend S. 1217 (Corker-Warner).</p> <p>While the legislation is based on Corker-Warner, slight nuances exist with Johnson-Crapo.</p> <p>Similar to Corker-Warner, the legislation would create the FMIC, wind down the GSEs, and provide a smooth and orderly transition to a new housing finance structure.</p>

<p><b>GOALS AND PURPOSE</b></p>	<p>The PATH Act primarily depends upon the private capital market and includes four essential goals for the development of a free market. First, the role of government will be distinctly defined and limited. Second, artificial barriers to private capital will be removed to attract investment and encourage innovation. Third, market participants are given clear, transparent, and enforceable rules for transactions to advance competition. Fourth, consumers given informed choice to help determine which mortgage products best suit their particular needs.</p> <p>The Utility is established and operates as a non-for-profit entity that develops standards relating to servicing, pooling and securitizing residential mortgage loans.</p>	<p>At the core of Corker-Warner is the creation of a single government owned independent corporation called the Federal Mortgage Insurance Corporation (FMIC).</p> <p>The purpose of the FMIC would be to “(1) provide liquidity, transparency, and access to mortgage credit by supporting a robust secondary mortgage market and the production of residential mortgage-backed securities; and (2) protect the taxpayer from having to absorb losses incurred in the secondary mortgage market during periods of economic stress.” The bill contains a blanket prohibition against any FMIC involvement in mortgage origination.</p>	<p>One of the key purposes is to facilitate broad availability of credit for eligible single family and multifamily borrowers.</p> <p>The bill also focuses on monitoring consumer and market access to credit.</p> <p>The bill calls for a structure that maintains broad liquidity for TBA Market and take into account impact of new products on the TBA Market.</p>
<p><b>REGULATORY LEADERSHIP</b></p>	<p>The PATH Act maintains the Federal Housing Finance Agency (FHFA) as the primary regulator.</p>	<p>SECTION 102-103 FMIC would have a five member Board of Directors, led by a Director appointed by the President for a term of five years. The Director shall have demonstrated technical expertise in the fields of mortgage securities and housing finance. The bill prohibits individuals from concurrently serving as FMIC Director and Director of FHA. This bill also excludes any individual who previously served as FHA Director from the FMIC Director position.</p>	<p>SECTION 201 FMIC would have a five member Board of Directors, led by a Director appointed by the President for a term of five years. The Director shall have demonstrated technical expertise in the fields of mortgage securities and housing finance. The bill prohibits more than three members from being from the same political party.</p> <p>SECTION 203 FMIC shall establish an Advisory Committee (composed of 9 members) for the purpose of advising an Office of Consumer and Market Access on developments in the</p>

			primary and secondary mortgage markets.
<b>REGULATORY AUTHORITY &amp; DUTIES</b>	<p>SECTION 103 The FHFA Director is appointed to act a receiver for each Enterprise and carry out receivership authority.</p> <p>SECTION 106 FHFA shall require each enterprise to undertake a risk sharing program (see risk sharing below).</p> <p>SECTION 109 FHFA is authorized to create a receivership to carry out the terms of the receivership of the Enterprises mandated in Section 103 addressing the termination of conservatorship.</p> <p>SECTION 259 FHFA is required to establish a capital reserve fund for the FHA’s multifamily insurance program and other programs under FHA and RHS.</p> <p>SECTION 315 FHFA is granted supervisory authority over the National Mortgage Market Utility, which is authorized to set standards for the securitization of residential mortgages and operate a securitization platform.</p>	<p>SECTION 201 FMIC shall develop standard form risk sharing mechanisms; provide insurance on covered securities; ensure access to credit in all geographic areas; charge fees in exchange for providing insurance; develop and maintain the Mortgage Insurance Fund; facilitate securitization for entities without securitization capabilities; set standards for approved market participants; oversee a database detailing market loan level information; establish standard uniform securitization agreements; develop and maintain an electronic registry system for eligible mortgages; oversee and supervise the Common Securitization Platform; and ensure credit unions and community and mid-sized banks access to the Common Securitization Platform.