

Union Calendar No. 270

111TH CONGRESS
2^D SESSION

H. R. 5072

[Report No. 111-476]

To improve the financial safety and soundness of the FHA mortgage insurance program.

IN THE HOUSE OF REPRESENTATIVES

APRIL 20, 2010

Ms. WATERS (for herself, Mrs. CAPITO, Mr. FRANK of Massachusetts, and Mr. AL GREEN of Texas) introduced the following bill; which was referred to the Committee on Financial Services

MAY 6, 2010

Additional sponsors: Mr. LYNCH and Mr. SHERMAN

MAY 6, 2010

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Strike out all after the enacting clause and insert the part printed in *italie*]

[For text of introduced bill, see copy of bill as introduced on April 20, 2010]

A BILL

To improve the financial safety and soundness of the FHA
mortgage insurance program.

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 “FHA Reform Act of*
5 *2010”.*

6 **SEC. 2. MORTGAGE INSURANCE PREMIUMS.**

7 *Subparagraph (B) of section 203(c)(2) of the National*
8 *Housing Act (12 U.S.C. 1709(c)(2)(B)) is amended—*

9 *(1) in the matter preceding clause (i)—*

10 *(A) by striking “shall” and inserting*
11 *“may”; and*

12 *(B) by striking “0.50 percent” and insert-*
13 *ing “1.5 percent”; and*

14 *(2) in clause (ii), by striking “shall be in an*
15 *amount not exceeding 0.55 percent” and inserting*
16 *“may be in an amount not exceeding 1.55 percent”.*

17 **SEC. 3. INDEMNIFICATION BY MORTGAGEES.**

18 *Section 202 of the National Housing Act (12 U.S.C.*
19 *1708) is amended by adding at the end the following new*
20 *subsection:*

21 *“(i) INDEMNIFICATION BY MORTGAGEES.—*

22 *“(1) IN GENERAL.—If the Secretary determines*
23 *that a mortgage executed by a mortgagee approved by*
24 *the Secretary under the direct endorsement program*
25 *or insured by a mortgagee pursuant to the delegation*

1 of authority under section 256 was not originated or
2 underwritten in accordance with the requirements es-
3 tablished by the Secretary, and the Secretary pays an
4 insurance claim with respect to the mortgage within
5 a reasonable period specified by the Secretary, the
6 Secretary may require the mortgagee approved by the
7 Secretary under the direct endorsement program or
8 the mortgagee delegated authority under section 256
9 to indemnify the Secretary for the loss.

10 “(2) *FRAUD OR MISREPRESENTATION.*—If fraud
11 or misrepresentation was involved in connection with
12 the origination or underwriting, the Secretary may
13 require the mortgagee approved by the Secretary
14 under the direct endorsement program or the mort-
15 gagee delegated authority under section 256 to indem-
16 nify the Secretary for the loss regardless of when an
17 insurance claim is paid.

18 “(3) *REQUIREMENTS AND PROCEDURES.*—The
19 Secretary shall issue regulations establishing appro-
20 priate requirements and procedures governing the in-
21 demnification of the Secretary by the mortgagee.”.

22 **SEC. 4. DELEGATION OF INSURING AUTHORITY.**

23 Section 256 of the National Housing Act (12 U.S.C.
24 1715z–21) is amended—

25 (1) by striking subsection (c);

1 (2) *in subsection (e), by striking “, including”*
2 *and all that follows through “by the mortgagee”; and*
3 (3) *by redesignating subsections (d) and (e) as*
4 *subsections (c) and (d), respectively.*

5 **SEC. 5. AUTHORITY TO TERMINATE MORTGAGEE ORIGINA-**
6 **TION AND UNDERWRITING APPROVAL.**

7 *Section 533 of the National Housing Act (12 U.S.C.*
8 *1735f–11) is amended—*

9 (1) *in the first sentence of subsection (b), by in-*
10 *serting “or areas or on a nationwide basis” after*
11 *“area” each place such term appears; and*

12 (2) *in subsection (c), by striking “(c)” and all*
13 *that follows through “The Secretary” in the first sen-*
14 *tence of paragraph (2) and inserting the following:*

15 “(c) **TERMINATION OF MORTGAGEE ORIGINATION AND**
16 **UNDERWRITING APPROVAL.—**

17 “(1) **TERMINATION AUTHORITY.—***If the Sec-*
18 *retary determines, under the comparison provided in*
19 *subsection (b), that a mortgagee has a rate of early*
20 *defaults and claims that is excessive, the Secretary*
21 *may terminate the approval of the mortgagee to origi-*
22 *nate or underwrite single family mortgages for any*
23 *area, or areas, or on a nationwide basis, notwith-*
24 *standing section 202(c) of this Act.*

