

.....
(Original Signature of Member)

112TH CONGRESS
1ST SESSION

H. R.

To establish standards for covered bond programs and a covered bond regulatory oversight program, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

Mr. GARRETT introduced the following bill; which was referred to the Committee on _____

A BILL

To establish standards for covered bond programs and a covered bond regulatory oversight program, 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 “United States Covered
5 Bond Act of 2011”.

6 **SEC. 2. DEFINITIONS.**

7 For purposes of this Act, the following definitions
8 shall apply:

1 (1) ANCILLARY ASSET.—The term “ancillary
2 asset” means—

3 (A) any interest rate or currency swap as-
4 sociated with 1 or more eligible assets, sub-
5 stitute assets, or other assets in a cover pool;

6 (B) any credit enhancement or liquidity ar-
7 rangement associated with 1 or more eligible
8 assets, substitute assets, or other assets in a
9 cover pool;

10 (C) any guarantee, letter-of-credit right, or
11 other secondary obligation that supports any
12 payment or performance of 1 or more eligible
13 assets, substitute assets, or other assets in a
14 cover pool; and

15 (D) any proceeds of, or other property in-
16 cident to, 1 or more eligible assets, substitute
17 assets, or other assets in a cover pool.

18 (2) CORPORATION.—The term “Corporation”
19 means the Federal Deposit Insurance Corporation.

20 (3) COVER POOL.—The term “cover pool”
21 means a dynamic pool of assets that is comprised
22 of—

23 (A) in the case of any eligible issuer de-
24 scribed in subparagraph (A), (B), or (C) of
25 paragraph (9)—

1 (i) 1 or more eligible assets from a
2 single eligible asset class; and

3 (ii) 1 or more substitute assets or an-
4 cillary assets; and

5 (B) in the case of any eligible issuer de-
6 scribed in paragraph (9)(D)—

7 (i) the covered bonds issued by each
8 sponsoring eligible issuer; and

9 (ii) 1 or more substitute assets or an-
10 cillary assets.

11 (4) COVERED BOND.—The term “covered
12 bond” means any recourse debt obligation of an eli-
13 gible issuer that—

14 (A) has an original term to maturity of not
15 less than 1 year;

16 (B) is secured by a perfected security in-
17 terest in or other lien on a cover pool that is
18 owned directly or indirectly by the issuer of the
19 obligation;

20 (C) is issued under a covered bond pro-
21 gram that has been approved by the applicable
22 covered bond regulator;

23 (D) is identified in a register of covered
24 bonds that is maintained by the Secretary; and

1 (E) is not a deposit (as defined in section
2 3(l) of the Federal Deposit Insurance Act (12
3 U.S.C. 1813(l))).

4 (5) COVERED BOND PROGRAM.—The term
5 “covered bond program” means any program of an
6 eligible issuer under which, on the security of a sin-
7 gle cover pool, 1 or more series or tranches of cov-
8 ered bonds may be issued.

9 (6) COVERED BOND REGULATOR.—The term
10 “covered bond regulator” means—

11 (A) the appropriate Federal banking agen-
12 cy (as defined in section 3(q) of the Federal
13 Deposit Insurance Act (12 U.S.C. 1813(q)));
14 and

15 (B) for any eligible issuer that is not sub-
16 ject to the jurisdiction of an appropriate Fed-
17 eral banking agency, the Secretary.

18 (7) ELIGIBLE ASSET.—The term “eligible
19 asset” means—

20 (A) in the case of the residential mortgage
21 asset class—

22 (i) any first-lien mortgage loan that is
23 secured by 1-to-4 family residential prop-
24 erty and that is in compliance with any
25 rule or supervisory guidance of a Federal

1 agency applicable to the loan at the time of
2 loan origination;

3 (ii) any mortgage loan that is insured
4 under the National Housing Act (12
5 U.S.C. 1701 et seq.) and that is in compli-
6 ance with any rule or supervisory guidance
7 of a Federal agency applicable to the loan
8 at the time of loan origination; and

9 (iii) any loan that is guaranteed, in-
10 sured, or made under chapter 37 of title
11 38, United States Code, and that is in
12 compliance with any rule or supervisory
13 guidance of a Federal agency applicable to
14 the loan at the time of loan origination;

15 (B) in the case of the home equity asset
16 class, any home equity loan that is secured by
17 1-to-4 family residential property and that is in
18 compliance with any rule or supervisory guid-
19 ance of a Federal agency applicable to the loan
20 at the time of loan origination;

21 (C) in the case of the commercial mortgage
22 asset class, any commercial mortgage loan (in-
23 cluding any multifamily mortgage loan) that is
24 in compliance with any rule or supervisory guid-

1 ance of a Federal agency applicable to the loan
2 at the time of loan origination;

3 (D) in the case of the public sector asset
4 class—

5 (i) any security issued by a State, mu-
6 nicipality, or other governmental authority;

7 (ii) any loan made to a State, munici-
8 pality, or other governmental authority;
9 and

10 (iii) any loan, security, or other obli-
11 gation that is insured or guaranteed, in
12 full or substantially in full, by the full faith
13 and credit of the United States Govern-
14 ment (whether or not such loan, security,
15 or other obligation is also part of another
16 eligible asset class);