</p>	<p>SECTION 301 Among the principal duties of the FMIC are facilitating access to the secondary mortgage market for small lenders, which shall include the establishment of small lender mutuals; monitoring safety and soundness of regulated entities; ensure approved entities meet certain requirements; promote the standardization of the market through uniform securitization agreements, servicing documents and the Common Securitization Platform; and maintain a national mortgage loan database.</p>

<p><b>CREDIT-RISK SHARING</b></p>	<p>SECTION 233 A new risk-sharing pilot program must be created and FHA has two years to set its parameters. FHA would be required to enter into risk-sharing agreements on 10 percent of its business. FHFA would have to report on the effectiveness of the program to determine if FHA should expand the program.</p>	<p>SECTION 202 Within five years of enactment, FMIC will examine various credit-risk sharing structures and develop a standard form credit-risk sharing mechanism that requires private market holders to take a first loss position that is not less than 10 percent. FMIC will report to Congress within one year and upon relevant policy changes about these finds and how it made its determinations.</p>	<p>SECTION 302 FMIC shall create standards for first loss credit risk-sharing which is not less than 10 percent of the principal of the single family covered security. FMIC can consider a variety of options including the current credit risk transfer provisions set forth by the GSEs. Such structures should not disrupt the TBA market. Note exemptions exist for commodities and securities laws.</p>
<p><b>GOVERNMENT INSURANCE</b></p>	<p>There is no equivalent to the Mortgage Insurance Fund (MIF) in the PATH Act.</p> <p>SECTION 234 FHA’s guarantee on individual mortgages shall be lowered to 50 percent of the original principal obligations over a period of five year. There will be a 10 percent annual reduction until it reaches 50 percent in year five.</p> <p>SECTION 235 FHA shall collect premiums, the amount of which must be sufficient enough to cover the costs of providing mortgage insurance and the costs for administration, operations, management and technology for the FHA.</p> <p>SECTION 220 Funding for the FHA is hereby authorized, the cost of which cannot exceed the total amount of revenue it generates through premiums, etc.</p> <p>SECTION 255 FHFA shall assess and collect fees from the FHA and RHS in order to be reimbursed for its services. SECTION 256 For</p>	<p>SECTION 203 FMIC will administer the Mortgage Insurance Fund (MIF) which will be used to cover losses on covered securities when those losses exceed the first position losses absorbed by private market holders. MIF will be funded by guarantee fees and endeavor to achieve a reserve balance of 1.25 percent of the sum of the outstanding principal balance of covered securities within five years of the certification date and 2.5 percent within ten years. Fees may not vary by geographic location or by the size of the institution to which the fee is charged.</p> <p>SECTION 204 FMIC will insure principal and interest on covered securities. 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>SECTION 303 This section establishes a Mortgage Insurance Fund (MIF) which will fund insurance claims on the principal and interest of the FMIC-backed securities if losses exceed the private market first loss position. The MIF will be funded by assessments on Fannie Mae and Freddie Mac initially and sustained in the future by fees on the FMIC-backed securities. The target for the MIF reserve ratio is 1.25 percent of the securities guaranteed. By year 10, that ratio should be 2.50 percent. FMIC shall determine a fee and shall take into account operating expenses of the MIF, risk or credit sharing structure of a pool, operating expenses, economic conditions, reserve ratio goals, and any other factors the FMIC deems important. Full faith and credit of the United States is pledged to support the fund.</p>

the purpose of determining the capital reserve ratio, separate accounts are established in the Mutual Mortgage Insurance Fund (MMIF) for FHA's new business (loans insured after enactment of the Act) and for its existing business. Independent FHA must maintain a capital reserve ratio of 4 percent for its new business.

