

AMENDMENT TO H.R. 1728
OFFERED BY MR. FRANK OF MASSACHUSETTS
AND MR. MINNICK OF IDAHO

Page 52, line 12, strike “and” after the semicolon.

Page 52, line 16, strike the closing quotation marks and the second period and insert “; and”.

Page 52, after line 16, insert the following:

1 “(D) specify the permissible forms of the
2 required risk retention (for example, first loss
3 position or pro rata vertical slice) and the min-
4 imum duration of the required risk retention.

5 “(3) EXCEPTIONS AND ADJUSTMENTS.—

6 “(A) IN GENERAL.—The Federal banking
7 agencies shall have authority to provide excep-
8 tions or adjustments to the requirements of this
9 subsection, including exceptions or adjustments
10 relating to the 5 percent risk retention thresh-
11 old and the hedging prohibition.

12 “(B) APPLICABLE STANDARDS.—Any ex-
13 ceptions or adjustments granted by the Federal
14 banking agencies shall—

1 “(i) be consistent with the purpose of
2 this subsection to help ensure high quality
3 underwriting standards for mortgage lend-
4 ers; and

5 “(ii) facilitate appropriate risk man-
6 agement practices by mortgage lenders,
7 improve access of consumers to mortgage
8 credit on reasonable terms, or otherwise
9 serve the public interest.

10 “(4) ALTERNATIVE RISK RETENTION FOR
11 SECURITIZATION SPONSORS.—The Federal banking
12 agencies shall have discretion to apply the risk re-
13 tention requirements of this subsection to
14 securitizers of non-qualified mortgages in addition to
15 or in place of creditors that make non-qualified
16 mortgages if the agencies determine that applying
17 the requirements to securitization sponsors rather
18 than originators would—

19 “(A) be consistent with the purpose of this
20 subsection to help ensure high quality under-
21 writing standards for mortgage lenders; and

22 “(B) facilitate appropriate risk manage-
23 ment practices by mortgage lenders, or improve

1 access of consumers to mortgage credit on rea-
2 sonable terms.”.

