

**AMENDMENT TO THE AMENDMENT IN THE
NATURE OF A SUBSTITUTE TO H.R. _____
OFFERED BY MR. DELANEY OF MARYLAND**

At the end of title V, add the following new section:

1 **SEC. 512. GINNIE MAE AUTHORITY.**

2 Section 306 of the National Housing Act (12 U.S.C.
3 1721) is amended by adding at the end the following new
4 subsection:

5 “(h)(1) The Association is authorized to purchase
6 participations of up to 90 percent of the face amount of
7 any eligible reinsurance agreement on the insurance of
8 payments of mortgage-backed securities, but only if—

9 “(A) the managing reinsurance provider for the
10 agreement is an eligible reinsurance provider;

11 “(B) the underlying residential securitization is
12 an eligible securitization; and

13 “(C) the Association receives identical pre-
14 miums and bears identical risk as the managing re-
15 insurance provider.

16 “(2) For purposes of this subsection, the following
17 definitions shall apply:

18 “(A) The term ‘eligible reinsurance provider’
19 means an insurance company or financial institution

1 that meets capital, size, and eligibility requirements
2 as determined by the Director of the Federal Hous-
3 ing Finance Agency.

4 “(B) The term ‘eligible reinsurance agreement’
5 means a reinsurance agreement that guarantees up
6 to 95 percent of a mortgage insurance policy issued
7 to cover all of the payments of an eligible
8 securitization.

9 “(C) The term ‘eligible securitization’ means
10 any securitization of underlying first mortgage loans
11 that—

12 “(i) are secured by 1- to 4-family residen-
13 tial properties;

14 “(ii) have loan-to-value ratios of 80 percent
15 or less;

16 “(iii) have unpaid principal balance limits
17 as determined by the Director of the Federal
18 Housing Finance Agency; and

19 “(iv) meet other criteria as determined by
20 Director and other heads of applicable regu-
21 latory agencies.

22 “(D) The term ‘managing reinsurance provider’
23 means, with respect to an eligible reinsurance agree-
24 ment, an insurance company or financial institution
25 that—

1 “(i) manages the activities with respect to
2 the eligible reinsurance agreement;

3 “(ii) holds at least 10 percent of the expo-
4 sure on eligible reinsurance agreement; and

5 “(iii) has a rated special serving capability
6 and the right to control serving from the in-
7 cumbent servicer in the event of a default or
8 certain negative delinquency trends on the eligi-
9 ble securitization.”.

