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(Original Signature of Member)

112TH CONGRESS  
1ST SESSION

**H. R.** \_\_\_\_\_

To increase the guarantee fees charged by Fannie Mae and Freddie Mac with respect to mortgage-backed securities guaranteed by such enterprises.

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IN THE HOUSE OF REPRESENTATIVES

Mr. NEUGEBAUER introduced the following bill; which was referred to the Committee on \_\_\_\_\_

\_\_\_\_\_  
**A BILL**

To increase the guarantee fees charged by Fannie Mae and Freddie Mac with respect to mortgage-backed securities guaranteed by such enterprises.

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 Subsidy Elimination Act of 2011”.

6       **SEC. 2. GSE GUARANTEE FEES.**

7       Subpart A of part 2 of subtitle A of title XIII of the  
8       Housing and Community Development Act of 1992 is

1 amended by adding after section 1326 (12 U.S.C. 4546)  
2 the following new section:

3 **“SEC. 1327. ENTERPRISE GUARANTEE FEES.**

4       “(a) INCREASE.—Subject to subsection (b), the Di-  
5 rector shall require each enterprise to charge a guarantee  
6 fee in connection with any guarantee, issued by the enter-  
7 prise on or after the expiration of the 2-year period begin-  
8 ning on the date of the enactment of this section, of the  
9 timely payment of principal and interest on securities,  
10 notes, and other obligations based on or backed by mort-  
11 gages on residential real properties designed principally  
12 for occupancy of from one to four families, in an amount  
13 that the Director determines appropriately reflects risk of  
14 loss as well the cost of capital allocated to similar assets  
15 held by other fully private regulated financial institutions.

16       “(b) PHASE-IN.—The Director shall provide for com-  
17 pliance with subsection (a) by requiring each enterprise  
18 to increase the guarantee fee charged by the enterprise  
19 gradually during the period beginning on the date of the  
20 enactment of this section and ending upon the date speci-  
21 fied in such subsection in a manner sufficient to comply  
22 with such subsection. In determining a schedule for such  
23 increases, the Director shall—

24               “(1) provide for uniform pricing among lenders;

1           “(2) provide for adjustments in pricing based  
2           on risk levels; and

3           “(3) take into consideration conditions in finan-  
4           cial markets.

5           “(c) DEFINITION OF GUARANTEE FEE.—For pur-  
6           poses of this section, the term ‘guarantee fee’ means a  
7           fee described in subsection (a). Such term includes—

8           “(1) the guaranty fee charged by the Federal  
9           National Mortgage Association with respect to mort-  
10          gage-backed securities; and

11          “(2) the management and guarantee fee  
12          charged by the Federal Home Loan Mortgage Cor-  
13          poration with respect to participation certificates.”.