17 (E) in the case of the auto asset class, any
18 auto loan or lease that is in compliance with
19 any rule or supervisory guidance of a Federal
20 agency applicable to the loan or lease at the
21 time of loan or lease origination;

22 (F) in the case of the student loan asset
23 class, any student loan (whether guaranteed or
24 nonguaranteed) that is in compliance with any
25 rule or supervisory guidance of a Federal agen-

1 cy applicable to the loan at the time of loan
2 origination;

3 (G) in the case of the credit or charge card
4 asset class, any extension of credit to a person
5 under an open-end credit plan that is in compli-
6 ance with any rule or supervisory guidance of a
7 Federal agency applicable to the extension of
8 credit at the time the extension is made;

9 (H) in the case of the small business asset
10 class, any loan that is made or guaranteed
11 under a program of the Small Business Admin-
12 istration and that is in compliance with any
13 rule or supervisory guidance of a Federal agen-
14 cy applicable to the loan at the time of loan
15 origination; and

16 (I) in the case of any other eligible asset
17 class, any asset designated by the Secretary, by
18 rule and in consultation with the covered bond
19 regulators, as an eligible asset for purposes of
20 such class.

21 (8) ELIGIBLE ASSET CLASS.—The term “eligi-
22 ble asset class” means—

23 (A) a residential mortgage asset class;

24 (B) a home equity asset class;

25 (C) a commercial mortgage asset class;

- 1 (D) a public sector asset class;
- 2 (E) an auto asset class;
- 3 (F) a student loan asset class;
- 4 (G) a credit or charge card asset class;
- 5 (H) a small business asset class; and
- 6 (I) any other eligible asset class designated
- 7 by the Secretary, by rule and in consultation
- 8 with the covered bond regulators.

9 (9) ELIGIBLE ISSUER.—The term “eligible
10 issuer” means—

11 (A) any insured depository institution and
12 any subsidiary of such institution;

13 (B) any bank holding company, any sav-
14 ings and loan holding company, and any sub-
15 sidiary of either of such companies;

16 (C) any nonbank financial company (as de-
17 fined in section 102(a)(4) of the Dodd-Frank
18 Wall Street Reform and Consumer Protection
19 Act (12 U.S.C. 5311(a)(4))) that is approved as
20 an eligible issuer by the applicable covered bond
21 regulator and any subsidiary of such company;
22 and

23 (D) any issuer that is sponsored by 1 or
24 more eligible issuers for the sole purpose of
25 issuing covered bonds on a pooled basis.

1 (10) OVERSIGHT PROGRAM.—The term “over-
2 sight program” means the covered bond regulatory
3 oversight program established under section 3(a).

4 (11) SECRETARY.—The term “Secretary”
5 means the Secretary of the Department of the
6 Treasury.

7 (12) SUBSTITUTE ASSET.—The term “sub-
8 stitute asset” means—

9 (A) cash;

10 (B) any direct obligation of the United
11 States Government, and any security or other
12 obligation whose full principal and interest are
13 insured or guaranteed by the full faith and
14 credit of the United States Government;

15 (C) any direct obligation of a United
16 States Government corporation or Government-
17 sponsored enterprise of the highest credit qual-
18 ity, and any other security or other obligation
19 of the highest credit quality whose full principal
20 and interest are insured or guaranteed by such
21 corporation or enterprise, except that the out-
22 standing principal amount of these obligations
23 in any cover pool may not exceed an amount
24 equal to 20 percent of the outstanding principal
25 amount of all assets in the cover pool without

1 the approval of the applicable covered bond reg-
2 ulator;

3 (D) any overnight investment in Federal
4 funds;

5 (E) any other substitute asset designated
6 by the Secretary, by rule and in consultation
7 with the covered bond regulators; and

8 (F) any deposit account or securities ac-
9 count into which only an asset described in sub-
10 paragraph (A), (B), (C), (D), or (E) may be de-
11 posited or credited.

12 **SEC. 3. REGULATORY OVERSIGHT OF COVERED BOND PRO-**
13 **GRAMS ESTABLISHED.**

14 (a) ESTABLISHMENT.—

15 (1) IN GENERAL.—Not later than 180 days
16 after the date of the enactment of this Act, the Sec-
17 retary shall, by rule and in consultation with the
18 covered bond regulators, establish a covered bond
19 regulatory oversight program that provides for—

20 (A) covered bond programs to be evaluated
21 according to reasonable and objective standards
22 in order to be approved under paragraph (2),
23 including any additional eligibility standards for
24 eligible assets and any other criteria determined

1 appropriate by the Secretary to further the pur-
2 poses of this Act;

3 (B) covered bond programs to be main-
4 tained in a manner that is consistent with this
5 Act and safe and sound asset-liability manage-
6 ment and other financial practices; and

7 (C) any estate created under section 4 to
8 be administered in a manner that is consistent
9 with maximizing the value and the proceeds of
10 the related cover pool in a resolution under this
11 Act.

12 (2) APPROVAL OF EACH COVERED BOND PRO-
13 GRAM.—

14 (A) IN GENERAL.—A covered bond shall be
15 subject to this Act only if the covered bond is
16 issued by an eligible issuer under a covered
17 bond program that is approved by the applica-
18 ble covered bond regulator.

