

110TH CONGRESS
1ST SESSION

H. R. 3777

To temporarily raise the portfolio caps applicable to Freddie Mac and Fannie Mae, to provide the necessary financing to curb foreclosures by facilitating the refinancing of at-risk subprime borrowers into safe, prime loans, to preserve liquidity in the mortgage lending markets, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

OCTOBER 9, 2007

Ms. BEAN (for herself and Mr. NEUGEBAUER) introduced the following bill;
which was referred to the Committee on Financial Services

A BILL

To temporarily raise the portfolio caps applicable to Freddie Mac and Fannie Mae, to provide the necessary financing to curb foreclosures by facilitating the refinancing of at-risk subprime borrowers into safe, prime loans, to preserve liquidity in the mortgage lending markets, and for other purposes.

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

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Protecting Access to
5 Safe Mortgages Act”.

1 **SEC. 2. FINDINGS.**

2 The Congress finds that—

3 (1) American families will be severely harmed
4 by an unprecedented wave of potential foreclosures
5 expected to occur in the next 12 months, as adjust-
6 able rate subprime mortgages reset to higher inter-
7 est rates;

8 (2) preventing such foreclosures and facilitating
9 the refinancing of at-risk subprime borrowers into
10 safe prime loans will require additional capacity on
11 the part of the government sponsored enterprises,
12 the Federal National Mortgage Association, and the
13 Federal Home Loan Mortgage Association, and any
14 affiliates thereof, to purchase additional financing;

15 (3) there is a lack of liquidity in the financial
16 markets for mortgage backed securities, which
17 threatens to impair financing for all mortgages; and

18 (4) the government sponsored enterprises, the
19 Federal National Mortgage Association, and the
20 Federal Home Loan Mortgage Corporation, and any
21 affiliates thereof, are uniquely positioned to provide
22 the financing necessary to alleviate the predicted
23 wave of upcoming foreclosures, and the liquidity nec-
24 essary to help United States markets.

1 **SEC. 3. DEFINITIONS.**

2 For purposes of this Act, the following definitions
3 shall apply:

4 (1) DIRECTOR.—The term “Director” means
5 the Director of the Office of Federal Housing Enter-
6 prise Oversight of the Department of Housing and
7 Urban Development.

8 (2) ENTERPRISE.—The term “enterprise”
9 means—

10 (A) the Federal National Mortgage Asso-
11 ciation, and any affiliate thereof; and

12 (B) the Federal Home Loan Mortgage
13 Corporation, and any affiliate thereof.

14 (3) FANNIE MAE CONSENT ORDER.—The term
15 “Fannie Mae Consent Order” means the order of
16 the Office of Federal Housing Enterprises Oversight
17 dated May 23, 2006, in the matter of the Federal
18 National Mortgage Association.

19 (4) FREDDIE MAC LETTER.—The term
20 “Freddie Mac Letter” means the letter dated July
21 31, 2006, from the Chairman and Chief Executive
22 Officer of the Federal Home Loan Mortgage Cor-
23 poration to the Director.

24 (5) OFHEO.—The term “OFHEO” means the
25 Office of Federal Housing Enterprises Oversight.

1 **SEC. 4. LIFTING OF PORTFOLIO CAPS.**

2 (a) IN GENERAL.—Immediately upon the date of en-
3 actment of this Act, the Director shall terminate, suspend,
4 modify, or otherwise lift—

5 (1) the limitation on growth provision set forth
6 in section 4, Article III of the Fannie Mae Consent
7 Order, as interpreted and modified by OFHEO on
8 September 19, 2007; and

9 (2) the voluntary temporary growth limitation
10 described in the Freddie Mac Letter, as interpreted
11 and modified by OFHEO on September 19, 2007.

12 (b) FACTORS.—In carrying out subsection (a), the
13 Director shall increase the mortgage portfolio limitations
14 of both enterprises by not less than 10 percent, unless the
15 Director certifies in writing to the Committee on Banking,
16 Housing, and Urban Affairs of the Senate and the Com-
17 mittee on Financial Services of the House of Representa-
18 tives, and demonstrates by compelling evidence that such
19 action is likely to result in a significant depletion of the
20 core capital of an enterprise, or otherwise create an unsafe
21 and unsound condition.

22 (c) RULE OF CONSTRUCTION.—Nothing in this sec-
23 tion shall be construed to prevent or prohibit the Director
24 from exercising any authority of the Director to terminate,
25 suspend, modify, or otherwise lift the limitations referred
26 to in paragraphs (1) and (2) of subsection (a) beyond the

1 minimum increase specified in subsection (b), as the Di-
2 rector deems appropriate.

3 **SEC. 5. SUNSET PROVISION.**

4 This Act is repealed, effective 1 year after the date
5 of enactment of this Act.

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