

AMENDMENT NO. _____ Calendar No. _____

Purpose: To provide for credit risk retention requirements for commercial mortgages.

IN THE SENATE OF THE UNITED STATES—111th Cong., 2d Sess.

S. 3217

To promote the financial stability of the United States by improving accountability and transparency in the financial system, to end “too big to fail”, to protect the American taxpayer by ending bailouts, to protect consumers from abusive financial services practices, and for other purposes.

Referred to the Committee on _____ and
ordered to be printed

Ordered to lie on the table and to be printed

AMENDMENT intended to be proposed by _____

Viz:

- 1 On page 1047, strike line 23 and all that follows
- 2 through “(E)” on line 24 and insert the following:
- 3 “(E) with respect to a commercial mort-
- 4 gage, specify the permissible types, forms, and
- 5 amounts of risk retention that would meet the
- 6 requirements of subparagraph (B), such as—

1 “(i) retention of a specified amount or
2 percentage of the total credit risk of the
3 asset;

4 “(ii) retention of the first-loss position
5 by a third-party purchaser that specifically
6 negotiates for the purchase of such first-
7 loss position and provides due diligence on
8 all individual assets in the pool before the
9 issuance of the asset-backed securities;

10 “(iii) a determination by a Federal
11 banking agency or the Commission that
12 the underwriting standards and controls
13 for the asset are adequate; and

14 “(iv) provision of adequate representa-
15 tions and warranties and related enforce-
16 ment mechanisms; and

17 “(F)