

## Union Calendar No.

118<sup>TH</sup> CONGRESS  
1<sup>ST</sup> SESSION

# H. R. 3564

[Report No. 118-]

To cancel recent changes made by the Federal Housing Finance Agency to the up-front loan level pricing adjustments charged by Fannie Mae and Freddie Mac for guarantee of single-family mortgages, and for other purposes.

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### IN THE HOUSE OF REPRESENTATIVES

MAY 22, 2023

Mr. DAVIDSON (for himself, Mr. STEIL, Mr. LAWLER, Mrs. BICE, Mr. BIGGS, Mr. MOONEY, Mr. HUIZENGA, Mr. EMMER, Mr. ALLEN, and Mr. LOUDERMILK) introduced the following bill; which was referred to the Committee on Financial Services

JUNE --, 2023

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Strike out all after the enacting clause and insert the part printed in italic]

[For text of introduced bill, see copy of bill as introduced on May 22, 2023]

# **A BILL**

To cancel recent changes made by the Federal Housing Finance Agency to the up-front loan level pricing adjustments charged by Fannie Mae and Freddie Mac for guarantee of single-family mortgages, and for other purposes.

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 “Middle Class Borrower*  
5 *Protection Act of 2023”.*

6 **SEC. 2. REPEAL OF RECALIBRATED SINGLE-FAMILY PRIC-**  
7 **ING FRAMEWORK.**

8 *Not later than the expiration of the 60-day period be-*  
9 *ginning on the date of the enactment of this Act, the Direc-*  
10 *tor of the Federal Housing Finance Agency shall revise the*  
11 *recalibrated single-family pricing framework charged by the*  
12 *enterprises for guarantee of mortgages on single-family*  
13 *housing so that such fees are identical to the fees of the*  
14 *standard single-family pricing framework in effect imme-*  
15 *diately before May 1, 2023.*

16 **SEC. 3. RESTRICTIONS ON FHFA ADJUSTMENTS TO SINGLE-**  
17 **FAMILY PRICING FRAMEWORK.**

18 *(a) TEMPORARY PROHIBITION ON FURTHER ADJUST-*  
19 *MENTS TO SINGLE-FAMILY PRICING FRAMEWORK.—During*  
20 *the period beginning upon the date of the revision of the*  
21 *recalibrated single-family pricing framework pursuant to*  
22 *section 2 and ending 90 days after the submission to the*  
23 *Congress of the report required under section 5, the Director*  
24 *may not further revise the single-family pricing framework*

1 *from such framework in effect pursuant to the revision re-*  
2 *quired by section 2.*

3       **(b) ADMINISTRATIVE PROCEDURES FOR ADOPTION OF**  
4 *ADJUSTMENTS TO THE SINGLE-FAMILY PRICING FRAME-*  
5 *WORK.—After expiration of the period referred to in sub-*  
6 *section (a), when proposing adjustments to the single-family*  
7 *pricing framework, the Director shall follow procedures that*  
8 *are as close as practicable to those requirements for a Fed-*  
9 *eral agency issuing a rule under chapter 5 of title 5, United*  
10 *States Code (commonly referred to as the “Administrative*  
11 *Procedure Act”).*

12       **(c) FHFA REQUIREMENT FOR THE USE OF RISK-**  
13 *BASED PRICING.—Section 1367(b)(2) of the Federal Hous-*  
14 *ing Enterprises Financial Safety and Soundness Act of*  
15 *1992 (12 U.S.C. 4617(b)(2)) is amended by adding at the*  
16 *end the following new subparagraph:*

17               **“(L) ADDITIONAL POWERS AS CONSER-**  
18               **VATOR.—***The Agency shall, as conservator for an*  
19               *enterprise, to the greatest extent feasible require*  
20               *that any modifications, including increases, de-*  
21               *creases, or eliminations, approved to a loan-level*  
22               *pricing adjustment fee, as such term is defined*  
23               *in section 6 of the Middle Class Borrower Protec-*  
24               *tion Act of 2023, charged by an enterprise shall*

1           *be based on the risk posed by the mortgage loan*  
2           *to the enterprise.”.*

