H. R. 3838

To temporarily increase 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, affordable loans, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

OCTOBER 16, 2007

Mr. FRANK of Massachusetts introduced the following bill; which was referred to the Committee on Financial Services

A BILL

To temporarily increase 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, affordable loans, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. FINDINGS.

The Congress finds that—

(1) American families will be severely harmed by an unprecedented wave of anticipated foreclosures expected to occur over the coming months, as ad-
justable rate subprime mortgages reset to higher in-
terest rates;

(2) preventing such foreclosures and facilitating
the refinancing of at-risk subprime borrowers into
safe, affordable loans will require the additional li-
quidity provided by the Federal National Mortgage
Association and the Federal Home Loan Mortgage
Association, and any affiliates thereof;

(3) the failure to prevent these anticipated fore-
closures could have devastating effects on household
wealth, neighborhood property values, and the over-
all health of the broader economy; and

(4) the Federal National Mortgage Association
and the Federal Home Loan Mortgage Corporation,
and any affiliates thereof, are uniquely positioned to
provide the financing necessary to alleviate the pre-
dicted wave of anticipated foreclosures.

SEC. 2. DEFINITIONS.

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

(1) DIRECTOR.—The term “Director” means
the Director of the Office of Federal Housing Enter-
prise Oversight of the Department of Housing and
Urban Development.
(2) ENTERPRISE.—The term “enterprise” means—

(A) the Federal National Mortgage Association, and any affiliate thereof; and

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


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

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

SEC. 3. LIFTING OF PORTFOLIO CAPS.

(a) IN GENERAL.—Immediately upon the date of enactment of this Act, the Director shall terminate, suspend, modify, or otherwise lift—

(1) the limitation on growth provision set forth in section 4, Article III of the Fannie Mae Consent Decree; and
(2) the voluntary temporary growth limitation described in the Freddie Mac Letter.

(b) FACTORS.—In carrying out subsection (a), the Director shall increase the mortgage portfolio limitations of both enterprises by not less than 10 percent.

(c) ALLOCATION.—

(1) IN GENERAL.—Eighty-five percent of the portfolio increase described in subsection (b) shall be used for the purpose of refinancing subprime mortgages at risk of foreclosure.

(2) DEFINITIONS.—The Director may establish criteria defining the term “subprime mortgage”, as the Director determines necessary.

(d) RULE OF CONSTRUCTION.—Nothing in this section shall be construed to prevent or prohibit the Director from exercising any authority of the Director to terminate, suspend, modify, or otherwise lift the limitations referenced in paragraphs (1) and (2) of subsection (a) beyond the minimum increase specified in subsection (b), as the Director deems appropriate.

SEC. 4. SUNSET PROVISION.

This Act is repealed, effective 6 months after the date of enactment of this Act, and the authority of the Director under this Act is terminated on that date of repeal.