<p><b>AUTHORITY FOR EXIGENT MARKET CONDITIONS</b></p>	<p>SECTION 260 FHFA Director is authorized to suspend the operation of the capital classification regime established in Section 257 upon a joint determination with the FHA Chief Risk Officer that: 1) the amount of available credit has significantly, 2) housing prices have declined significantly, or 3) other negative economic conditions exist that impact the availability of capital in the housing finance markets.</p>	<p>SECTION 205 FMIC is authorized to protect taxpayers in unusual and exigent market conditions. If the FMIC, in conjunction with the Federal Reserve Board, Secretary of the Treasury, and in consultation with the Secretary of Housing and Urban Development determines that “unusual and exigent circumstances” that threaten the availability of mortgage credit within the housing market, the FMIC may for a period of not more than 6 months provide insurance on mortgage securities without the private capital first-loss risk sharing mechanism. This authority may not be exercised more than once in any given 3-year period.</p>	<p>SECTION 305 FMIC has power to insure securities that do not have a 10 percent first loss position in terms of exigent circumstances. Initially, this is for six months and for two additional nine month periods within any three-year period. Need the Corporation, Federal Reserve Chairman, HUD and Treasury Secretaries to agree. This aid cannot go to an entity that is in bankruptcy. After any exercise of such authority, FMIC would establish a normalization timeline for approved entities to meet regular standards and establish a first lost position to the private market to minimize losses to the MIF.</p>
<p><b>REGULATORY EXEMPTIONS</b></p>	<p>SECTION 343 Qualified Securities shall be exempt from Section 3(a) of the Securities Act of 1933 and its provisions on Credit Risk Retention shall be removed (repealed under Section 407).</p>	<p>SECTION 207 All FMIC-covered securities will be exempt securities under the SEC insofar as securities guaranteed by the U.S. government are considered exempt (including shelf requirements) and from Qualified Residential Mortgage requirements.</p>	<p>SECTION 307 Exempts FMIC-backed securities from SEC registration, credit risk retention, and the definition of a commodity pool.</p>

<p><b>REGULATORY REPORTING</b></p>	<p>SECTION 219 The FHFA Director shall submit a report to the President and Congress testifying as to whether or not the Act gives sufficient authority to the FHA.</p> <p>SECTION 254 FHFA is given authority to conduct examinations in order to evaluate the safety and soundness of FHA's operations. FHFA shall require FHA and RHS to submit any data or other information to make this determination.</p>	<p>SECTION 106 FMIC shall submit annual reports to the Senate Banking and House Financial Services Committees detailing the activities of the corporation as well as the operating status of the Mortgage Insurance Fund (MIF), a fund established to handle incoming claims and backed by the full faith and credit of the U.S. government. Reports would include the disclosure of the financial condition of the MIF including exposure to economic factors with potential to impact the MIF.</p> <p>SECTION 603 Not later than 8 years after the enactment of the Act, the GAO will submit a report to the Senate Banking and House Financial Services Committees on the feasibility of maintaining the secondary mortgage market and provide its recommendations. Six months after the report, FMIC will submit a plan to Congress detailing steps to carry out a transition to a fully privatized secondary mortgage market and how to dissolve FMIC and the insurance model.</p>	<p>SECTION 206 FMIC shall submit annual reports detailing the activities of the corporation as well as the operating status of the Mortgage Insurance Fund (MIF), a fund established to handle incoming claims and backed by the full faith and credit of the U.S. government. Report would also include status of private-label market, actions by state attorneys general, and access to consumer credit.</p> <p>SECTION 609 Not later than 8 years after the enactment of the Act, the GAO will submit a report to the Senate Banking and House Financial Services Committees on the feasibility of maintaining the secondary mortgage market and provide its recommendations. Six months after the report, FMIC will submit a plan to Congress detailing steps to carry out a transition to a fully privatized secondary mortgage market and how to dissolve FMIC and the insurance model.</p>
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<p><b>ELIGIBLE MORTGAGE</b></p>	<p>SECTION 232 Eligible single family mortgages 1) cannot exceed 100 percent the appraised value of the property and 115 percent of the Area Median Home Price or 150 percent of the GSE single family loan limit for high-cost areas (maximum \$625,500), whichever is lower; and 2) can never go below \$100,000; and 3) Require a 5 percent down payment or 3.5 percent down payment for first time homebuyers.</p>	<p>SECTION 2 Eligible mortgage is defined as a mortgage meeting the standards established by the CFPB's Qualified Mortgage and Ability to Repay rules; the conforming loan limit (SECTION 504); and FMIC standards, which include a minimum five percent down payment and maximum LTV of 80 percent.</p>	<p>An eligible mortgage loan 1) must have an 80 percent LTV; 2) can have credit enhancement including mortgage insurance; and 3) require a 5 percent down payment (gradually escalates to 5 percent) with 3.5 percent for first time homebuyers.</p>