3   **SEC. 4. PROHIBITION OF LOAN-LEVEL PRICE ADJUSTMENTS**  
4           **BASED ON DEBT-TO-INCOME RATIO.**

5           *The Director and the enterprises shall not impose any*  
6   *loan-level pricing adjustment fee that is based on the ratio*  
7   *of the debt of the mortgagor to the income of the mortgagor.*

8   **SEC. 5. GAO STUDY.**

9           *(a) STUDY.—The Comptroller General of the United*  
10   *States shall conduct a study of the revisions made by the*  
11   *Federal Housing Finance Agency to the standard single-*  
12   *family pricing framework under the recalibrated single-*  
13   *family pricing framework to—*

14           *(1) analyze—*

15                   *(A) the methodology, policy considerations,*  
16                   *and any other objectives used by the Federal*  
17                   *Housing Finance Agency as the basis for such*  
18                   *revisions, including the authority cited by the*  
19                   *Director under the Federal Housing Enterprises*  
20                   *Financial Safety and Soundness Act of 1992 (12*  
21                   *U.S.C. 4501 et seq.) to require such revisions;*

22                   *(B) the data, econometric modeling, and*  
23                   *other inputs supplied by the enterprises during*  
24                   *the revisions process;*

1           (C) the extent to which such revisions com-  
2           ply with the objectives of the Enterprise Regu-  
3           latory Capital Framework, including the inter-  
4           action with and treatment of any private mort-  
5           gage insurance required in connection with a  
6           residential mortgage transaction; and

7           (D) the economic impact of such revisions  
8           on various classes of lenders and borrowers af-  
9           fected by such revisions; and

10          (2) determine the extent to which such revi-  
11          sions—

12               (A) were conducted on the basis of, and how  
13               they might deviate from, the principle of risk-  
14               based pricing;

15               (B) deviate from the data, econometric mod-  
16               eling, and other inputs supplied by the enter-  
17               prises during the revisions process;

18               (C) achieve the objectives of the Enterprise  
19               Regulatory Capital Framework, including if  
20               such revisions have resulted in either a negative  
21               profitability gap or negative rate of return on  
22               the targeted rate of return on capital for any  
23               business segment under the recalibrated single-  
24               family pricing framework; and

1                   (D) represent any increased risks to the  
2                   safety and soundness of the enterprises.

3           (b) *REPORT.*—The Comptroller General shall submit  
4 a report to the Congress setting forth the findings and con-  
5 clusions of the study not later than the expiration of the  
6 14-month period beginning on the date of the enactment of  
7 this Act.

8 **SEC. 6. DEFINITIONS.**

9           *In this Act:*

10           (1) *DIRECTOR.*—The term “Director” means the  
11 Director of the Federal Housing Finance Agency.

12           (2) *ENTERPRISE.*—The term “enterprise” has the  
13 meaning given such term in section 1303 of the Fed-  
14 eral Housing Enterprises Financial Safety and  
15 Soundness Act of 1992 (12 U.S.C. 4502).

16           (3) *LOAN-LEVEL PRICING ADJUSTMENT FEE.*—  
17 The term “loan-level pricing adjustment fee” means  
18 an up-front fee paid by lenders when a mortgage loan  
19 is acquired by an enterprise.

20           (4) *RECALIBRATED SINGLE-FAMILY PRICING*  
21 *FRAMEWORK.*—The term “recalibrated single-family  
22 pricing framework” means the loan-level pricing ad-  
23 justment fee structure as referred to in the announce-  
24 ment of the Federal Housing Finance Agency on Jan-  
25 uary 19, 2023, relating to “Updates to the Enter-

1        *prises’ Single-Family Pricing Framework”, and set*  
2        *forth in Federal National Mortgage Association Lend-*  
3        *er Letter LL-2023-01 and Federal Home Loan Mort-*  
4        *gage Corporation Bulletin 2023-1.*

5                (5) *RISK-BASED PRICING.—The term “risk-based*  
6        *pricing” means the calibration of fees based on the ex-*  
7        *pected credit losses to an enterprise of each single-*  
8        *family mortgage category as defined by an enterprise*  
9        *based on the credit score and loan-to-value ratio char-*  
10        *acteristics of a mortgage.*

11               (6) *STANDARD SINGLE-FAMILY PRICING FRAME-*  
12        *WORK.—The term “standard single-family pricing*  
13        *framework” means the loan-level pricing adjustment*  
14        *fee structure in effect on April 30, 2023.*