

112TH CONGRESS
1ST SESSION

H. R. 3733

To reduce the interest rates on mortgages owned or guaranteed by Fannie Mae and Freddie Mac.

IN THE HOUSE OF REPRESENTATIVES

DECEMBER 19, 2011

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

A BILL

To reduce the interest rates on mortgages owned or guaranteed by Fannie Mae and Freddie Mac.

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 “Affordable Mortgage
5 for Homeowners Act of 2011”.

6 **SEC. 2. PRINCIPAL REDUCTION OF MORTGAGES OWNED OR**
7 **GUARANTEED BY FANNIE MAE AND FREDDIE**
8 **MAC.**

9 (a) PROGRAM AUTHORITY.—The Federal National
10 Mortgage Association and the Federal Home Loan Mort-

1 gage Corporation shall each carry out a program under
2 this section to provide for the reduction of the interest
3 rates on qualified mortgages on single-family housing
4 owned or guaranteed by such enterprises, in accordance
5 with this section and policies and procedures that the Di-
6 rector of the Federal Housing Finance Agency shall estab-
7 lish.

8 (b) TIMING.—Each enterprise shall commence the
9 program required under subsection (a) upon the expiration
10 of the 90-day period beginning upon the date of the enact-
11 ment of this Act and shall complete all reductions of the
12 interest rates of qualified mortgages required under the
13 program not later than the expiration of the 12-month pe-
14 riod beginning upon the commencement of such program.

15 (c) INTEREST RATE REDUCTION.—In reducing the
16 interest rate on a qualified mortgage under a program of
17 an enterprise required under this section, the enterprise
18 shall reduce the annual rate of interest charged with re-
19 spect to the outstanding principal obligation of the mort-
20 gage for the remainder of the term of the mortgage, not-
21 withstanding whether the interest rate under the mortgage
22 is otherwise subject to adjustment during such mortgage
23 term, to a fixed interest rate that is the lesser of—

24 (1) 4 percent annually; or

1 (2) the rate for a 30-year fixed rate mortgage,
2 as most recently published in the Weekly Primary
3 Mortgage Market Survey of the Federal Home Loan
4 Mortgage Corporation, as of the time of such inter-
5 est rate reduction for such qualified mortgage.

6 (d) EXEMPT MORTGAGES.—The Director shall pro-
7 vide that the following qualified mortgages shall not be
8 subject to reduction of the interest rate under a program
9 under this section:

10 (1) FIXED-RATE MORTGAGES.—In the case of a
11 qualified mortgage having a rate of interest that is
12 fixed for the entire term of the mortgage, any mort-
13 gage having such an interest rate that is a lower
14 than the interest rate determined for the mortgage
15 under subsection (c).

16 (2) ADJUSTABLE-RATE MORTGAGES.—In the
17 case of a mortgage having a rate of interest that is
18 subject to adjustment during the term of the mort-
19 gage, any mortgage for which the interest rate can-
20 not, as a result of the terms of the terms and condi-
21 tions of the mortgage, exceed the interest rate deter-
22 mined for the mortgage under subsection (c) at any
23 time during the term of the mortgage.

1 (e) OPTION TO OPT-OUT.—Each program of an en-
2 terprise required under this section shall provide for the
3 enterprise to—

4 (1) notify the mortgagor under a qualified
5 mortgage in writing, before the proposed reduction
6 of the interest rate on qualified mortgage of the
7 mortgagor, of—

8 (A) such proposed reduction and the inter-
9 est rate applicable to the mortgage upon such
10 reduction; and

11 (B) the opportunity, in accordance with
12 paragraph (2), for the mortgagor to request
13 that no such interest rate reduction be applied
14 with respect to such mortgage; and

15 (2) forego such interest rate reduction with re-
16 spect to the qualified mortgage of a mortgagor upon
17 receipt by the enterprise of a request by the mort-
18 gagor that no such interest rate reduction be applied
19 with respect to such mortgage.

20 (f) MAINTENANCE OF LOAN STATUS.—Any reduction
21 of the interest rate on a qualified mortgage under a pro-
22 gram under this section shall not result in the treatment
23 of the modified mortgage as a new mortgage.

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

1 (1) DIRECTOR.—The term “Director” means
2 the Director of the Federal Housing Finance Agen-
3 cy.

4 (2) ENTERPRISE.—The term “enterprise”
5 means the Federal National Mortgage Association
6 and the Federal Home Loan Mortgage Corporation.

7 (3) QUALIFIED MORTGAGE.—The term “quali-
8 fied mortgage” means a mortgage, without regard to
9 whether the mortgagor is current or in default on
10 payments due under the mortgage, that—

11 (A) is an existing first mortgage that was
12 made for purchase of, or refinancing another
13 first mortgage on, a one- to four-family dwell-
14 ing, including a condominium or a share in a
15 cooperative ownership housing association, that
16 is occupied by the mortgagor as the principal
17 residence of the mortgagor;

18 (B) is owned or guaranteed by the Federal
19 National Mortgage Association or the Federal
20 Home Loan Mortgage Corporation; and

21 (C) was originated on or before the date of
22 the enactment of this Act.

23 (h) REGULATIONS.—The Director shall issue any
24 regulations or guidance necessary to carry out the pro-
25 grams required under this section not later than the expi-

1 ration of the 90-day period that begins on the date of the
2 enactment of this Act.

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