

**HOUSE PROPOSED AMENDMENT TO SUBTITLE D
OF TITLE IX**

Page 1206, line 4, after “asset” insert “directly or indirectly”.

Page 1206, line 5, strike “(b) IN GENERAL.—” and insert the following:

1 (b) REGULATIONS REQUIRED.—

2 (1) IN GENERAL.—

Page 1206, after line 11, insert the following:

3 (2) RESIDENTIAL MORTGAGES.—Not later than
4 270 days after the date of the enactment of this sec-
5 tion, the Federal banking agencies, the Commission,
6 and the Secretary of Housing and Urban Develop-
7 ment shall jointly prescribe regulations to require
8 any securitizer to retain an economic interest in a
9 portion of the credit risk for any residential mort-
10 gage asset that the securitizer, through the issuance
11 of an asset-backed security, transfers, sells, or con-
12 veys to a third party.

Page 1206, strike line 19 through page 1207, line 18, and insert the following:

1 (B) require a securitizer to retain not less
2 than 5 percent of the credit risk for any asset
3 that is transferred, sold, or conveyed through
4 the issuance of an asset-backed security by the
5 securitizer, except that the securitizer can re-
6 tain less than 5 percent of the credit risk for
7 an asset that is transferred, sold, or conveyed
8 through the issuance of an asset-backed secu-
9 rity by the securitizer, if the originator of the
10 asset meets the underwriting standards pre-
11 scribed under paragraph (2)(B);

Page 1207, line 21, after the semicolon insert
“and”.

Page 1207, strike line 24 and all that follows
through page 1208, line 7.

Page 1208, strike line 10 and all that follows
through page 1209, line 5, and insert the following:

12 (E) establish appropriate standards for re-
13 tention of an economic interest with respect to
14 collateralized debt obligations, securities
15 collateralized by collateralized debt obligations,
16 and similar instruments collateralized by other
17 asset-backed securities; and

Page 1213, strike line 7 and insert the following:

1 (3) CERTAIN INSTITUTIONS AND PROGRAMS EX-
2 EMPT.—

3 (A) FARM CREDIT SYSTEM INSTITU-
4 TIONS.—A

Page 1213, after line 13, insert the following new
subparagraph:

5 (B) OTHER FEDERAL PROGRAMS.—This
6 section shall not apply to any residential, multi-
7 family, or health care facility mortgage loan
8 asset, or securitization based directly or indi-
9 rectly on such an asset, which is insured or
10 guaranteed by the United States or an agency
11 of the United States. For purposes of this sub-
12 section, the Federal National Mortgage Associa-
13 tion, the Federal Home Loan Mortgage Cor-
14 poration, and the Federal home loan banks
15 shall not be considered an agency of the United
16 States.

Page 1213, strike line 14 and all that follows
through page 1215, line 17.

Page 1216, after line 14, insert the following new
subsection (and redesignate the subsequent subsection ac-
cordingly):

1 “(h) AUTHORITY TO COORDINATE ON RULE-
2 MAKING.—The Chairperson of the Financial Stability
3 Oversight Council shall coordinate all joint rulemaking re-
4 quired under this section.”.

Page 1221, after line 12, insert the following new
section:

5 **SEC. 946. STUDY ON THE MACROECONOMIC EFFECTS OF**
6 **RISK RETENTION REQUIREMENTS.**

7 (a) STUDY REQUIRED.—The Chairman of the Finan-
8 cial Services Oversight Council shall carry out a study on
9 the macroeconomic effects of the risk retention require-
10 ments under this subtitle, and the amendments made by
11 this subtitle, with emphasis placed on potential beneficial
12 effects with respect to stabilizing the real estate market.
13 Such study shall include—

14 (1) an analysis of the effects of risk retention
15 on real estate asset price bubbles, including a retro-
16 spective estimate of what fraction of real estate
17 losses may have been averted had such requirements
18 been in force in recent years;

19 (2) an analysis of the feasibility of minimizing
20 real estate price bubbles by proactively adjusting the
21 percentage of risk retention that must be borne by
22 creditors and securitizers of real estate debt, as a
23 function of regional or national market conditions;

1 (3) a comparable analysis for proactively ad-
2 justing mortgage origination requirements;

3 (4) an assessment of whether such proactive ad-
4 justments should be made by an independent regu-
5 lator, or in a formulaic and transparent manner;

6 (5) an assessment of whether such adjustments
7 should take place independently or in concert with
8 monetary policy; and

9 (6) recommendations for implementation and
10 enabling legislation.

11 (b) REPORT.—Not later than the end of the 180-day
12 period beginning on the date of the enactment of this title,
13 the Chairman of the Financial Services Oversight Council
14 shall issue a report to the Congress containing any find-
15 ings and determinations made in carrying out the study
16 required under subsection (a).

