

REVISED

AMENDMENT TO THE COMMITTEE PRINT OF

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**OFFERED BY MR. MINNICK OF IDAHO, MR.
ADLER OF NEW JERSEY, MR. MOORE OF
KANSAS, ~~MS. BEAN OF ILLINOIS~~, AND MS.
BEAN OF ILLINOIS**

Page 235, beginning on line 5, strike “appropriate Federal banking agencies and the Commission shall jointly” and insert “appropriate agencies shall”.

Page 235, line 14, strike “ASSETBACKED” and insert “ASSET-BACKED”.

Page 235, beginning on line 14, strike “Federal banking agencies and the Commission” and insert “appropriate agencies”.

Page 235, beginning on line 22, strike “appropriate Federal banking agencies and the Commission may jointly” and insert “appropriate agencies may”.

Page 236, line 1, strike “jointly”.

Page 236, strike line 18 and all that follows through page 237, line 10 and insert the following new paragraph:

1 “(2) require a creditor or securitizer to retain
2 5 percent of the credit risk on any loan that is
3 transferred, sold, or conveyed by such creditor or
4 securitized by such securitizer except—

5 “(A) an appropriate agency may specify
6 that the percentage of risk may be less than 5
7 percent of the credit risk if—

8 “(i) the credit underwriting by the
9 creditor or the due diligence by the
10 securitizer meets such standards as an ap-
11 propriate agency prescribes; and

12 “(ii) the loan that is transferred, sold,
13 or conveyed by such creditor or securitized
14 by such securitizer meets terms, condi-
15 tions, and characteristics that are deter-
16 mined by an appropriate agency to reflect
17 loans with reduced credit risk, such as
18 loans that meet certain interest rate
19 thresholds, loans that are fully amortizing,
20 and loans that are included in a
21 securitization in which a third-party pur-
22 chaser specifically negotiates for the pur-
23 chase of the first-loss position prior to the
24 issuance of the asset-backed securities, re-

and

*and provides due diligence
on all individual loans
in the pool*

1 tains a first-loss position, ~~and manages the~~
2 ~~risk of the pool for all institutions;~~ and
3 “(B) an appropriate agency may specify
4 that the percentage of risk may be more than
5 5 percent of the credit risk if the underwriting
6 by the creditor or due diligence by the
7 securitizer is insufficient;”.

Page 237, beginning on line 17, strike “appropriate Federal banking agencies and the Commission shall have authority to jointly” and insert “appropriate agencies shall have authority to”.

Page 237, beginning on line 21, strike “10 percent risk retention threshold” and insert “percentage of risk retention required to be held”.

Page 238, after line 8, insert the following new subsections (and redesignate the subsequent subsections accordingly):

8 “(e) APPROPRIATE AGENCY DEFINED.—For pur-
9 poses of this section, the term ‘appropriate agency’ means
10 any of the following agencies with regard to the respective
11 loans and asset-backed securities:
12 “(1) BANKING AGENCIES.—The Federal bank-
13 ing agencies, the National Credit Union Administra-
14 tion Board, and the Commission, with respect to any

1 loan or asset-backed security for which there is no
2 appropriate agency under paragraph (2).

3 “(2) OTHER AGENCIES.—

4 “(A) With regard to any mortgage insured
5 under title II of the National Housing Act, the
6 Secretary of Housing and Urban Development.

7 “(B) With regard to any loan meeting the
8 conforming loan standards of the Federal Na-
9 tional Mortgage Corporation or the Federal
10 Home Loan Mortgage Corporation or any
11 asset-backed security issued by either such cor-
12 poration, the Federal Housing Finance Agency.

13 “(C) With regard to any loan insured by
14 the Rural Housing Service, the Rural Housing
15 Service.

16 “(f) JOINT APPROPRIATE AGENCY REGULATIONS.—
17 All regulations prescribed by the agencies identified in
18 subsection (e)(1) shall be prescribed jointly by such agen-
19 cies.”

Page 240, after line 8, insert the following new sub-
section (and redesignate the subsequent subsection ac-
cordingly):

20 “(h) EXCLUSIONS.—Notwithstanding any other pro-
21 vision of this section, the requirements of this section shall
22 not apply to any loan—

1 “(1) insured, guaranteed, or administered by
2 the Secretary of Education, the Secretary of Agri-
3 culture, the Secretary of Veterans Affairs, or the
4 Small Business Administration; or

5 “(2) made, insured, guaranteed, or purchased
6 by any person that is subject to the supervision of
7 the Farm Credit Administration, including the Fed-
8 eral Agricultural Mortgage Corporation.”.

