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(Original Signature of Member)

112TH CONGRESS
1ST SESSION

# H. R. 363

To prevent foreclosure of home mortgages and provide for the affordable refinancing of mortgages held by Fannie Mae and Freddie Mac.

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IN THE HOUSE OF REPRESENTATIVES

Mr. CARDOZA introduced the following bill; which was referred to the Committee on _____

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# A BILL

To prevent foreclosure of home mortgages and provide for the affordable refinancing of mortgages held by Fannie Mae and Freddie Mac.

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

**SECTION 1. SHORT TITLE.**

This Act may be cited as the "Housing Opportunity and Mortgage Equity Act of 2011".

1 **SEC. 2. AFFORDABLE REFINANCING OF MORTGAGES**
2 **OWNED OR GUARANTEED BY FANNIE MAE**
3 **AND FREDDIE MAC.**

4 (a) AUTHORITY.—The Federal National Mortgage
5 Association and the Federal Home Loan Mortgage Cor-
6 poration shall each carry out a program under this section
7 to provide for the refinancing of qualified mortgages on
8 single-family housing owned by such enterprise through a
9 refinancing mortgage, and for the purchase of and
10 securitization of such refinancing mortgages, in accord-
11 ance with this section and policies and procedures that the
12 Director of the Federal Housing Finance Agency shall es-
13 tablish. Such program shall require such refinancing of
14 a qualified mortgage upon the request of the mortgagor
15 made to the applicable enterprise and a determination by
16 the enterprise that the mortgage is a qualified mortgage.

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

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

1 (2) is owned or guaranteed by the Federal Na-
2 tional Mortgage Association or the Federal Home
3 Loan Mortgage Corporation; and
4 (3) was originated on or before the date of the
5 enactment of this Act.
6 (c) REFINANCING MORTGAGE.—For purposes of this
7 section, the term "refinancing mortgage" means a mort-
8 gage that meets the following requirements:
9 (1) REFINANCING OF QUALIFIED MORTGAGE.—
10 The principal loan amount repayment of which is se-
11 cured by the mortgage shall be used to satisfy all in-
12 debtedness under an existing qualified mortgage.
13 (2) SINGLE-FAMILY HOUSING.—The property
14 that is subject to the mortgage shall be the same
15 property that is subject to the qualified mortgage
16 being refinanced.
17 (3) INTEREST RATE.—The mortgage shall bear
18 interest at a single rate that is fixed for the entire
19 term of the mortgage, which shall be equivalent to
20 the premium received by the enterprise on the quali-
21 fied mortgage being refinanced plus the cost of sell-
22 ing a newly issued mortgage having comparable risk
23 and term to maturity in a mortgage-backed security,
24 as such rate may be increased to the extent nec-
25 essary to cover, over the term to maturity of the

1 mortgage, any fee paid to the servicer pursuant to
2 subsection (d), the cost of any title insurance cov-
3 erage issued in connection with the mortgage, and,
4 as determined by the Director, a portion of any ad-
5 ministrative costs of the program under this section
6 as may attributable to the mortgage.

7 (4) WAIVER OF PREPAYMENT PENALTIES.—All
8 penalties for prepayment or refinancing of the quali-
9 fied mortgage that is refinanced by the mortgage,
10 and all fees and penalties related to the default or
11 delinquency on such mortgage, shall have been
12 waived or forgiven.

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

17 (6) PROHIBITION ON BORROWER FEES.—The
18 servicer conducting the refinancing shall not charge
19 the mortgagor any fee for the refinancing of the
20 qualified mortgage through the refinancing mort-
21 gage.

22 (7) TITLE INSURANCE.—The fee for title insur-
23 ance coverage issued in connection with the mort-
24 gage shall be reasonable in comparison with fees for

1 such coverage available in the market for mortgages
2 having similar terms.
3 (d) FEE TO SERVICER.—For each qualified mortgage
4 of an enterprise that the servicer of the qualified mortgage
5 refinances through a refinancing mortgage pursuant to
6 this section, the enterprise shall pay the servicer a fee not
7 exceeding $1,000.
8 (e) NO APPRAISAL.—The enterprises may not require
9 an appraisal of the property subject to a refinancing mort-
10 gage to be conducted in connection with such refinancing.
11 (f) TERMINATION.—The requirement under sub-
12 section (a) for the enterprises to refinance qualified mort-
13 gages shall not apply to any request for refinancing made
14 after the expiration of the one-year period beginning on
15 the date of the enactment of this Act.
16 (g) DEFINITIONS.—For purposes of this section, the
17 following definitions shall apply:
18 (1) DIRECTOR.—The term "Director" means
19 the Director of the Federal Housing Finance Agen-
20 cy.
21 (2) ENTERPRISE.—The term "enterprise"
22 means the Federal National Mortgage Association
23 and the Federal Home Loan Mortgage Corporation.

1 (h) REGULATIONS.—The Director shall issue any
2 regulations or guidance necessary to carry out the pro-
3 gram under this section.