<p><b>CONFORMING LOAN LIMITS</b></p>	<p>SECTION 105 The current statutory limit for conforming loans is maintained at \$417,000, while future drops in the housing price index may decrease the loan limit. Furthermore, the conforming loan limit is amended to prevent future increases in high cost areas and allow annual adjustments to reflect recent changes in house prices. The maximum mortgage available for purchase by the GSEs shall drop by \$20,000 each year for five years.</p>	<p>SECTION 504 Beginning on the enactment of the Act, the limitations on the maximum obligations that may be purchased by the GSEs will need exceed \$417,000 for the mortgage of a single-family residence. The loan limit will be adjusted each year to reflect the net change in the HPI index. Section includes exceptions for high-cost areas.</p>	<p>SECTION 304 Conforming Loan Limits stay same as they are now. No reduction as contemplated by Corker-Warner and FMIC cannot reduce these limits.</p>
<p><b>SECURITIZATION PLATFORM</b></p>	<p>SECTION 311 The FHFA Director is required to issue a charter for a National Mortgage Market Utility (Utility) not later than two years after enactment. The Utility shall be organized as a not-for-profit entity and operate the securitization infrastructure platform in an open-access manner that does not discriminate against eligible loan originators, aggregators or qualified issuers. Utility shall not be a</p>	<p>SECTION 232 The Office of Securitization within the FMIC will oversee and supervise the common securitization platform. The CSP shall be announced by FHFA and established by the enterprises. Act will require platform has system capabilities to permit the issuance of multi-lender covered securities. Office shall ensure credit unions, community and mid-sized banks and small non-</p>	<p>SECTION 325 This section provides the general purposes, powers and functions of the platform including issuing a covered security, developing standardized documents for securitization, standardized servicing and loss mitigation documents, verifying that the mortgages are eligible for purchase, performing bond administration functions, data validation and reporting. SECTION 321 FMIC would</p>



	<p>government entity but will be subject to the exclusive supervision of the FHFA.</p> <p>SECTION 312; 322 Securities issued through the Platform run by the Utility must be “qualified securities” which are 1) collateralized by one or more classes of residential mortgages defined by the Utility of the basis of credit risk characteristics and loan terms, 2) issued in accordance with a standard form securitization agreement establish by the Utility, 3) issued by an issuer that meets qualification standards set by the utility and 4) issued through the securitization platform run by the Utility.</p> <p>The Utility would be governed by 10 members. These members would include 2 with experience in mortgages, 2 from large banks, 2 from small banks, 2 with electronic document experience, and 2 with RMBS investment experience.</p> <p>Initial funding for the Utility would be provided by an appropriation of \$150 million which must be repaid within 10 years. Ongoing funding would come from fees charged by the Utility. Fees may differentiate on basis classes or types of services, operations, and users of services or operations, but may not differentiate based on size or loan volume. The Utility would be a not-for-profit entity that could take any organizational form it</p>	<p>depository lenders have equitable access to the platform and include options for multi-lender pools of eligible mortgages to be securitized and issued as covered securities via the platform. Office shall coordinate with Federal Home Loan Bank System with respect to establishing a platform that addresses the needs of its members.</p>	<p>establish a securitization platform owned and operated for the benefit of its members that may be a cooperative or a nonprofit. FHFA can transfer GSE development on a platform to the new entity. SECTION 322 FMIC Board of Directors shall appoint 5 initial platform directors to carry out the functions of the platform. After 1 year (unless extended by the FMIC) an elected board consisting of 9 board members shall administer it.</p> <p>SECTION 323 Platform directors shall establish membership standards for approved entities.</p> <p>SECTION 324 Platform directors shall establish, assess, and collect fees to operate the Platform. They may uses tiered usage fees.</p>
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	chooses (mutual, corporation, etc).		