25 “(2) **PROCEDURE.—***The Secretary”.*

1 **SEC. 6. DEPUTY ASSISTANT SECRETARY OF FHA FOR RISK**
2 **MANAGEMENT AND REGULATORY AFFAIRS.**

3 (a) *ESTABLISHMENT OF POSITION.*—Subsection (b) of
4 section 4 of the Department of Housing and Urban Develop-
5 ment Act (42 U.S.C. 3533(b)) is amended—

6 (1) by inserting “(1)” after “(b)”; and

7 (2) by adding at the end the following new para-
8 graph:

9 “(2) There shall be in the Department, within the Fed-
10 eral Housing Administration, a Deputy Assistant Secretary
11 for Risk Management and Regulatory Affairs, who shall be
12 appointed by the Secretary and shall be responsible to the
13 Federal Housing Commissioner for all matters relating to
14 managing and mitigating risk to the mortgage insurance
15 funds of the Department and ensuring the performance of
16 mortgages insured by the Department.”.

17 (b) *TERMINATION.*—Upon the appointment and con-
18 firmation of the initial Deputy Assistant Secretary for Risk
19 Management and Regulatory Affairs pursuant to section
20 4(b)(2) of the Department of Housing and Urban Develop-
21 ment Act, as amended by subsection (a) of this section, the
22 position of chief risk officer within the Federal Housing Ad-
23 ministration, filled by appointment by the Federal Housing
24 Commissioner, is abolished.

1 **SEC. 7. USE OF OUTSIDE CREDIT RISK ANALYSIS SOURCES.**

2 *Section 202 of the National Housing Act (12 U.S.C.*
3 *1708), as amended by the preceding provisions of this Act,*
4 *is further amended by adding at the end the following new*
5 *subsection:*

6 “(j) *USE OF OUTSIDE CREDIT RISK ANALYSIS*
7 *SOURCES.—The Secretary may obtain the services of, and*
8 *enter into contracts with, private and other entities outside*
9 *of the Department in—*

10 *“(1) analyzing credit risk models and practices*
11 *employed by the Department in connection with such*
12 *mortgages;*

13 *“(2) evaluating underwriting standards applica-*
14 *ble to such mortgages insured by the Department; and*

15 *“(3) analyzing the performance of lenders in*
16 *complying with, and the Department in enforcing,*
17 *such underwriting standards.”.*

18 **SEC. 8. REVIEW OF MORTGAGEE PERFORMANCE.**

19 *Section 533 of the National Housing Act (12 U.S.C.*
20 *1735f-11) is amended—*

21 *(1) in subsection (a), by inserting after the pe-*
22 *riod at the end the following: “For purposes of this*
23 *subsection, the term ‘early default’ means a default*
24 *that occurs within 24 months after a mortgage is*
25 *originated or such alternative appropriate period as*
26 *the Secretary shall establish.”;*

1 (2) *in subsection (b), by inserting after the pe-*
2 *riod at the end of the first sentence the following:*
3 *“The Secretary shall also identify which mortgagees*
4 *have had a significant or rapid increase, as deter-*
5 *mined by the Secretary, in the number or percentage*
6 *of early defaults and claims on such mortgages, with*
7 *respect to all mortgages originated by the mortgagee*
8 *or mortgages on housing located in any particular ge-*
9 *ographic area or areas.”; and*

10 (3) *by adding at the end the following new sub-*
11 *sections:*

12 “(d) *SUFFICIENT RESOURCES.—There is authorized to*
13 *be appropriated to the Secretary for each of fiscal years*
14 *2010 through 2014 the amount necessary to provide addi-*
15 *tional full-time equivalent positions for the Department, or*
16 *for entering into such contracts as are necessary, to conduct*
17 *reviews in accordance with the requirements of this section*
18 *and to carry out other responsibilities relating to ensuring*
19 *the safety and soundness of the Mutual Mortgage Insurance*
20 *Fund.*

21 “(e) *REPORTING TO CONGRESS.—Not later than 90*
22 *days after the date of enactment of the FHA Reform Act*
23 *of 2010 and not less often than annually thereafter, the Sec-*
24 *retary shall make available to the Committee on Financial*
25 *Services of the House of Representatives and the Committee*