19 (B) APPROVAL PROCESS.—Each covered
20 bond regulator shall apply the standards estab-
21 lished by the Secretary under the oversight pro-
22 gram to evaluate a covered bond program that
23 has been submitted by an eligible issuer for ap-
24 proval. Each covered bond regulator, promptly
25 after approving a covered bond program, shall

1 provide the Secretary with the name of the cov-
2 ered bond program, the name of the eligible
3 issuer, and all other information reasonably re-
4 quested by the Secretary in order to update the
5 registry under paragraph (3)(A). Each eligible
6 issuer, promptly after issuing a covered bond
7 under an approved covered bond program, shall
8 provide the Secretary with all information rea-
9 sonably requested by the Secretary in order to
10 update the registry under paragraph (3)(B).

11 (C) EXISTING COVERED BOND PRO-
12 GRAMS.—A covered bond regulator may approve
13 a covered bond program that is in existence on
14 the date of the enactment of this Act. Upon
15 such approval, each covered bond under the
16 covered bond program shall be subject to this
17 Act, regardless of when the covered bond was
18 issued.

19 (D) MULTIPLE COVERED BOND PROGRAMS
20 PERMITTED.—An eligible issuer may have more
21 than 1 covered bond program.

22 (3) REGISTRY.—Under the oversight program,
23 the Secretary shall maintain a registry that is pub-
24 lished on a Web site available to the public and that,

1 for each covered bond program approved by a cov-
2 ered bond regulator, contains—

3 (A) the name of the covered bond program,
4 the name of the eligible issuer, and all other in-
5 formation that the Secretary considers nec-
6 essary to adequately identify the covered bond
7 program and the eligible issuer; and

8 (B) all information that the Secretary con-
9 siders necessary to adequately identify all out-
10 standing covered bonds issued under the cov-
11 ered bond program (including the reports de-
12 scribed in paragraphs (3) and (4) of subsection
13 (b)).

14 (4) FEES.—Each covered bond regulator may
15 levy, on the issuers of covered bonds under the pri-
16 mary supervision of such covered bond regulator,
17 reasonably apportioned fees that such covered bond
18 regulator considers necessary, in the aggregate, to
19 defray the costs of such covered bond regulator car-
20 rying out the provisions of this Act. Such funds shall
21 not be construed to be Government funds or appro-
22 priated monies and shall not be subject to apportion-
23 ment for purposes of chapter 15 of title 31, United
24 States Code, or any other provision of law.

1 (b) MINIMUM OVER-COLLATERALIZATION REQUIRE-
2 MENTS.—

3 (1) REQUIREMENTS ESTABLISHED.—

4 (A) IN GENERAL.—The Secretary, by rule
5 and in consultation with the covered bond regu-
6 lators, shall establish minimum over-
7 collateralization requirements for covered bonds
8 backed by each of the eligible asset classes. The
9 minimum over-collateralization requirements
10 shall be designed to ensure that sufficient eligi-
11 ble assets and substitute assets are maintained
12 in the cover pool to satisfy all principal and in-
13 terest payments on the covered bonds when due
14 through maturity and shall be based on the
15 credit, collection, and interest rate risks (ex-
16 cluding the liquidity risks) associated with the
17 eligible asset class.

18 (B) RELIANCE ON OTHER OVER-
19 COLLATERALIZATION STANDARDS.—In estab-
20 lishing the minimum over-collateralization re-
21 quirements, the Secretary may rely on over-
22 collateralization levels that are required for the
23 same or similar asset classes by—

24 (i) any Federal reserve bank when ex-
25 tending credit to depository institutions

1 under the Federal Reserve Act (12 U.S.C.
2 221 et seq.);

3 (ii) any Federal home loan bank when
4 extending credit to member institutions
5 under the Federal Home Loan Bank Act
6 (12 U.S.C. 1421 et seq.); or

7 (iii) any other comparable lender
8 when extending credit in substantially
9 similar transactions.

10 (2) ASSET COVERAGE TEST.—The eligible as-
11 sets and the substitute assets in any cover pool shall
12 be required, in the aggregate, to meet at all times
13 the applicable minimum over-collateralization re-
14 quirements.

15 (3) MONTHLY REPORTING.—On a monthly
16 basis, each issuer of covered bonds shall submit a re-
17 port on whether the cover pool that secures the cov-
18 ered bonds meets the applicable minimum over-
19 collateralization requirements to—

20 (A) the Secretary;

21 (B) the applicable covered bond regulator;

22 (C) the applicable indenture trustee;

23 (D) the applicable covered bondholders;

24 and

1 (E) the applicable independent asset mon-
2 itor.

3 (4) INDEPENDENT ASSET MONITOR.—

4 (A) APPOINTMENT.—Each issuer of cov-
5 ered bonds shall appoint the indenture trustee
6 for the covered bonds, or another unaffiliated
7 entity, as an independent asset monitor for the
8 applicable cover pool.

9 (B) DUTIES.—An independent asset mon-
10 itor appointed under subparagraph (A) shall, on
11 an annual or other more frequent periodic basis
12 determined by the Secretary under the over-
13 sight program—

14 (i) verify whether the cover pool meets
15 the applicable minimum over-
16 collateralization requirements; and

17 (ii) report to the Secretary, the appli-
18 cable covered bond regulator, the applica-
19 ble indenture trustee, and the applicable
20 covered bondholders on whether the cover
21 pool meets the applicable minimum over-
22 collateralization requirements.

