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(Original Signature of Member)

112TH CONGRESS
1ST SESSION

H. R.

To increase the rate of the required annual reductions of the retained portfolios of Fannie Mae and Freddie Mac.

IN THE HOUSE OF REPRESENTATIVES

Mr. HENSARLING introduced the following bill; which was referred to the Committee on _____

A BILL

To increase the rate of the required annual reductions of the retained portfolios of 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 “GSE Portfolio Risk
5 Reduction Act of 2011”.

6 **SEC. 2. PORTFOLIO LIMITATIONS.**

7 Subtitle B of title XIII of the Housing and Commu-
8 nity Development Act of 1992 (12 U.S.C. 4611 et seq.)
9 is amended by adding at the end the following new section:

1 **“SEC. 1369F. RESTRICTION ON MORTGAGE ASSETS OF EN-**
2 **TERPRISES.**

3 “(a) RESTRICTION.—No enterprise shall own, as of
4 any applicable date in this subsection or thereafter, mort-
5 gage assets in excess of—

6 “(1) upon the expiration of the 1-year period
7 that begins upon the enactment of the GSE Port-
8 folio Risk Reduction Act of 2011 or thereafter,
9 \$700,000,000,000;

10 “(2) upon the expiration of the 2-year period
11 that begins upon the enactment of such Act or
12 thereafter, \$600,000,000,000;

13 “(3) upon the expiration of the 3-year period
14 that begins upon the enactment of such Act or
15 thereafter, \$475,000,000,000;

16 “(4) upon the expiration of the 4-year period
17 that begins upon the enactment of such Act or
18 thereafter, \$350,000,000,000; and

19 “(5) upon the expiration of the 5-year period
20 that begins upon the enactment of such Act or
21 thereafter, \$250,000,000,000.

22 “(b) DEFINITION OF MORTGAGE ASSETS.—For pur-
23 poses of this section, the term ‘mortgage assets’ means,
24 with respect to an enterprise, assets of such enterprise
25 consisting of mortgages, mortgage loans, mortgage-related
26 securities, participation certificates, mortgage-backed

1 commercial paper, obligations of real estate mortgage in-
2 vestment conduits and similar assets, in each case to the
3 extent such assets would appear on the balance sheet of
4 such enterprise in accordance with generally accepted ac-
5 counting principles in effect in the United States as of
6 September 7, 2008 (as set forth in the opinions and pro-
7 nouncements of the Accounting Principles Board and the
8 American Institute of Certified Public Accountants and
9 statements and pronouncements of the Financial Account-
10 ing Standards Board from time to time; and without giv-
11 ing any effect to any change that may be made after Sep-
12 tember 7, 2008, in respect of Statement of Financial Ac-
13 counting Standards No. 140 or any similar accounting
14 standard).”.