1 *on Banking, Housing, and Urban Affairs of the Senate any*
2 *information and conclusions pursuant to the reviews re-*
3 *quired under subsection (a). Such report shall not include*
4 *detailed information on the performance of individual*
5 *mortgages.”.*

6 **SEC. 9. USE OF NATIONWIDE MORTGAGE LICENSING SYS-**
7 **TEM AND REGISTRY.**

8 *(a) USE BY MORTGAGEES, OFFICERS, AND OWNERS;*
9 *USE FOR INSURED MORTGAGES.—*

10 *(1) MORTGAGEES, OFFICERS, AND OWNERS.—*
11 *Section 202 of the National Housing Act (12 U.S.C.*
12 *1708), as amended by the preceding provisions of this*
13 *Act, is further amended by adding at the end the fol-*
14 *lowing new subsections:*

15 *“(k) USE OF NATIONWIDE MORTGAGE LICENSING SYS-*
16 *TEM AND REGISTRY FOR MORTGAGEES, OFFICERS, AND*
17 *OWNERS.—The Secretary may require, as a condition for*
18 *approval of a mortgagee by the Secretary to originate or*
19 *underwrite mortgages on single family that are insured by*
20 *the Secretary, that the mortgagee—*

21 *“(1) obtain and maintain a unique company*
22 *identifier assigned by the Nationwide Mortgage Li-*
23 *censing System and Registry, as established by the*
24 *Conference of State Bank Supervisors and the Amer-*

1 *ican Association of Residential Mortgage Regulators;*
2 *and*

3 *“(2) obtain and maintain, as relates to any and*
4 *all officers or owners of the mortgagee who are subject*
5 *to the requirements of the S.A.F.E. Mortgage Licens-*
6 *ing Act of 2008, or are otherwise required to register*
7 *with the Nationwide Mortgage Licensing System and*
8 *Registry, the unique identifier assigned by the Na-*
9 *tionwide Mortgage Licensing System and Registry, as*
10 *established by the Conference of State Bank Super-*
11 *visors and the American Association of Residential*
12 *Mortgage Regulators.”.*

13 *(2) INSURED MORTGAGES.—Section 203 of the*
14 *National Housing Act (12 U.S.C. 1709) is amended*
15 *by adding at the end the following new subsection:*

16 *“(y) USE OF NATIONWIDE MORTGAGE LICENSING SYS-*
17 *TEM AND REGISTRY FOR INSURED LOANS.—The Secretary*
18 *may require each mortgage insured under this section to*
19 *include the unique identifier (as such term is defined in*
20 *section 1503 of the S.A.F.E. Mortgage Licensing act of 2008*
21 *(12 U.S.C. 5102)) and any unique company identifier as-*
22 *signed by the Nationwide Mortgage Licensing System and*
23 *Registry, as established by the Conference of State Bank Su-*
24 *pervisors and the American Association of Residential*
25 *Mortgage Regulators.”.*

1 **(b) COORDINATION WITH STATE REGULATORY AGEN-**
2 *CIES.—Section 202 of the National Housing Act (12 U.S.C.*
3 *1708), as amended by the preceding provisions of this Act,*
4 *is further amended by adding at the end the following new*
5 *subsection:*

6 **“(l) INFORMATION SHARING WITH STATE REGU-**
7 *LATORY AGENCIES.—*

8 **“(1) JOINT PROTOCOL ON INFORMATION SHAR-**
9 *ING.—The Secretary shall, through consultation with*
10 *State regulatory agencies, pursue protocols for infor-*
11 *mation sharing, including the appropriate treatment*
12 *of confidential or otherwise restricted information, re-*
13 *garding either actions described in subsection (c)(3) of*
14 *this section or disciplinary or enforcement actions by*
15 *a State regulatory agency or agencies against a mort-*
16 *gagee (as such term is defined in subsection (c)(7)).*

17 **“(2) COORDINATION.—To the greatest extent pos-**
18 *sible, the Secretary and appropriate State regulatory*
19 *agencies shall coordinate disciplinary and enforce-*
20 *ment actions involving mortgagees (as such term is*
21 *defined in subsection (c)(7)).”.*

22 **SEC. 10. REPORTING OF MORTGAGEE ACTIONS TAKEN**
23 **AGAINST OTHER MORTGAGEES.**

24 *Section 202 of the National Housing Act (12 U.S.C.*
25 *1708(e)), as amended by the preceding provisions of this*

1 *Act, is further amended by adding at the end the following*
 2 *new subsection:*