23 (5) NO LOSS OF STATUS.—Covered bonds shall
24 remain subject to this Act regardless of whether the

1 applicable cover pool ceases to meet the applicable
2 minimum over-collateralization requirements.

3 (6) FAILURE TO MEET REQUIREMENTS.—

4 (A) IN GENERAL.—If a cover pool fails to
5 meet the applicable minimum over-
6 collateralization requirements, and if the failure
7 is not cured within the time specified in the re-
8 lated transaction documents, the failure shall be
9 an uncured default for purposes of section 4(a).

10 (B) NOTICE REQUIRED.—An issuer of cov-
11 ered bonds shall promptly give the Secretary
12 and the applicable covered bond regulator writ-
13 ten notice if the cover pool securing the covered
14 bonds fails to meet the applicable minimum
15 over-collateralization requirements, if the failure
16 is cured within the time specified in the related
17 transaction documents, or if the failure is not
18 so cured.

19 (c) REQUIREMENTS FOR ELIGIBLE ASSETS.—

20 (1) LOANS.—A loan shall not qualify as an eli-
21 gible asset for so long as the loan is delinquent for
22 more than 60 consecutive days.

23 (2) SECURITIES.—A security shall not qualify
24 as an eligible asset for so long as the security does

1 not meet any credit-quality requirement under this
2 Act.

3 (3) NO DOUBLE PLEDGE.—An asset shall not
4 qualify as an eligible asset for so long as the asset
5 is subject to a prior perfected security interest or
6 other lien that has been granted in an unrelated
7 transaction. Nothing in this Act shall affect such a
8 prior perfected security interest or other lien.

9 (4) SINGLE ELIGIBLE ASSET CLASS.—No cover
10 pool may include eligible assets from more than 1 el-
11 igible asset class.

12 (d) OTHER REQUIREMENTS.—

13 (1) BOOKS AND RECORDS OF ISSUER.—Each
14 issuer of covered bonds shall clearly mark its books
15 and records to identify the assets that comprise the
16 cover pool securing the covered bonds.

17 (2) SCHEDULE OF ELIGIBLE ASSETS AND SUB-
18 STITUTE ASSETS.—Each issuer of covered bonds
19 shall deliver to the applicable indenture trustee and
20 the applicable independent asset monitor, on at least
21 a monthly basis, a schedule that identifies all eligible
22 assets and substitute assets in the cover pool secur-
23 ing the covered bonds.

1 **SEC. 4. RESOLUTION UPON DEFAULT OR INSOLVENCY.**

2 (a) **UNCURED DEFAULT DEFINED.**—For purposes of
3 this section, the term “uncured default” means a default
4 on a covered bond that has not been cured within the time,
5 if any, specified in the related transaction documents.

6 (b) **DEFAULT ON COVERED BONDS PRIOR TO CON-**
7 **SERVATORSHIP, RECEIVERSHIP, LIQUIDATION, OR BANK-**
8 **RUPTCY.**—

9 (1) **CREATION OF SEPARATE ESTATE.**—If an
10 uncured default occurs on a covered bond before the
11 issuer of the covered bond enters conservatorship,
12 receivership, liquidation, or bankruptcy, an estate
13 shall be immediately and automatically created by
14 operation of law and shall exist and be administered
15 separate and apart from the issuer or any subse-
16 quent conservatorship, receivership, liquidating agen-
17 cy, or estate in bankruptcy for the issuer or any
18 other assets of the issuer. A separate estate shall be
19 created for each affected covered bond program.

20 (2) **ASSETS AND LIABILITIES OF ESTATE.**—Any
21 estate created under paragraph (1) shall be com-
22 prised of the cover pool that secures the covered
23 bond. The cover pool shall be immediately and auto-
24 matically released to and held by the estate free and
25 clear of any right, title, interest, or claim of the
26 issuer or any conservator, receiver, liquidating agent,

1 or trustee in bankruptcy for the issuer or any other
2 assets of the issuer. The estate shall be fully liable
3 on the covered bond and all other covered bonds and
4 related obligations of the issuer (including obliga-
5 tions under related derivative transactions) that are
6 secured by a perfected security interest in or other
7 lien on the cover pool when the estate is created.
8 The estate shall not be liable on any obligation of
9 the issuer that is not secured by a perfected security
10 interest in or other lien on the cover pool when the
11 estate is created. No conservator, receiver, liqui-
12 dating agent, or trustee in bankruptcy for the issuer
13 may charge or assess the estate for any claim of the
14 conservator, receiver, liquidating agent, or trustee in
15 bankruptcy or the conservatorship, receivership, liq-
16 uidating agency, or estate in bankruptcy and may
17 not obtain or perfect a security interest in or other
18 lien on the cover pool to secure such a claim.

19 (3) RETENTION OF CLAIMS.—Any holder of a
20 covered bond or related obligation for which an es-
21 tate has become liable under paragraph (2) shall re-
22 tain a claim against the issuer for any deficiency
23 with respect to the covered bond or related obliga-
24 tion.

25 (4) RESIDUAL INTEREST.—

1 (A) ISSUANCE OF RESIDUAL INTEREST.—

2 Upon the creation of an estate under paragraph
3 (1), a residual interest in the estate shall be im-
4 mediately and automatically issued by operation
5 of law to the issuer.