<b>UNIFORM SECURITIZATION AGREEMENTS</b>	SECTION 322 Utility must develop standard and uniform securitization agreements for qualified securities, including pooling and servicing, purchase and sale, representations and warranties, indemnification and remedies, and the qualification, responsibilities, and duties of trustees. All securities issued via the platform must adhere to the Utility's standards.	SECTION 223 FMIC shall develop standard uniform securitization agreements for covered securities. Agreement will include terms relating to pooling and servicing; representations and warranties; indemnification and remedies; and the qualification, responsibilities, and duties of trustees.	SECTION 326 The Platform should develop standard uniform securitization agreements for all covered securities including addressing issues such as pooling, servicing, loss mitigation, representations and warranties, indemnification and remedies, and others.
<b>APPROVED GUARANTORS</b>	PATH Act does not include definitions for approved guarantors.	SECTION 214 FMIC shall establish standards for approved bond Guarantors who guarantee timely payment of principal and interest on securities that are collateralized by eligible mortgages and insured by the FMIC. Guarantors must maintain minimum capital of not less than 10 percent of the unpaid principal balance net of any risk-sharing transactions. Includes requirement that Guarantors submit audited financial statements to Director and meet minimum tangible equity level or other threshold established by FMIC.	SECTION 311 FMIC must issue approval and prudential standards for the ongoing operation of approved guarantors and may require reports from and conduct on-site examinations. For a critically undercapitalized approved guarantor, FMIC will have resolution authority. It can take enforcement actions and function as the FDIC does. FMIC is also required include in its capital and solvency standards that approved guarantors hold 10 percent capital as a protection against losses. Guarantors with over \$10 billion in assets will be subject to stress tests.

<p><b>APPROVED ISSUERS</b></p>	<p>SECTION 322 Utility shall develop, adopt and publish standards for an issuer to be a qualified issuer. Standards may only include 1) the experience, financial resources and integrity of the issuer and its principals; 2) the issuer’s adequacy of insurance and fidelity of coverage; and 3) a requirement that issuers submit audited financial statements to the Utility which must be made publically available on its website. Utility shall establish application process for approval, approve applications meeting the adopted standards and publish a list of newly approved issuers in the Federal Register. Utility may review issuers if a claim is made that the issuer is in violation of any contractual term in its securitization documents. Utility may revoke approved status upon determination that issuer no longer meets the standards for qualification.</p>	<p>SECTION 213 FMIC shall establish standards for approving issuers of FMIC-covered securities. FMIC will limit issuers to 15 percent of the total market as measured by the total outstanding principal balance at origination, with the exception of issuers which only securitize loans originated by the issuer or an affiliate. Includes provision stating issuer may, for a period not to exceed 6 months, hold eligible loan on balance sheet and first lost position for purpose of obtaining insurance under Title II.</p>	
<p><b>APPROVED AGGREGATORS</b></p>	<p>SECTION 322 The Utility may develop standards for the aggregation of eligible collateral by entities other than an issuer. Furthermore, the FHLB's may act as aggregators for members, subject to FHFA regulation.</p>		<p>SECTION 312 FMIC shall approve standards for aggregators. Some of these institutions may be FDIC regulated already. FMIC may require reports on conduct examinations of such aggregators. Like Guarantors having over \$10 billion in assets, they will be subject to stress tests and it can act as receiver or conservator for an entity not regulated by the FDIC.</p>

<p><b>APPROVED SERVICERS</b></p>	<p>SECTION 322 Utility must develop, adopt and publish servicing standards including those related to loan modification, restructuring or work out of any mortgage that serves as collateral for a qualified security; a servicer succession plan; and standards for the reporting obligations of servicers. The Utility must also develop servicer succession plans for replacing an existing servicer if the performance of the mortgage pool deteriorates to specified levels.</p>	<p>SECTION 212 FMIC shall establish standards for the approval of servicers to administer eligible mortgages. FMIC shall coordinate with the CFPB and, to whatever extent necessary, the other Federal banking agencies. The application process may not discriminate against or otherwise disadvantage small servicers.</p>	<p>SECTION 314 FMIC shall establish approval standards for servicers of eligible mortgage loans and the approval process shall not disadvantage small servicers. FMIC must conduct an on-site examination every two years. FMIC can require that servicers not meeting servicing standards transfer servicing. Fannie Mae and Freddie Mac approved servicers are grandfathered. This section also raises the small servicer exemption threshold for both CFPB and FMIC servicer standards and requires FMIC to conduct a study on servicer compensation standards for non-performing single family mortgage loans.</p>
