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(Original Signature of Member)

112TH CONGRESS
1ST SESSION

H. R. _____

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

IN THE HOUSE OF REPRESENTATIVES

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

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”.

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

4 (a) PROGRAM AUTHORITY.—The Federal National
5 Mortgage Association and the Federal Home Loan Mort-
6 gage Corporation shall each carry out a program under
7 this section to provide for the reduction of the interest
8 rates on qualified mortgages on single-family housing
9 owned or guaranteed by such enterprises, in accordance
10 with this section and policies and procedures that the Di-
11 rector of the Federal Housing Finance Agency shall estab-
12 lish.

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

20 (c) INTEREST RATE REDUCTION.—In reducing the
21 interest rate on a qualified mortgage under a program of
22 an enterprise required under this section, the enterprise
23 shall reduce the annual rate of interest charged with re-
24 spect to the outstanding principal obligation of the mort-
25 gage for the remainder of the term of the mortgage, not-
26 withstanding whether the interest rate under the mortgage

1 is otherwise subject to adjustment during such mortgage
2 term, to a fixed interest rate that is the lesser of—

3 (1) 4 percent annually; or

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

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

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

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

1 mined for the mortgage under subsection (c) at any
2 time during the term of the mortgage.

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

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

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

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

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

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

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

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

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

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

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

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

23 (C) was originated on or before the date of
24 the enactment of this Act.

1 (h) REGULATIONS.—The Director shall issue any
2 regulations or guidance necessary to carry out the pro-
3 grams required under this section not later than the expi-
4 ration of the 90-day period that begins on the date of the
5 enactment of this Act.