6 (B) NATURE OF RESIDUAL INTEREST.—

7 The residual interest under subparagraph (A)
8 shall—

9 (i) be an exempted security as de-
10 scribed in section 5;

11 (ii) represent the right to any surplus
12 from the cover pool after the covered bonds
13 and all other liabilities of the estate have
14 been fully and irrevocably paid; and

15 (iii) be evidenced by a certificate exe-
16 cuted by the trustee of the estate.

17 (5) OBLIGATIONS OF ISSUER.—

18 (A) IN GENERAL.—After the creation of an
19 estate under paragraph (1), the issuer shall—

20 (i) transfer to or at the direction of
21 the trustee for the estate all property of
22 the estate that is in the possession or
23 under the control of the issuer, including
24 all tangible or electronic books, records,
25 files, and other documents or materials re-

1 lating to the assets and liabilities of the es-
2 tate; and

3 (ii) at the election of the trustee or a
4 servicer or administrator for the estate,
5 continue servicing the applicable cover pool
6 for 120 days after the creation of the es-
7 tate in return for a fair-market-value fee,
8 as determined by the trustee in consulta-
9 tion with the applicable covered bond regu-
10 lator, that shall be payable from the estate
11 as an administrative expense.

12 (B) OBLIGATIONS ABSOLUTE.—Neither
13 the issuer, whether acting as debtor in posses-
14 sion or in any other capacity, nor any conser-
15 vator, receiver, liquidating agent, or trustee in
16 bankruptcy for the issuer or any other assets of
17 the issuer may disaffirm, repudiate, or reject
18 the obligation to turn over property or to con-
19 tinue servicing the cover pool as provided in
20 subparagraph (A).

21 (c) DEFAULT ON COVERED BONDS UPON CON-
22 SERVATORSHIP, RECEIVERSHIP, LIQUIDATION, OR BANK-
23 RUPTCY.—

24 (1) CORPORATION CONSERVATORSHIP OR RE-
25 CEIVERSHIP.—

1 (A) IN GENERAL.—If the Corporation is
2 appointed as conservator or receiver for an
3 issuer of covered bonds before an uncured de-
4 fault results in the creation of an estate under
5 subsection (b), the Corporation as conservator
6 or receiver shall have an exclusive right, during
7 the 180-day period beginning on the date of the
8 appointment, to transfer any cover pool owned
9 by the issuer in its entirety, together with all
10 covered bonds and related obligations that are
11 secured by a perfected security interest in or
12 other lien on the cover pool, to another eligible
13 issuer that meets all conditions and require-
14 ments specified in the related transaction docu-
15 ments.

16 (B) OBLIGATIONS DURING 180-DAY PE-
17 RIOD.—During the 180-day period described in
18 subparagraph (A), the Corporation as conser-
19 vator or receiver shall fully and timely satisfy
20 all monetary and nonmonetary obligations of
21 the issuer under all covered bonds and the re-
22 lated transaction documents and shall fully and
23 timely cure all defaults by the issuer (other
24 than its conservatorship or receivership) under

1 the applicable covered bond program, in each
2 case, until the earlier of—

3 (i) the transfer of the applicable cov-
4 ered bond program to another eligible
5 issuer as provided in subparagraph (A); or

6 (ii) the delivery to the Secretary, the
7 applicable covered bond regulator, the ap-
8 plicable indenture trustee, and the applica-
9 ble covered bondholders of a written notice
10 from the Corporation as conservator or re-
11 ceiver electing to cease further perform-
12 ance under the applicable covered bond
13 program.

14 (C) ASSUMPTION BY TRANSFEREE.—If the
15 Corporation as conservator or receiver transfers
16 a covered bond program to another eligible
17 issuer within the 180-day period as provided in
18 subparagraph (A), the transferee shall take
19 ownership of the applicable cover pool and shall
20 become fully liable on all covered bonds and re-
21 lated obligations of the issuer that are secured
22 by a perfected security interest in or other lien
23 on the cover pool.

24 (2) OTHER CIRCUMSTANCES.—An estate shall
25 be immediately and automatically created by oper-

1 ation of law and shall exist and be administered sep-
2 arate and apart from an issuer of covered bonds and
3 any conservatorship, receivership, liquidating agency,
4 or estate in bankruptcy for the issuer or any other
5 assets of the issuer, if—

6 (A) a conservator, receiver, liquidating
7 agent, or trustee in bankruptcy, other than the
8 Corporation, is appointed for the issuer before
9 an uncured default results in the creation of an
10 estate under subsection (b); or

11 (B) in the case of the appointment of the
12 Corporation as conservator or receiver as de-
13 scribed in paragraph (1)(A), the Corporation as
14 conservator or receiver—

15 (i) does not complete the transfer of
16 the applicable covered bond program to an-
17 other eligible issuer within the 180-day pe-
18 riod as provided in paragraph (1)(A);

19 (ii) delivers to the Secretary, the ap-
20 plicable covered bond regulator, the appli-
21 cable indenture trustee, and the applicable
22 covered bondholders a written notice elect-
23 ing to cease further performance under the
24 applicable covered bond program; or

1 (iii) fails to fully and timely satisfy all
2 monetary and nonmonetary obligations of
3 the issuer under the covered bonds and the
4 related transaction documents or to fully
5 and timely cure all defaults by the issuer
6 (other than its conservatorship or receiver-
7 ship) under the applicable covered bond
8 program.

