

**AMENDMENT TO THE AMENDMENT IN THE  
NATURE OF A SUBSTITUTE TO H.R. 1461  
OFFERED BY MR. GARRETT OF NEW JERSEY**

**[Portfolio limitations]**

Page 61, after line 6, insert the following new section (and redesignate succeeding sections and any references to such sections accordingly):

**1 SEC. 115. PORTFOLIO LIMITATIONS.**

2 The Housing and Community Development Act of  
3 1992 is amended by inserting before section 1322 (12  
4 U.S.C. 4542) the following new section:

**5 “SEC. 1321A. PORTFOLIO LIMITATIONS.**

6 “(a) ESTABLISHMENT OF LIMITS.—In order to main-  
7 tain the safety and soundness of the enterprises and to  
8 limit systemic risk to the broader financial system, the Di-  
9 rector shall—

10 “(1) within 1 year after the date of enactment  
11 of this Act, and from time to time thereafter, adopt  
12 regulations in final form that establish the maximum  
13 size of the portfolio (including, as appropriate, a  
14 transition period to conform to such maximum size)  
15 that each enterprise may hold; and

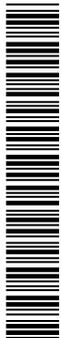


1           “(2) ensure that the regulations adopted pursu-  
2           ant to paragraph (1) allow each enterprise to hold  
3           only such assets as are necessary for the enterprise  
4           to fulfill its statutory mission through—

5                   “(A) purchasing mortgage loans from  
6                   mortgage originators for prompt securitization  
7                   and sale to parties unaffiliated with the enter-  
8                   prise;

9                   “(B) purchasing and retaining mortgage  
10                  loans that are necessary to meet the housing  
11                  goals established for the enterprise under this  
12                  part of this subtitle and that cannot be readily  
13                  securitized and sold to unaffiliated persons at a  
14                  commercially reasonable price; and

15                  “(C) purchasing and retaining mortgage  
16                  related assets (other than those authorized by  
17                  subparagraphs (A) and (B)) and obligations  
18                  issued by the Secretary of the Treasury under  
19                  chapter 31 of title 31, United States Code, only  
20                  to the extent that the Director determines such  
21                  actions are necessary for the enterprise to  
22                  maintain a liquid secondary mortgage market in  
23                  a way that cannot be achieved through the ac-  
24                  tivities described in subparagraphs (A) and (B)  
25                  and are consistent with the public interest.



1           “(b) APPLICATION AND EXCEPTIONS.—An enterprise  
2 may hold assets solely in accordance with subsection (a),  
3 except such limits shall not apply to—

4           “(1) cash;

5           “(2) real estate acquired through foreclosure, if  
6 such real estate is sold or otherwise disposed of  
7 within 5 years after the date on which such real es-  
8 tate was acquired; and

9           “(3) real estate, fixtures, and equipment ac-  
10 quired for use by the enterprise in operating the  
11 business of the enterprise.”.

Page 67, lines 1 and 2, strike “section 1323 (12 U.S.C. 4543)” and insert “section 1321A, as added by the preceding provisions of this Act,”.

Page 80, line 7, strike “1321 (as added by section 122” and insert “1321A (as added by section 115”.

