

HR 3644

Private Mortgage Market Investment Act

Congress: 112 (2011–2013, Ended)

Chamber: House

Policy Area: Housing and Community Development

Introduced: Dec 13, 2011

Current Status: Referred to the Subcommittee on Financial Institutions and Consumer Credit.

Latest Action: Referred to the Subcommittee on Financial Institutions and Consumer Credit. (Jan 12, 2012)

Official Text: <https://www.congress.gov/bill/112th-congress/house-bill/3644>

Sponsor

Name: Rep. Garrett, Scott [R-NJ-5]

Party: Republican • **State:** NJ • **Chamber:** House

Cosponsors (6 total)

Cosponsor	Party / State	Role	Date Joined
Rep. Bachus, Spencer [R-AL-6]	R · AL		Dec 13, 2011
Rep. Biggert, Judy [R-IL-13]	R · IL		Dec 13, 2011
Rep. Capito, Shelley Moore [R-WV-2]	R · WV		Dec 13, 2011
Rep. Hensarling, Jeb [R-TX-5]	R · TX		Dec 13, 2011
Rep. Neugebauer, Randy [R-TX-19]	R · TX		Dec 13, 2011
Rep. Schweikert, David [R-AZ-5]	R · AZ		Dec 13, 2011

Committee Activity

Committee	Chamber	Activity	Date
Financial Services Committee	House	Reported by	Dec 14, 2011
Financial Services Committee	House	Referred to	Jan 12, 2012

Subjects & Policy Tags

Policy Area:

Housing and Community Development

Related Bills

No related bills are listed.

Private Mortgage Market Investment Act - Directs the Director of the Federal Housing Finance Agency (FHFA) to prescribe classifications for mortgages having various degrees of credit risk, ranging from those with little to no credit risk to those with higher credit risk, with the goals of: (1) maximizing the pricing of credit risk, (2) allowing for the trading of securities collateralized by such classifications in a forward market, and (3) maintaining well functioning liquid markets in such collateralized securities.

Requires the Director to establish standards for specified categories of underwriting criteria for each classification of mortgages depending on degree of credit risk.

Requires the Director to develop, adopt, and publish standard form securitization agreements for mortgages established under this Act, according to specified criteria.

Directs the Director to develop standards for: (1) servicer reporting obligations with respect to any mortgage serving as collateral for a qualified security; (2) servicing, including a servicer succession plan; (3) documentation used to verify the financial resources of a mortgagor, and to qualify the mortgagor for any mortgage that may become collateral for a qualified security; and (4) qualified sponsors.

Requires there to be at all times one or more trustees for each pool of mortgages that acts as collateral for a qualified security.

Imposes certain duties on each trustee for the purpose of protecting investor rights.

Subjects to mandatory arbitration all disputes between an owner of a qualified security and the qualified sponsor of such security relating to representations and warranties.

Requires the Director to require sponsors of qualified securities to: (1) disclose all pertinent information relating to residential mortgage loans that constitute such securities, and (2) allow for the trading of qualified securities under this Act in a forward market.

Amends the Securities Exchange Act of 1934 to repeal credit risk retention requirements.

Amends the Securities Act of 1933 to exempt from registration requirements any qualified security conforming to standard securitization agreements under this Act.

Subjects orders of the FHFA to judicial review in the same manner, upon the same conditions, and to the same extent, as the orders of the Securities and Exchange Commission (SEC).

Subjects to civil liability any person who makes or causes to be made any statement false or misleading with respect to any material fact, or who omits to state any required material fact, with respect to securities purchased or sold under this Act.

Makes it unlawful for any person in offering, selling, or issuing any security pursuant to this Act to represent or imply in any manner that any FHFA action or failure to act means that the FHFA has in any way passed upon the merits of, or given approval to, any trustee, indenture, or security, or any related transaction or transactions. Makes it unlawful also to represent or imply that any such FHFA action or failure to act with regard to any statement or report filed with or examined by the FHFA has the effect of an FHFA finding that the statement or report is true or inaccurate on its face or

that is is not false or misleading.

Subjects violations of this Act to criminal penalties of the Trust Indenture Act of 1934.

Sets forth requirements for the disclosure of loan-level information to investors, relating agencies, and regulators.

Requires the SEC to revise its rules and regulations to require sponsors of asset-backed securities to file a preliminary prospectus containing all material terms of the transaction at least five days before investors make an investment decision.

Directs the SEC to require: (1) the dissemination of transaction, volume, and pricing information of trades in asset-backed securities; and (2) the assignment of a unique alphanumeric code to each mortgage loan involving a residential mortgage-backed security.

Grants the servicer of a securitized senior mortgage loan the right to charge the borrower an additional monthly fee if the borrower, with respect to the dwelling serving as security for the loan, enters into any credit transaction that would otherwise result in the creation of a new mortgage or other lien on the dwelling if the loan-to-value ratio of the credit transaction amount is 80% or more.

Prohibits the servicer of a residential mortgage loan (or an affiliate) from owning or holding any interest in any other residential mortgage loan secured by the same dwelling or residential real property.

Amends the Truth in Lending Act to: (1) revise the exception of qualified residential mortgage loans from the requirement that creditor make a reasonable and good faith determination based on verified and documented information that, at the time a loan is consummated, the consumer has a reasonable ability to repay it; and (2) direct specified agencies to prescribe rules defining the types of loans they insure, guarantee, or administer, as the case may be, that are qualified mortgages.

Declares that the Federal Deposit Insurance Corporation (FDIC) safe harbor rule shall apply to any pool of mortgages that meets FHFA standards and is securitized in accordance with them.

Actions Timeline

- **Jan 12, 2012:** Referred to the Subcommittee on Financial Institutions and Consumer Credit.
- **Dec 14, 2011:** Referred to the Subcommittee on Capital Markets and Government Sponsored Enterprises.
- **Dec 14, 2011:** Subcommittee Consideration and Mark-up Session Held.
- **Dec 14, 2011:** Forwarded by Subcommittee to Full Committee (Amended) by the Yeas and Nays: 18 - 15 .
- **Dec 13, 2011:** Introduced in House
- **Dec 13, 2011:** Referred to the House Committee on Financial Services.
- **Nov 3, 2011:** Hearings Held by the Subcommittee on Capital Markets and Government Sponsored Enterprises Prior to Introduction.

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