9 A separate estate shall be created for each affected
10 covered bond program.

11 (3) ASSETS AND LIABILITIES OF ESTATE.—Any
12 estate created under paragraph (2) shall be com-
13 prised of the cover pool that secures the covered
14 bonds. The cover pool shall be immediately and
15 automatically released to and held by the estate free
16 and clear of any right, title, interest, or claim of the
17 issuer or any conservator, receiver, liquidating agent,
18 or trustee in bankruptcy for the issuer or any other
19 assets of the issuer. The estate shall be fully liable
20 on the covered bonds and all other covered bonds
21 and related obligations of the issuer (including obli-
22 gations under related derivative transactions) that
23 are secured by a perfected security interest in or
24 other lien on the cover pool when the estate is cre-
25 ated. The estate shall not be liable on any obligation

1 of the issuer that is not secured by a perfected secu-
2 rity interest in or other lien on the cover pool when
3 the estate is created. No conservator, receiver, liqui-
4 dating agent, or trustee in bankruptcy for the issuer
5 may charge or assess the estate for any claim of the
6 conservator, receiver, liquidating agent, or trustee in
7 bankruptcy or the conservatorship, receivership, liq-
8 uidating agency, or estate in bankruptcy and may
9 not obtain or perfect a security interest in or other
10 lien on the cover pool to secure such a claim.

11 (4) CONTINGENT CLAIM.—Any contingent claim
12 against an issuer for a deficiency with respect to a
13 covered bond or related obligation for which an es-
14 tate has become liable under paragraph (3) shall be
15 allowed as a provable claim in the conservatorship,
16 receivership, liquidating agency, or bankruptcy case
17 for the issuer. The contingent claim shall be esti-
18 mated by the conservator, receiver, liquidating
19 agent, or bankruptcy court for purposes of allowing
20 the claim as a provable claim if awaiting the fixing
21 of the contingent claim would unduly delay the reso-
22 lution of the conservatorship, receivership, liqui-
23 dating agency, or bankruptcy case.

24 (5) RESIDUAL INTEREST.—

1 (A) ISSUANCE OF RESIDUAL INTEREST.—

2 Upon the creation of an estate under paragraph
3 (2), and regardless of whether any contingent
4 claim described in paragraph (4) becomes fixed
5 or is estimated, a residual interest in the estate
6 shall be immediately and automatically issued
7 by operation of law to the conservator, receiver,
8 liquidating agent, or trustee in bankruptcy for
9 the issuer.

10 (B) NATURE OF RESIDUAL INTEREST.—

11 The residual interest under subparagraph (A)
12 shall—

13 (i) be an exempted security as de-
14 scribed in section 5;

15 (ii) represent the right to any surplus
16 from the cover pool after the covered bonds
17 and all other liabilities of the estate have
18 been fully and irrevocably paid; and

19 (iii) be evidenced by a certificate exe-
20 cuted by the trustee of the estate.

21 (6) OBLIGATIONS OF ISSUER.—

22 (A) IN GENERAL.—After the creation of an
23 estate under paragraph (2), the issuer and its
24 conservator, receiver, liquidating agent, or
25 trustee in bankruptcy shall—

1 (i) transfer to or at the direction of
2 the trustee for the estate all property of
3 the estate that is in the possession or
4 under the control of the issuer or its con-
5 servator, receiver, liquidating agent, or
6 trustee in bankruptcy, including all tan-
7 gible or electronic books, records, files, and
8 other documents or materials relating to
9 the assets and liabilities of the estate; and

10 (ii) at the election of the trustee or a
11 servicer or administrator for the estate,
12 continue servicing the applicable cover pool
13 for 120 days after the creation of the es-
14 tate in return for a fair-market-value fee,
15 as determined by the trustee in consulta-
16 tion with the applicable covered bond regu-
17 lator, that shall be payable from the estate
18 as an administrative expense.

19 (B) OBLIGATIONS ABSOLUTE.—Neither
20 the issuer, whether acting as debtor in posses-
21 sion or in any other capacity, nor any conser-
22 vator, receiver, liquidating agent, or trustee in
23 bankruptcy for the issuer or any other assets of
24 the issuer may disaffirm, repudiate, or reject
25 the obligation to turn over property or to con-

1 tinue servicing the cover pool as provided in
2 subparagraph (A).

3 (d) ADMINISTRATION AND RESOLUTION OF ES-
4 TATES.—

5 (1) TRUSTEE, SERVICER, AND ADMINIS-
6 TRATOR.—

7 (A) IN GENERAL.—Upon the creation of
8 any estate under subsection (b)(1) or (c)(2), the
9 applicable covered bond regulator shall—

10 (i) act as or appoint the trustee for
11 the estate;

12 (ii) appoint 1 or more servicers or ad-
13 ministrators for the cover pool held by the
14 estate; and

15 (iii) give the Secretary, the applicable
16 indenture trustee, the applicable covered
17 bondholders, and the owner of the residual
18 interest written notice of the creation of
19 the estate.

20 (B) TERMS AND CONDITIONS OF APPOINT-
21 MENT.—All terms and conditions of any ap-
22 pointment under paragraph (1), including the
23 terms and conditions relating to compensation,
24 shall conform to the requirements of this Act
25 and the oversight program and otherwise shall

1 be determined by the applicable covered bond
2 regulator.

