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(Original Signature of Member)

112TH CONGRESS
1ST SESSION

H. R. _____

To prohibit Fannie Mae and Freddie Mac from issuing any new debt without approval in advance by the Secretary of the Treasury.

IN THE HOUSE OF REPRESENTATIVES

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

A BILL

To prohibit Fannie Mae and Freddie Mac from issuing any new debt without approval in advance by the Secretary of the Treasury.

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 Debt Issuance
5 Approval Act of 2011”.

1 **SEC. 2. PROHIBITION OF ISSUANCE OF NEW DEBT BY EN-**
2 **TERPRISES WITHOUT ADVANCE APPROVAL**
3 **BY TREASURY.**

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

7 **“SEC. 1369F. REQUIREMENTS FOR ISSUANCE OF NEW DEBT.**

8 “(a) **REQUIREMENT FOR ADVANCE APPROVAL BY**
9 **TREASURY.**—An enterprise shall not, after the date of the
10 enactment of the GSE Debt Issuance Approval Act of
11 2011, newly issue any note, bill, bond, debenture, or any
12 other debt security, obligation, or instrument of any form
13 or in any amount unless the issuance of such debt secu-
14 rity, obligation, or instrument was approved in advance
15 in accordance with this section by the Secretary of the
16 Treasury (in this section referred to as the ‘Secretary’)
17 .

18 “(b) **WRITTEN REQUEST.**—The Secretary may not
19 approve the issuance of any debt security, obligation, or
20 instrument under this section by an enterprise unless the
21 enterprise has submitted to the Secretary of the Treasury
22 and to the Director, in such form as the Secretary shall
23 require, a written request identifying and describing the
24 debt securities, obligations, and instruments proposed to
25 be issued, including the par values, terms to maturity, in-
26 terest rates, forms, timing of issuance, and all other terms

1 regarding issuance of such securities, obligations, and in-
2 struments.

3 “(c) DETERMINATION AND JUSTIFICATION.—Upon
4 receiving a written request pursuant to subsection (b) for
5 approval of the issuance of debt by an enterprise, the Sec-
6 retary shall promptly review the request, make a deter-
7 mination of whether to approve or deny the request, tak-
8 ing into consideration any information or comments of the
9 Director regarding such request, and submit to the enter-
10 prise, the Congress, and the Director written notice of ap-
11 proval or denial of the request, which shall include an ex-
12 planation and justification for the approval or denial of
13 the issuance of the new debt.

14 “(d) CONDITIONAL APPROVAL.—In approving a re-
15 quest under this section by an enterprise to issue any debt
16 security, obligation, or instrument, the Secretary may, in
17 the written notice of approval of such request pursuant
18 to subsection (c), limit or change the terms of the issuance
19 of the debt securities, obligations, or instruments approved
20 for issuance from the terms of the proposed issuance of
21 securities, obligations, or instruments described in the re-
22 quest for such approval submitted by the enterprise pursu-
23 ant to subsection (b).

24 “(e) EFFECTIVE DATE.—Notwithstanding approval
25 under this section of the issuance of debt by an enterprise

1 or submission of the notice of such approval as required
2 under subsection (c), the enterprise may not issue any
3 debt security, obligation, or instrument pursuant to such
4 approval before the expiration of the 7-day period begin-
5 ning upon submission of such notice of approval to the
6 Congress.”.