AMENDMENT TO H.R. 839, AS REPORTED
OFFERED BY MR. CARDOZA OF CALIFORNIA

At the end of the bill, add the following new section:

SEC. 3. AFFORDABLE REFINANCING OF MORTGAGES OWNED OR GUARANTEED BY FANNIE MAE AND FREDDIE MAC.

(a) AUTHORITY.—The Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation shall each carry out a program under this section to provide for the refinancing of qualified mortgages on single-family housing owned by such enterprise through a refinancing mortgage, and for the purchase of and securitization of such refinancing mortgages, in accordance with this section and policies and procedures that the Director of the Federal Housing Finance Agency shall establish. Such program shall require such refinancing of a qualified mortgage upon the request of the mortgagor made to the applicable enterprise and a determination by the enterprise that the mortgage is a qualified mortgage.

(b) QUALIFIED MORTGAGE.—For purposes of this section, the term "qualified mortgage" means a mortgage, without regard to whether the mortgagor is current on or in default on payments due under the mortgage, that—

(1) is an existing first mortgage that was made for purchase of, or refinancing another first mortgage on, a one- to four-family dwelling, including a condominium or a share in a cooperative ownership housing association, that is occupied by the mortgagor as the principal residence of the mortgagor;

(2) is owned or guaranteed by the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation; and

(3) was originated on or before the date of the enactment of this Act.

(c) REFINANCING MORTGAGE.—For purposes of this section, the term ''refinancing mortgage'' means a mortgage that meets the following requirements:

(1) REFINANCING OF QUALIFIED MORTGAGE.—The principal loan amount repayment of which is secured by the mortgage shall be used to satisfy all indebtedness under an existing qualified mortgage.

(2) SINGLE-FAMILY HOUSING.—The property that is subject to the mortgage shall be the same property that is subject to the qualified mortgage being refinanced.

(3) INTEREST RATE.—The mortgage shall bear interest at a single rate that is fixed for the entire term of the mortgage, which shall be equivalent to

the premium received by the enterprise on the qualified mortgage being refinanced plus the cost of selling a newly issued mortgage having comparable risk and term to maturity in a mortgage-backed security, as such rate may be increased to the extent necessary to cover, over the term to maturity of the mortgage, any fee paid to the servicer pursuant to subsection (d), the cost of any title insurance coverage issued in connection with the mortgage, and, as determined by the Director, a portion of any administrative costs of the program under this section as may attributable to the mortgage.

(4) WAIVER OF PREPAYMENT PENALTIES.—All penalties for prepayment or refinancing of the qualified mortgage that is refinanced by the mortgage, and all fees and penalties related to the default or delinquency on such mortgage, shall have been waived or forgiven.

(5) TERM TO MATURITY.—The mortgage shall have a term to maturity of not more than 40 years from the date of the beginning of the amortization of the mortgage.

(6) PROHIBITION ON BORROWER FEES.—The servicer conducting the refinancing shall not charge the mortgagor any fee for the refinancing of the

qualified mortgage through the refinancing mortgage.

(7) TITLE INSURANCE.—The fee for title insurance coverage issued in connection with the mortgage shall be reasonable in comparison with fees for such coverage available in the market for mortgages having similar terms.

(d) FEE TO SERVICER.—For each qualified mortgage of an enterprise that the servicer of the qualified mortgage refinances through a refinancing mortgage pursuant to this section, the enterprise shall pay the servicer a fee not exceeding $1,000.

(e) NO APPRAISAL.—The enterprises may not require an appraisal of the property subject to a refinancing mortgage to be conducted in connection with such refinancing.

(f) TERMINATION.—The requirement under subsection (a) for the enterprises to refinance qualified mortgages shall not apply to any request for refinancing made after the expiration of the one-year period beginning on the date of the enactment of this Act.

(g) DEFINITIONS.—For purposes of this section, the following definitions shall apply:

(1) DIRECTOR.—The term ''Director'' means the Director of the Federal Housing Finance Agency.

(2) ENTERPRISE.—The term ‘‘enterprise’’ means the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation.

(h) REGULATIONS.—The Director shall issue any regulations or guidance necessary to carry out the program under this section.