3 (C) QUALIFICATION.—The applicable cov-
4 ered bond regulator may require the trustee or
5 any servicer or administrator for an estate to
6 post in favor of the United States, for the ben-
7 efit of the estate, a bond that is conditioned on
8 the faithful performance of the duties of the
9 trustee or the servicer or administrator. The
10 covered bond regulator shall determine the
11 amount of any bond required under this sub-
12 paragraph and the sufficiency of the surety on
13 the bond. A proceeding on a bond required
14 under this subparagraph may not be com-
15 menced after two years after the date on which
16 the trustee or the servicer or administrator was
17 discharged.

18 (D) POWERS AND DUTIES OF TRUSTEE.—
19 The trustee for an estate is the representative
20 of the estate and, subject to the provisions of
21 this Act, has capacity to sue and be sued. The
22 trustee shall—

23 (i) administer the estate in compliance
24 with this Act, the oversight program, and
25 the related transaction documents;

1 (ii) be accountable for all property of
2 the estate that is received by the trustee;

3 (iii) make a final report and file a
4 final account of the administration of the
5 estate with the applicable covered bond
6 regulator; and

7 (iv) after the estate has been fully ad-
8 ministered, close the estate.

9 (E) POWERS AND DUTIES OF SERVICER OR
10 ADMINISTRATOR.—Any servicer or adminis-
11 trator for an estate—

12 (i) shall—

13 (I) collect, realize on (by liquida-
14 tion or other means), and otherwise
15 manage the cover pool held by the es-
16 tate in compliance with this Act, the
17 oversight program, and the related
18 transaction documents and in a man-
19 ner consistent with maximizing the
20 value and the proceeds of the cover
21 pool;

22 (II) deposit or invest all proceeds
23 and funds received in compliance with
24 this Act, the oversight program, and
25 the related transaction documents and

1 in a manner consistent with maxi-
2 mizing the net return to the estate,
3 taking into account the safety of the
4 deposit or investment; and

5 (III) apply, or direct the trustee
6 for the estate to apply, all proceeds
7 and funds received and the net return
8 on any deposit or investment to make
9 distributions in compliance with para-
10 graphs (3) and (4);

11 (ii) may borrow funds or otherwise ob-
12 tain credit, for the benefit of the estate, in
13 compliance with paragraph (2) on a se-
14 cured or unsecured basis and on a priority,
15 *pari passu*, or subordinated basis;

16 (iii) shall, at the times and in the
17 manner required by the applicable covered
18 bond regulator, submit to the covered bond
19 regulator, the Secretary, the applicable in-
20 denture trustee, the applicable covered
21 bondholders, the owner of the residual in-
22 terest, and any other person designated by
23 the covered bond regulator, reports that
24 describe the activities of the servicer or ad-
25 ministrator on behalf of the estate, the

1 performance of the cover pool held by the
2 estate, and distributions made by the es-
3 tate; and

4 (iv) shall assist the trustee in pre-
5 paring the final report and the final ac-
6 count of the administration of the estate.

7 (F) SUPERVISION OF TRUSTEE, SERVICER,
8 AND ADMINISTRATOR.—The applicable covered
9 bond regulator shall supervise the trustee and
10 any servicer or administrator for an estate. The
11 covered bond regulator shall require that all re-
12 ports submitted under subparagraph (E)(iii) do
13 not contain any untrue statement of a material
14 fact and do not omit to state a material fact
15 necessary in order to make the statements
16 made, in light of the circumstances under which
17 they are made, not misleading.

18 (G) REMOVAL AND REPLACEMENT OF
19 TRUSTEE, SERVICER, AND ADMINISTRATOR.—If
20 the covered bond regulator determines that it is
21 in the best interests of an estate, the covered
22 bond regulator may remove or replace the trust-
23 ee or any servicer or administrator for the es-
24 tate. The removal of the trustee or any servicer
25 or administrator does not abate any pending ac-

1 tion or proceeding involving the estate, and any
2 successor or other trustee, servicer, or adminis-
3 trator shall be substituted as a party in the ac-
4 tion or proceeding.

5 (H) PROFESSIONALS.—The trustee or any
6 servicer or administrator for an estate may em-
7 ploy 1 or more attorneys, accountants, apprais-
8 ers, auctioneers, or other professional persons
9 to represent or assist the trustee or the servicer
10 or administrator in carrying out its duties. The
11 employment of any professional person and all
12 terms and conditions of employment, including
13 the terms and conditions relating to compensa-
14 tion, shall conform to the requirements of this
15 Act and the oversight program and otherwise
16 shall be subject to the approval of the applica-
17 ble covered bond regulator.

18 (I) APPROVED FEES AND EXPENSES.—Un-
19 less otherwise provided in the applicable terms
20 and conditions of appointment or employment,
21 all approved fees and expenses of the trustee,
22 any servicer or administrator, or any profes-
23 sional person employed by the trustee or any
24 servicer or administrator shall be payable from
25 the estate as administrative expenses.

1 (J) ACTIONS BY OR ON BEHALF OF ES-
2 TATE.—The trustee or any servicer or adminis-
3 trator for an estate may commence or continue
4 judicial, administrative, or other actions, in the
5 name of the estate or in its own name on behalf
6 of the estate, for the purpose of collecting, real-
7 izing on, or otherwise managing the cover pool
8 held by the estate or exercising its other powers
9 or duties on behalf of the estate.