3 “(m) *NOTIFICATION OF MORTGAGEE ACTIONS.*—*The*
 4 *Secretary shall require each mortgagee, as a condition for*
 5 *approval by the Secretary to originate or underwrite mort-*
 6 *gages on single family or multifamily housing that are in-*
 7 *sured by the Secretary, if such mortgagee engages in the*
 8 *purchase of mortgages insured by the Secretary and origi-*
 9 *nated by other mortgagees or in the purchase of the serv-*
 10 *icing rights to such mortgages, and such mortgagee at any*
 11 *time takes action to terminate or discontinue such pur-*
 12 *chases from another mortgagee based on any determination,*
 13 *evidence, or report of fraud or material misrepresentation*
 14 *in connection with the origination of such mortgages, the*
 15 *mortgagee shall, not later than 15 days after taking such*
 16 *action, shall notify the Secretary of the action taken and*
 17 *the reasons for such action.”.*

18 **SEC. 11. ANNUAL ACTUARIAL STUDY AND QUARTERLY RE-**
 19 **PORTS ON MUTUAL MORTGAGE INSURANCE**
 20 **FUND.**

21 *Subsection (a) of section 202 of the National Housing*
 22 *Act (12 U.S.C. 1708(a)) is amended—*

23 *(1) in the second sentence of paragraph (4), by*
 24 *inserting before the period at the end the following: “,*
 25 *any changes to the current or projected safety and*

1 *soundness of the Fund since the most recent report*
2 *under this paragraph or paragraph (5), and any*
3 *risks to the Fund”;* and

4 (2) in paragraph (5)—

5 (A) in subparagraph (D), by striking “and”
6 at the end;

7 (B) in subparagraph (E), by striking the
8 period at the end and inserting “; and”;

9 (C) by adding at the end the following:

10 “(F) any other factors that are likely to
11 have an impact on the financial status of the
12 Fund or cause any material changes to the cur-
13 rent or projected safety and soundness of the
14 Fund since the most recent report under para-
15 graph (4).

16 *The Secretary may include in the report under this*
17 *paragraph any recommendations not made in the*
18 *most recent report under paragraph (4) that may be*
19 *needed to ensure that the Fund remains financially*
20 *sound.”.*

21 **SEC. 12. REVIEW OF DOWNPAYMENT REQUIREMENTS.**

22 *Section 205 of the National Housing Act (12 U.S.C.*
23 *1711) is amended by adding at the end the following new*
24 *subsection:*

1 “(g) *REVIEW OF DOWNPAYMENT REQUIREMENTS.*—If,
2 *at any time when the capital ratio (as such term is defined*
3 *in subsection (f)) of the Mutual Mortgage Insurance Fund*
4 *does not comply with the requirement under subsection*
5 *(f)(1), the Secretary establishes a cash investment require-*
6 *ment, for all mortgages or mortgagors or with respect to*
7 *any group of mortgages or mortgagors, that exceeds the*
8 *minimum percentage or amount required under section*
9 *203(b)(9), thereafter upon the capital ratio first complying*
10 *with the requirement under subsection (f)(1) the Secretary*
11 *shall review such cash investment requirement and, if the*
12 *Secretary determines that such percentage or amount may*
13 *be reduced while maintaining such compliance, the Sec-*
14 *retary shall subsequently reduce such requirement by such*
15 *percentage or amount as the Secretary considers appro-*
16 *priate.”.*

17 **SEC. 13. DEFAULT AND ORIGINATION INFORMATION BY**
18 **LOAN SERVICER AND ORIGINATING DIRECT**
19 **ENDORSEMENT LENDER.**

20 (a) *COLLECTION OF INFORMATION.*—Paragraph (2) of
21 *section 540(b) of the National Housing Act (12 U.S.C. 1712*
22 *U.S.C. 1735f–18(b)(2)) is amended by adding at the end*
23 *the following new subparagraph:*

24 “(C) *For each entity that services insured*
25 *mortgages, data on the performance of mortgages*

1 *originated during each calendar quarter occur-*
2 *ring during the applicable collection period,*
3 *disaggregated by the direct endorsement mort-*
4 *gagee from whom such entity acquired such serv-*
5 *icing.”.*

6 **(b) APPLICABILITY.**—*Information described in sub-*
7 *paragraph (C) of section 540(b)(2) of the National Housing*
8 *Act, as added by subsection (a) of this section, shall first*
9 *be made available under such section 540 for the applicable*
10 *collection period (as such term is defined in such section)*
11 *relating to the first calendar quarter ending after the expi-*
12 *ration of the 12-month period that begins on the date of*
13 *the enactment of this Act.*