<p><b>APPROVED PRIVATE MORTGAGE INSURERS</b></p>	<p>There is no similar provision within the PATH Act</p>	<p>SECTION 211 FMIC shall develop, adopt and publish standards for the approval of private mortgage insurers to provide private mortgage insurance on eligible mortgages.</p>	<p>SECTION 313 FMIC shall approve and issue standards for private mortgage insurers (PMI) who guarantee eligible mortgage loans and conduct an on-site examination every two years.</p>

<p><b>SMALL LENDER SECURITIZATION</b></p>		<p>SECTION 215 FMIC Mutual Securitization Company is established to facilitate the securitization of eligible mortgages originated by credit unions, community and mid-size banks (having up to \$15 billion in total consolidated assets) and non-depository mortgage originators (having more than \$2.5 million net worth). The Mutual will purchase eligible mortgage loans from member participants to securitize in a covered security. Entity shall be an approved issuer as defined by Section 213. The Mutual Securitization Company shall be funded by membership fees as determined by the FMIC.</p>	<p>SECTION 315 FMIC shall establish and capitalize a mutually-owned company to facilitate access to the secondary market by smaller lenders. The small lender mutual will provide a cash window for originators to sell individual loans or pools of loans and shall be an approved aggregator. Membership is limited to entities with less than \$500 billion in total assets, non-depository institutions with assets that exceed \$2.5 billion and that originate less than \$100 billion in loans annually, Federal Home Loan Banks, and other smaller lenders and other smaller lenders that satisfy the mutual's requirements.</p>
<p><b>CFPB ABILITY TO REPAY</b></p>	<p>Mortgages securitized through the Utility platform are not subject to the ability to repay standard</p>		<p>SECTION 336 FMIC shall coordinate with CFPB that eligible mortgage loans match ability to repay standards set forth by the CFPB.</p>
<p><b>COLLATERAL RISK MANAGERS</b></p>	<p>There is no similar provision within the PATH Act.</p>	<p>There is no similar provision with in Corker-Warner.</p>	<p>SECTION 327 FMIC will develop standards for collateral risk managers to manage troubled mortgages.</p>

<p><b>DISCLOSURE, DATABASE AND REGISTRY</b></p>	<p>SECTION 322 Utility shall establish data definitions and disclosure requirements.</p> <p>SECTION 331 Utility shall organize and operate a national mortgage data repository.</p>	<p>SECTION 224 FMIC will establish and maintain a database of uniform loan level information on eligible mortgages.</p> <p>SECTION 225 FMIC will have an electronic registry system for eligible mortgages to improve the process of tracking changes to servicing rights and beneficial ownership interest.</p>	<p>SECTION 333 FMIC will establish and maintain a database of uniform loan level information on eligible mortgages.</p> <p>SECTION 331 FMIC along with the SEC will issue a rule that will enable private market investor, in connection the first loss position on a covered security, to have access to documents relating to mortgages backing the covered security, as well as servicing reports. Market participants shall also be required to disclose material information.</p>
<p><b>LIABILITY EXEMPTIONS</b></p>	<p>There is no similar provision within the PATH Act.</p>	<p>SECTION 222 Any private market investor that has invested in a covered security will have immunity and protection from civil liability with respect to whether eligible mortgages that collateralize a FMIC-covered security have complied with the requirements of this Act.</p>	<p>SECTION 332 gives such market participants immunity from liability for underwriting, representations and warranties, for terms of a uniform securitization agreement.</p>

