

## S 1835

United States Covered Bond Act

**Congress:** 112 (2011–2013, Ended)

**Chamber:** Senate

**Policy Area:** Finance and Financial Sector

**Introduced:** Nov 9, 2011

**Current Status:** Read twice and referred to the Committee on Banking, Housing, and Urban Affairs. (text of measure as

**Latest Action:** Read twice and referred to the Committee on Banking, Housing, and Urban Affairs. (text of measure as introduced: CR S7297-7302) (Nov 9, 2011)

**Official Text:** <https://www.congress.gov/bill/112th-congress/senate-bill/1835>

### Sponsor

**Name:** Sen. Hagan, Kay R. [D-NC]

**Party:** Democratic • **State:** NC • **Chamber:** Senate

### Cosponsors (3 total)

Cosponsor	Party / State	Role	Date Joined
Sen. Corker, Bob [R-TN]	R · TN		Nov 9, 2011
Sen. Crapo, Mike [R-ID]	R · ID		Nov 9, 2011
Sen. Schumer, Charles E. [D-NY]	D · NY		Nov 9, 2011

### Committee Activity

Committee	Chamber	Activity	Date
Banking, Housing, and Urban Affairs Committee	Senate	Referred To	Nov 9, 2011

### Subjects & Policy Tags

#### Policy Area:

Finance and Financial Sector

### Related Bills

Bill	Relationship	Last Action
112 HR 940	Related bill	<b>Dec 31, 2012:</b> Placed on the Union Calendar, Calendar No. 542.

United States Covered Bond Act - Directs the Secretary of the Treasury to establish a regulatory oversight program for specified recourse debt obligations of an eligible issuer (covered bonds) that provides for such bonds to be maintained in a manner consistent with safe and sound asset-liability management and other financial practices.

Requires each covered bond regulator (a federal banking agency or the Secretary, as appropriate) to evaluate a covered bond program that has been submitted by an eligible issuer for approval by applying the oversight standards established by the Secretary. Prescribes procedures for approval and implementation of each covered bond program and multiple covered bond programs.

Grants a covered bond regulator cease and desist authority if the issuer does not remedy identified deficiencies.

Requires a covered bond regulator to set, as a percentage of the eligible issuer's total assets, the maximum amount of outstanding covered bonds that the eligible issuer may issue.

Requires the Secretary to maintain a publicly accessible Web site registry for each covered bond program approved by a covered bond regulator.

Authorizes a covered bond regulator to levy fees upon issuers of covered bonds in order to defray the costs of implementing this Act.

Directs the Secretary to establish minimum over-collateralization requirements for covered bonds designed to ensure that sufficient eligible assets and substitute assets are maintained in the cover pool to satisfy all principal and interest payments on the bonds when due through maturity, based upon the credit, collection, and interest rate risks (excluding the liquidity risks) associated with the eligible asset class.

Requires the eligible and substitute assets in any cover pool to meet in the aggregate and at all times, the applicable minimum over-collateralization requirements.

Requires a covered bonds issuer to appoint the indenture trustee for the covered bonds, or another unaffiliated entity, as an independent asset monitor to verify and report to the Secretary and specified persons whether the cover pool meets applicable minimum over-collateralization requirements.

Authorizes removal and replacement of an independent asset monitor.

Treats the failure of a covered pool to meet minimum over-collateralization requirements as an uncured default if such failure is not cured within the time specified in related transaction documents.

Sets forth requirements for: (1) covered bond eligibility; (2) procedures governing default and insolvency of a covered bond both before and subsequent to conservatorship, receivership, liquidation, or bankruptcy of the issuer; (3) FDIC appointment as conservator or receiver for an issuer of covered bonds; and (4) obligations of issuer and its conservator, receiver, liquidating agent, and trusteeship of the estate in bankruptcy by the covered bond regulator.

Directs the Comptroller General to study whether federal reserve banks should be authorized to extend credit to an estate of a covered bond in bankruptcy.

Prescribes requirements for: (1) payments and distributions to be made by such estate in bankruptcy, and (2) closing of

such estate in bankruptcy.

States that taxpayers shall bear no losses from the resolution of an estate in bankruptcy under this Act.

Declares any covered bond issued or guaranteed by a bank is a security issued or guaranteed under specified securities laws.

Prohibits treatment of specified covered bonds as an asset-backed security or a structured finance product.

Requires each covered bond regulator for a bank to adopt separate schemes of registration, disclosure, reporting obligations and exemptions for offers or sales of covered bonds.

## **Actions Timeline**

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- **Nov 9, 2011:** Introduced in Senate
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