14 **SEC. 14. THIRD PARTY SERVICER OUTREACH.**

15 **(a) AUTHORITY.**—*The Secretary of Housing and*
16 *Urban Development may, to the extent any amounts for fis-*
17 *cal year 2010 or 2011 are made available in advance in*
18 *appropriation Acts for reimbursements under this section,*
19 *provide reimbursement to servicers of covered mortgages (as*
20 *such term is defined in subsection (e)) for costs of obtaining*
21 *the services of independent third parties meeting the re-*
22 *quirements under subsection (b) of this section to make in-*
23 *person contact with mortgagors under covered mortgages*
24 *whose payments under such mortgages are 60 or more days*

1 *past due, solely for the purposes of providing information*
2 *to such mortgagors regarding—*

3 *(1) available counseling by housing counseling*
4 *agencies approved by the Secretary ; and*

5 *(2) available mortgage loan modification, refi-*
6 *nance, and assistance programs.*

7 *(b) QUALIFIED INDEPENDENT THIRD PARTIES.—An*
8 *independent third party meets the requirements of this sub-*
9 *section if the third party—*

10 *(1) is an entity, including a housing counseling*
11 *agency approved by the Secretary, that meets stand-*
12 *ards, qualifications, and requirements (including re-*
13 *garding foreclosure prevention training, quality mon-*
14 *itoring, safeguarding of non-public information) es-*
15 *tablished by the Secretary for purposes of this section*
16 *for in-person contact about available mortgage loan*
17 *modification, refinancing, and assistance programs; and*

18 *(2) does not charge any fees or require other pay-*
19 *ments, directly or indirectly, from any mortgagor for*
20 *making in-person contact and providing information*
21 *and documents under this section.*

22 *(c) TREATMENT OF PERSONAL, NON-PUBLIC, AND CON-*
23 *FIDENTIAL INFORMATION.—An independent third party*
24 *whose services are obtained using amounts made available*
25 *for use under this section and the mortgage servicer obtain-*

1 *ing such services shall not use, disclose, or distribute any*
2 *personal, non-public, or confidential information about a*
3 *mortgagor obtained during an in-person contact with the*
4 *mortgagor, except for purposes of engaging in the process*
5 *of modification or refinancing of the covered mortgage.*

6 *(d) DATE OF CONTACT AND DISCLOSURES.—Each*
7 *independent third party whose services are obtained by a*
8 *mortgage servicer using amounts made available for use*
9 *under this section shall—*

10 *(1) initiate in-person contact with a mortgagor*
11 *not later than 10 days after the date upon which pay-*
12 *ments under the covered mortgage of the mortgagor*
13 *become 60 days past due; and*

14 *(2) upon making in-person contact with a mort-*
15 *gagor, provide the mortgagor with a written docu-*
16 *ment that discloses—*

17 *(A) the name of, and contact information*
18 *for, the independent third party and the mort-*
19 *gage servicer;*

20 *(B) that the independent third party has*
21 *contracted with the mortgage servicer to provide*
22 *the in-person contact at no charge to the mort-*
23 *gagor;*

24 *(C) that the independent third party is an*
25 *agent of the mortgage servicer;*

1 (D) that the in-person contact with the
2 mortgagor consists of providing information
3 about available counseling by a housing coun-
4 seling agency approved by the Secretary and
5 available mortgage loan modification, refinance,
6 and assistance programs;

7 (E) that the independent third party and
8 the mortgage servicer are prohibited from the
9 use, disclosure, or distribution of personal, non-
10 public, and confidential information about the
11 mortgagor, obtained during the in-person con-
12 tact, except for purposes of engaging in the proc-
13 ess of modification or refinance of the covered
14 mortgage;

15 (F) any other information that the Sec-
16 retary determines should be disclosed.

17 (e) **DEFINITION OF COVERED MORTGAGE.**—For pur-
18 poses of this section, the term “covered mortgage” means
19 a mortgage on a 1- to 4-family residence insured under the
20 provisions of subsection (b) or (k) of section 203, section
21 234(c), or 251 of the National Housing Act (12 U.S.C.
22 1709, 1715y, 1715z–16).