<p><b>REGULATORY OVERSIGHT</b></p>	<p>SECTION 254 FHFA is given authority to conduct examinations in order to evaluate the safety and soundness of FHA's operations. FHFA shall require FHA and RHS to submit any data or other information to make this determination.</p>	<p>SECTIONS 211-214 FMIC may review approved private mortgage insurers, servicers, issuers and bond guarantors if it is notified or becomes aware of any violation to the Act. If found in violation, FMIC may revoke approved status. FMIC may also impose a civil money penalty on any approved market participant found in violation of the Act (Section 217). SECTION 216 FMIC may develop, publish and adopt any additional standards or requirements for market participants to ensure competition, competitive pricing and liquidity, transparency and access to credit in the secondary mortgage market.</p>	<p>FMIC will develop and publish standards to regulate approval of private mortgage insurers, servicers and issuers. The approval of private market participants is subject to review of the FMIC if the Corporation becomes aware of potential violations of the Act by the participant. See above for details.</p>
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<p><b>AFFORDABLE HOUSING GOALS</b></p>	<p>SECTION 1369E Mandatory GSE Affordable Housing goals and the Housing Trust Fund are hereby repealed.</p>	<p>SECTION 401 FMIC shall collect a fee of five to ten basis points on outstanding principal balance of eligible mortgages collateralizing covered securities. Eighty percent shall go to the National Housing Trust Fund and twenty shall go to the Capital Management Fund.</p> <p>SECTION 402 National Housing Trust Fund activities are expanded to include research and developments that support affordable housing goals.</p>	<p>SECTION 501 This section establishes an initial and incentive-based fee structure to support the Housing Trust Fund, the Capital Magnet Fund, and a newly created Market Access fund. The fee shall average 10 basis points across all outstanding securities.</p> <p>SECTION 208 FMIC creates an Office of Consumer and Market Access which would administer a Market Access Fund, monitor markets to identify underserved markets, and produce an annual report assessing the covered securities market.</p> <p>SECTION 210 FMIC shall support the primary mortgage market to help ensure that all eligible borrowers have equitable access to mortgage loan credit, including underserved segments of the primary mortgage market. To accomplish this, FMIC must issue regulations to identify and define underserved primary mortgage market segments in which lenders and borrowers lack equitable access to the secondary mortgage market.</p>
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<p><b>MULTIFAMILY</b></p>	<p>SECTION 237 Occupancy and rent limitations for Multifamily Mortgage Insurance would be issued. The FHFA Director will be required to establish a capital reserve fund for these multifamily insurance programs. The targeted multifamily individuals are those with low to moderate incomes.</p>	<p>SECTION 601 Multi-family mortgage lending programs would remain under the purview of the FMIC. Multi-family business would transfer from Fannie Mae and Freddie Mac in accordance with the wind-down and transfer timelines. FMIC provides guarantee for any multi-family mortgage purchases.</p>	<p>SECTION 209 Creates an Office of Multifamily Housing that publishes eligibility criteria to make multifamily securities covered by a guarantee.</p> <p>SECTIONS 701-707 GSE shall establish multifamily subsidiaries. FMIC may sell these businesses of the GSEs. A study will be conducted on the necessity of a multifamily platform.</p>
<p><b>REGULATORY TRANSITION &amp; GSE WIND DOWN</b></p>	<p>SECTION 110 The GSEs' charters are repealed. The transition period for an independent FHA begins on the Act enactment date and ends either at the FHFA Director's discretion or at the expiration of the five year period beginning on the date of enactment.</p> <p>SECTION 283 The Secretary of HUD will establish an advisory board during the FHA transition period to provide advice to the new Board of Directors of the FHA. The responsibilities of HUD regarding the old FHA's loan insurance programs to the will be transferred to the new independent FHA. The rights and employment of old HUD employees will be transferred to the independent FHA as well.</p> <p>SECTION 106 FHFA shall require each GSE to develop and undertake a risk sharing program of at least 10 percent of their annual business where private market participants share or assume the credit risk associated with mortgage</p>	<p>SECTION 502 The implementation of all mechanisms, products, structures, contracts and other security agreements shall be complete within five years of the enactment of the Act. Any proceeds from the wind down will be paid first to the senior preferred shareholders, then preferred shareholders, then to common shareholders. The Director of the FMIC, in consultation with the Treasury Secretary, shall establish the process to wind down the GSEs. Upon enactment, the charter of Fannie &amp; Freddie will be released and the GSE can conduct no new business. The wind-down process enacts immediate reductions in conforming loan limits. Single family mortgage securities will be sold to the private sector to further the goal of maximizing returns to the taxpayer. The wind down process will also serve to provide recoupment by senior preferred shareholders, and maxim return to shareholders, of the GSEs.