

**AMENDMENT IN THE NATURE OF A SUBSTITUTE
TO H.R. 9040
OFFERED BY MR. COMER OF KENTUCKY**

Strike all after the enacting clause and insert the following:

1 SECTION 1. SHORT TITLE.

2 This Act may be cited as the “Taxpayer Exposure
3 Risk Reduction Act of 2024” or the “TERRA Act of
4 2024”.

**5 SEC. 2. TRANSFER OF GOVERNMENT CREDIT, GUARANTEE,
6 AND INSURANCE RISK TO THE PRIVATE SEC-
7 TOR.**

8 (a) SENSE OF CONGRESS.—

9 (1) MINIMIZATION OF GOVERNMENT RISK.—It
10 is the sense of Congress that the United States
11 should assess, reduce, and minimize the credit, guar-
12 antee, and insurance risk of Federal Government
13 programs in each agency on an ongoing basis to the
14 maximum extent practicable by transferring such
15 risk to the private sector at market terms and in a
16 sustained and transparent manner.

17 (2) USE OF PRIVATE RISK CAPACITY.—In the
18 development and administration of Federal Govern-

1 ment programs and awards in each agency, it is the
2 sense of Congress that the United States should re-
3 duce costs to taxpayers and protect taxpayers
4 against catastrophic losses through prudent and es-
5 tablished risk management techniques, including the
6 assessment of Federal credit, guarantee, and insur-
7 ance risk, and where appropriate and to the max-
8 imum extent practicable, the transfer of such risk to
9 private markets.

10 (b) STRATEGY AND IMPLEMENTATION PLAN.—

11 (1) IN GENERAL.—Not later than 18 months
12 after the date of the enactment of this Act, the head
13 of each covered agency shall publish in the Federal
14 Register a strategic assessment and implementation
15 plan that includes the following:

16 (A) A list of credit, guarantee, and insur-
17 ance obligations under the management or con-
18 trol of the covered agency and an identification
19 of each office or division within the covered
20 agency principally responsible for programs
21 under which the covered agency has credit,
22 guarantee, or insurance risk.

23 (B) An identification of any barrier (in-
24 cluding any policy, law, or regulation)—

1 (i) to transferring credit, guarantee,
2 and insurance risk of the covered agency to
3 the private sector; or

4 (ii) that would prohibit the covered
5 agency from paying any costs associated
6 with such transfer.

7 (C) Recommendations for addressing any
8 such barrier, including, in the case of a Federal
9 statute that is a barrier, any legislative rec-
10 ommendations to Congress for removing the
11 barrier.

12 (D) An analysis of the use and develop-
13 ment of private sector capabilities to develop
14 and administer programs under which the cov-
15 ered agency has credit, guarantee, or insurance
16 risk.

17 (E) The estimated cost and savings of
18 transferring credit, guarantee, and insurance
19 risk of the covered agency to the private sec-
20 tor—

21 (i) during a normal year;

22 (ii) during a year where the losses due
23 to defaults on such credit, guarantee, or
24 insurance are lower than normal; and

1 (iii) during a year where the losses
2 due to defaults on such credit, guarantee,
3 or insurance are higher than normal.

4 (F) A description of the public benefits of
5 the strategy and implementation plan.

6 (2) PUBLIC COMMENT.—The head of each cov-
7 ered agency shall provide a 60-day period for public
8 comment on the strategic assessment and implemen-
9 tation plan described in paragraph (1) before the
10 date on which the strategic assessment and imple-
11 mentation plan is published in the Federal Register.

12 (c) IMPLEMENTATION.—

13 (1) IN GENERAL.—Based on the findings of the
14 strategic assessment and implementation plan sub-
15 mitted under subsection (b), the head of each cov-
16 ered agency may develop and implement a strategy
17 to transfer credit, guarantee, and insurance risk of
18 the covered agency to the private sector.

19 (2) REQUIREMENTS.—In any transfer described
20 under paragraph (1), the head of a covered agency
21 may only make such transfer—

22 (A) under market terms;

23 (B) in a transparent manner; and

24 (C) to—

1 (i) an insured depository institution,
2 as defined under section 3 of the Federal
3 Deposit Insurance Act (12 U.S.C. 1813);

4 (ii) an insurance company that meets
5 the rating requirements in section
6 4703.1(c) of the Single-Family Seller/
7 Servicer Guide of the Federal Home Loan
8 Mortgage Corporation, or any successor
9 thereof; and

10 (iii) an entity that has received an in-
11 vestment grade rating from a nationally
12 recognized statistical rating organization.

13 (3) PROHIBITION ON TRANSFERS THAT WOULD
14 INCREASE COSTS.—The head of a covered agency
15 may not make a transfer described this subsection if
16 the costs associated with the transfer (including the
17 costs incurred by individuals affected by the credit,
18 guarantee, or insurance and the costs) would exceed
19 the public benefits to the covered agency or the
20 United States Government.

21 (4) PERIODIC REPORTING.—Not later than 5
22 years after the date on which a covered agency im-
23 plements a strategy pursuant to this subsection, and
24 not less frequently than once every 5 years there-
25 after, the head of the covered agency shall publish

1 in the Federal Register a report containing the fol-
2 lowing:

3 (A) A list of credit, guarantee, and insur-
4 ance obligations under the management or con-
5 trol of each covered agency.

6 (B) A list of each credit, guarantee, and
7 insurance risk transfer program for each cov-
8 ered agency, with a summary of—

9 (i) the estimated savings to the Fed-
10 eral Government related to loss claims as-
11 sociated with the transferred credit, guar-
12 antee, or insurance risk; and

13 (ii) the cost paid by the covered agen-
14 cy to make such transfer.

15 (C) The current and aggregate totals of
16 credit, guarantee, and insurance risk trans-
17 ferred to the private sector on and after the
18 date of the enactment of this Act.

19 (D) Any recommendations to enhance or
20 expand the programs described in subparagraph
21 (B).

22 (d) COVERED AGENCY DEFINED.—In this section,
23 the term “covered agency”—

24 (1) means an agency (as defined under section
25 3502 of title 44, United States Code) that is respon-

1 sible for the administration of any credit, guarantee,
2 or insurance program;

3 (2) means the Federal National Mortgage Asso-
4 ciation and the Federal Home Loan Mortgage Cor-
5 poration during any period in which such enter-
6 prise—

7 (A) is under conservatorship or receiver-
8 ship pursuant to section 1367 of the Federal
9 Housing Enterprises Financial Safety and
10 Soundness Act of 1992 (12 U.S.C. 4617); and

11 (B) has access to financial support from
12 the Department of the Treasury, pursuant to
13 the Senior Preferred Stock Purchase Agree-
14 ments executed by the Department of the
15 Treasury and the Federal Housing Finance
16 Agency, in its capacity as conservator, or other-
17 wise; and

18 (3) does not include—

19 (A) the Social Security Administration;

20 (B) the Department of Veterans Affairs; or

21 (C) the Centers for Medicare & Medicaid
22 Services.

