

**AMENDMENT IN THE NATURE OF A SUBSTITUTE  
TO H.R. 3564  
OFFERED BY MR. DAVIDSON OF OHIO**

Strike all after the enacting clause and insert the following:

**1 SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Middle Class Borrower  
3 Protection Act of 2023”.

**4 SEC. 2. REPEAL OF RECALIBRATED SINGLE-FAMILY PRICING FRAMEWORK.**

5  
6 Not later than the expiration of the 60-day period  
7 beginning on the date of the enactment of this Act, the  
8 Director of the Federal Housing Finance Agency shall re-  
9 vise the recalibrated single-family pricing framework  
10 charged by the enterprises for guarantee of mortgages on  
11 single-family housing so that such fees are identical to the  
12 fees of the standard single-family pricing framework in ef-  
13 fect immediately before May 1, 2023.

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

15  
16 (a) TEMPORARY PROHIBITION ON FURTHER AD-  
17 JUSTMENTS TO SINGLE-FAMILY PRICING FRAMEWORK.—  
18 During the period beginning upon the date of the revision

1 of the recalibrated single-family pricing framework pursu-  
2 ant to section 2 and ending 90 days after the submission  
3 to the Congress of the report required under section 5,  
4 the Director may not further revise the single-family pric-  
5 ing framework from such framework in effect pursuant  
6 to the revision required by section 2.

7 (b) ADMINISTRATIVE PROCEDURES FOR ADOPTION  
8 OF ADJUSTMENTS TO THE SINGLE-FAMILY PRICING  
9 FRAMEWORK.—After expiration of the period referred to  
10 in subsection (a), when proposing adjustments to the sin-  
11 gle-family pricing framework, the Director shall follow  
12 procedures that are as close as practicable to those re-  
13 quirements for a Federal agency issuing a rule under  
14 chapter 5 of title 5, United States Code (commonly re-  
15 ferred to as the “Administrative Procedure Act”).

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

21 (L) ADDITIONAL POWERS AS CONSER-  
22 VATOR.—The Agency shall, as conservator for  
23 an enterprise, to the greatest extent feasible re-  
24 quire that any modifications, including in-  
25 creases, decreases, or eliminations, approved to

1 a loan-level pricing adjustment fee, as such  
2 term is defined in section 6 of the Middle Class  
3 Borrower Protection Act of 2023, charged by  
4 an enterprise shall be based on the risk posed  
5 by the mortgage loan to the enterprise.”.

6 **SEC. 4. PROHIBITION OF LOAN-LEVEL PRICE ADJUST-**  
7 **MENTS BASED ON DEBT-TO-INCOME RATIO.**

8 The Director and the enterprises shall not impose any  
9 loan-level pricing adjustment fee that is based on the ratio  
10 of the debt of the mortgagor to the income of the mort-  
11 gator.

12 **SEC. 5. GAO STUDY .**

13 (a) STUDY.—The Comptroller General of the United  
14 States shall conduct a study of the revisions made by the  
15 Federal Housing Finance Agency to the standard single-  
16 family pricing framework under the recalibrated single-  
17 family pricing framework to—

18 (1) analyze—

19 (A) the methodology, policy considerations,  
20 and any other objectives used by the Federal  
21 Housing Finance Agency as the basis for such  
22 revisions, including the authority cited by the  
23 Director under the Federal Housing Enter-  
24 prises Financial Safety and Soundness Act of

1           1992 (12 U.S.C. 4501 et seq.) to require such  
2           revisions;

3           (B) the data, econometric modeling, and  
4           other inputs supplied by the enterprises during  
5           the revisions process;

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

12          (D) the economic impact of such revisions  
13          on various classes of lenders and borrowers af-  
14          fected by such revisions; and

15          (2) determine the extent to which such revi-  
16          sions—

17               (A) were conducted on the basis of, and  
18               how they might deviate from, the principle of  
19               risk-based pricing;

20               (B) deviate from the data, econometric  
21               modeling, and other inputs supplied by the en-  
22               terprises during the revisions process;

23               (C) achieve the objectives of the Enterprise  
24               Regulatory Capital Framework, including if  
25               such revisions have resulted in either a negative

1           profitability gap or negative rate of return on  
2           the targeted rate of return on capital for any  
3           business segment under the recalibrated single-  
4           family pricing framework; and

5           (D) represent any increased risks to the  
6           safety and soundness of the enterprises.

7           (b) REPORT.—The Comptroller General shall submit  
8 a report to the Congress setting forth the findings and  
9 conclusions of the study not later than the expiration of  
10 the 14-month period beginning on the date of the enact-  
11 ment of this Act.

12 **SEC. 6. DEFINITIONS.**

13       In this Act:

14           (1) DIRECTOR.—The term “Director” means  
15           the Director of the Federal Housing Finance Agen-  
16           cy.

17           (2) ENTERPRISE.—The term “enterprise” has  
18           the meaning given such term in section 1303 of the  
19           Federal Housing Enterprises Financial Safety and  
20           Soundness Act of 1992 (12 U.S.C. 4502).

21           (3) LOAN-LEVEL PRICING ADJUSTMENT FEE.—  
22           The term “loan-level pricing adjustment fee” means  
23           an up-front fee paid by lenders when a mortgage  
24           loan is acquired by an enterprise.

1           (4) RECALIBRATED SINGLE-FAMILY PRICING  
2           FRAMEWORK.—The term “recalibrated single-family  
3           pricing framework” means the loan-level pricing ad-  
4           justment fee structure as referred to in the an-  
5           nouncement of the Federal Housing Finance Agency  
6           on January 19, 2023, relating to “Updates to the  
7           Enterprises’ Single-Family Pricing Framework”,  
8           and set forth in Federal National Mortgage Associa-  
9           tion Lender Letter LL-2023-01 and Federal Home  
10          Loan Mortgage Corporation Bulletin 2023-1.

11          (5) RISK-BASED PRICING.—The term “risk-  
12          based pricing” means the calibration of fees based  
13          on the expected credit losses to an enterprise of each  
14          single-family mortgage category as defined by an en-  
15          terprise based on the credit score and loan-to-value  
16          ratio characteristics of a mortgage.

17          (6) STANDARD SINGLE-FAMILY PRICING FRAME-  
18          WORK.—The term “standard single-family pricing  
19          framework” means the loan-level pricing adjustment  
20          fee structure in effect on April 30, 2023.

