

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.