</p>	<p>SECTION 402 FHFA shall become an independent office within FMIC.</p> <p>SECTION 404 This section establishes a transition committee to develop a comprehensive plan for transition to a new housing finance system as well as to advise the FMIC.</p> <p>SECTION 601 GSEs would not engage in new business once FMIC Board of Directors certifies that FMIC is able to undertake its duties AND certain minimum housing finance system criteria have been satisfied: one small lender mutual is operational, sufficient number of guarantors, approved aggregators, approved PMI, and approved servicers exist to assume first loss positions, and multiple multifamily guarantors exist. This certification must come within 5 years after enactment which can be extended.</p> <p>SECTION 602 Transition Committee must develop a comprehensive transition</p>

	<p>securities. Acceptable transactions include increased MI requirements; credit-linked notes and securities; senior and subordinated security structures; and other mechanisms as deemed appropriate by the FHFA Director.</p> <p>SECTION 107 The GSEs are prohibited from purchasing or guaranteeing mortgages other than a “Qualified Mortgage” as defined by the Dodd-Frank Act.</p>	<p>SECTION 233 Office of Federal Home Loan Bank Supervision shall coordinate with Federal Home Loan Bank System to transfer authorities to FMIC.</p> <p>SECTION 301 All FHFA’s functions relating to the supervision of the FHLB system are transferred to FMIC.</p> <p>SECTION 302- 304 All personnel and property of FHFA is transferred to FMIC.</p> <p>SECTION 303 FHFA and its Director are abolished as of the FMIC certification date.</p> <p>SECTION 501 On the certification date, the GSEs charters will be repealed, except that provisions of the charters will continue to apply with respect to MBS guaranteed by the GSEs, as well as outstanding debt obligations, bonds, debentures, notes, capital lease obligations, letters of credit, bankers’ acceptances and other similar instruments. For those obligations, the full faith and credit of the U.S. is pledged.</p> <p>SECTION 504 Conforming loan limit is reduced (see above). SECTION 505 Each enterprise MAY not own mortgage assets in excess of \$552.5 billion as of December 31, 2013. Each subsequent year until the certification date, those assets cannot exceed 85 percent of the year before. FMIC will establish an allowable amount of assets</p>	<p>plan within 12 months of enactment. Transition plan must include estimated timeframes by which to achieve the minimum housing finance system criteria within five years of enactment; detailed actions that FMIC will take to achieve the minimum housing finance system criteria; estimated timeframes and detailed actions that FMIC and FHFA will take to provide an orderly wind down of the GSEs; detailed plans for utilizing infrastructure; updates on FMIC; updates on multifamily; updates on the platform; and plans to increase credit risk sharing.</p> <p>SECTION 604 Provides full faith and credit for both GSE legacy debt and legacy MBS.</p>
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		that may be retained only to allow the wind down or appropriate loss mitigation measures on legacy guarantees.	
<b>FHA</b>	<p>SECTION 211 FHA is established as an independent agency which shall be structured as an independent government corporation.</p> <p>SECTION 214 The independent FHA shall have a Board of Directors consisting of 9 members including the Secretary of Housing and Urban Development (HUD) (chair), Secretary of Agriculture, 5 individuals with expertise in mortgage finance and 2 individuals with expertise in affordable housing.</p> <p>SECTION 212 FHA is to provide single-family homeownership to first-time homebuyers, low- and moderate-income homebuyers, and homebuyers in areas subject to counter-cyclical markets or Presidentially-declared disasters. FHA must also provide affordable rental housing opportunities for low- and moderate-income Americans.</p> <p>SECTION 213 FHA may use its corporate seal; insure mortgages and provide credit enhancement; acquire, hold, use, improve or dispose of real property; take any action to manage its assets and obligations; assess fees for its insurance products; qualify any person</p>		



	<p>or entity to engage in business with the FHA; and invest in systems and technology to carry out its activities.</p>		
<p><b>COVERED BONDS</b></p>	<p>SECTION 352 The PATH Act also establishes rules and regulations for a U.S. covered bond market place.</p>		