23 **SEC. 15. GAO REPORTS ON FHA AND GINNIE MAE.**

24 Not later than the expiration of the 12-month period
25 beginning on the date of the enactment of this Act, the

1 *Comptroller General of the United States shall submit to*
2 *the Congress the following reports:*

3 (1) *FHA REPORT.*—*A report on the single fam-*
4 *ily mortgage insurance programs of the Secretary of*
5 *Housing and Urban Development and the Mutual*
6 *Mortgage Insurance Fund established under section*
7 *202(a) of the National Housing Act (12 U.S.C.*
8 *1708(a)) that—*

9 (A) *analyzes such Fund, the economic net*
10 *worth, capital ratio, and unamortized insurance-*
11 *in-force (as such terms are defined in section*
12 *205(f)(4) of such Act (12 U.S.C. 1711(f)(4))) of*
13 *such Fund, the risks to the Fund, how the cap-*
14 *ital ratio of the Fund affects the mortgage insur-*
15 *ance programs under the Fund and the broader*
16 *housing market, the extent to which the housing*
17 *markets are more dependent on mortgage insur-*
18 *ance provided through the Fund since the finan-*
19 *cial crisis began in 2008, and the exposure of the*
20 *taxpayers for obligations of the Fund;*

21 (B) *analyzes the methodology of the capital*
22 *ratio for the Fund under section 205(f) of such*
23 *Act and examines other alternative methodologies*
24 *with respect to which methodology is most ap-*

1 *appropriate to meet the operational goals of the*
2 *Fund under section 202(a)(7);*

3 *(C) analyzes the effects of the increases in*
4 *the limits on the maximum principal obligation*
5 *of mortgages made by the FHA Modernization*
6 *Act of 2008 (title I of division B of Public Law*
7 *110–289), section 202 of the Economic Stimulus*
8 *Act of 2008 (Public Law 110–185; 122 Stat.*
9 *620), section 1202 of division A of the American*
10 *Recovery and Reinvestment Act of 2009 (Public*
11 *Law 111–5; 123 Stat. 225), and section 166 of*
12 *the Continuing Appropriations Resolution, 2010*
13 *(as added by section 104 of division B of Public*
14 *Law 111–88; 123 Stat. 29723) on—*

15 *(i) the risks to and safety and sound-*
16 *ness of the Fund;*

17 *(ii) the impact on the affordability and*
18 *availability of mortgage credit for borrowers*
19 *for loans authorized under such higher loan*
20 *limits;*

21 *(iii) the private market for residential*
22 *mortgage loans that are not insured by the*
23 *Secretary of Housing and Urban Develop-*
24 *ment; and*

1 (iv) the Federal National Mortgage As-
2 sociation and the Federal Home Loan Mort-
3 gage Corporation; and

4 (D) analyzes the impact on affordability to
5 FHA borrowers, and the impact to the Fund, of
6 seller concessions or contributions to a borrower
7 purchasing a residence using a mortgage that is
8 insured by the Secretary.

9 (2) GINNIE MAE.—A report on the Government
10 National Mortgage Association that identifies—

11 (A) the volume and share of the residential
12 mortgage market that consists of mortgages that
13 back securities for which the payment for prin-
14 cipal and interest is guaranteed by such Associa-
15 tion and how the Association has been affected
16 by the economic recession, credit crisis, and
17 downturn in the housing markets occurring dur-
18 ing 2008, 2009, and 2010;

19 (B) the capacity of the Association to man-
20 age the volume of business it conducts and secu-
21 rities it guarantees, particularly with regard to
22 the recent dramatic increase in such volume, in-
23 cluding the ability of the Association to conduct
24 appropriate oversight of contractors and issuers
25 of securities for which the payment of principal

1 *and interest is guaranteed by the Association*
2 *and to determine whether the characteristics of*
3 *various mortgage products constitute appro-*
4 *priate collateral for the federally guaranteed se-*
5 *curities for which payment of principal and in-*
6 *terest is guaranteed by such Association;*

7 *(C) the impacts, if any, resulting from such*
8 *increased volume of business conducted by the*
9 *Association and securities it guarantees and the*
10 *challenges such increased volume poses to the in-*
11 *ternal controls of the Association; and*

12 *(D) the existing capital net worth require-*
13 *ments for aggregators of mortgages that issue se-*
14 *curities that are based on or backed by such*
15 *mortgages and payment of principal and inter-*
16 *est on which is guaranteed by such Association*
17 *and recommends an appropriate required level of*
18 *net worth for such aggregators and issuers to*
19 *protect the financial interests of the Federal Gov-*
20 *ernment and the taxpayers.*

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