10 (K) ACTIONS AGAINST ESTATE.—No court
11 may issue an attachment or execution on any
12 property of an estate. Except at the request of
13 the applicable covered bond regulator or as oth-
14 erwise provided in this subparagraph or sub-
15 paragraph (J), no court may take any action to
16 restrain or affect the resolution of an estate
17 under this Act. No person (including the appli-
18 cable indenture trustee and any applicable cov-
19 ered bondholder) may commence or continue
20 any judicial, administrative, or other action
21 against the estate, the trustee, or any servicer
22 or administrator or take any other act to affect
23 the estate, the trustee, or any servicer or ad-
24 ministrator that is not expressly permitted by
25 this Act, the oversight program, and the related

1 transaction documents, except for a judicial or
2 administrative action to compel the release of
3 funds that—

4 (i) are available to the estate;

5 (ii) are permitted to be distributed
6 under this Act and the oversight program;
7 and

8 (iii) are permitted and required to be
9 distributed under the related transaction
10 documents and any contracts executed by
11 or on behalf of the estate.

12 (L) SOVEREIGN IMMUNITY.—Except in
13 connection with a guarantee provided under
14 paragraph (4) or any other contract executed
15 by the applicable covered bond regulator under
16 this section 4, the Secretary and the covered
17 bond regulator shall be entitled to sovereign im-
18 munity in carrying out the provisions of this
19 Act.

20 (2) BORROWINGS AND CREDIT.—

21 (A) IN GENERAL.—Any servicer or admin-
22 istrator for an estate created under subsection
23 (b)(1) or (c)(2) may borrow funds or otherwise
24 obtain credit, on behalf of and for the benefit
25 of the estate, from any person in compliance

1 with this paragraph (2) solely for the purpose
2 of providing liquidity in the case of timing
3 mismatches among the assets and the liabilities
4 of the estate. Except with respect to an under-
5 writer, section 5 of the Securities Act of 1933,
6 the Trust Indenture Act of 1939, and any State
7 or local law requiring registration for an offer
8 or sale of a security or registration or licensing
9 of an issuer of, underwriter of, or broker or
10 dealer in a security does not apply to the offer
11 or sale under this paragraph (2) of a security
12 that is not an equity security.

13 (B) CONDITIONS.—A servicer or adminis-
14 trator may borrow funds or otherwise obtain
15 credit under subparagraph (A)—

16 (i) on terms affording the lender only
17 claims or liens that are fully subordinated
18 to the claims and interests of the applica-
19 ble indenture trustee and the applicable
20 covered bondholders and all other claims
21 against and interests in the estate, except
22 for the residual interest, if the servicer or
23 administrator certifies to the applicable
24 covered bond regulator that, in the busi-
25 ness judgment of the servicer or adminis-

1 trator, the borrowing or credit is in the
2 best interests of the estate and is expected
3 to maximize the value and the proceeds of
4 the cover pool held by the estate; or

5 (ii) on terms affording the lender
6 claims or liens that have priority over or
7 are pari passu with the claims or interests
8 of the applicable indenture trustee or the
9 applicable covered bondholders or other
10 claims against or interests in the estate,
11 if—

12 (I) the servicer or administrator
13 certifies to the applicable covered
14 bond regulator that, in the business
15 judgment of the servicer or adminis-
16 trator, the borrowing or credit is in
17 the best interests of the estate and is
18 expected to maximize the value and
19 the proceeds of the cover pool held by
20 the estate; and

21 (II) the applicable covered bond
22 regulator authorizes the borrowing or
23 credit.

24 (C) LIMITED LIABILITY.—A servicer or ad-
25 ministrator shall not be liable for any error in

1 business judgment when borrowing funds or
2 otherwise obtaining credit under this paragraph
3 (2) unless the servicer or administrator acted in
4 bad faith or in willful disregard of its duties.

5 (D) STUDY ON BORROWINGS AND CRED-
6 IT.—The Comptroller General of the United
7 States shall conduct a study on whether the
8 Federal reserve banks should be authorized to
9 lend funds or otherwise extend credit to an es-
10 tate under this paragraph (2) and, if so, what
11 conditions and limits should be established to
12 mitigate any risk that the United States Gov-
13 ernment could absorb credit losses on the cover
14 pool held by the estate. The Comptroller Gen-
15 eral shall submit a report to the Committee on
16 Banking, Housing, and Urban Affairs of the
17 Senate and the Committee on Financial Serv-
18 ices of the House of Representatives on the re-
19 sults of the study not later than 6 months after
20 the date of enactment of this Act.

21 (3) DISTRIBUTIONS BY ESTATE.—All payments
22 or other distributions by an estate shall be made at
23 the times, in the amounts, and in the manner set
24 forth in the covered bonds, the related transaction
25 documents, and any contracts executed by or on be-

1 half of the estate in compliance with this Act and
2 the oversight program. To the extent that the rel-
3 ative priority of the liabilities of the estate are not
4 specified in or otherwise ascertainable from their
5 terms, distributions shall be made on each distribu-
6 tion date under the covered bonds, the related trans-
7 action documents, or any contracts executed by or
8 on behalf of the estate—

9 (A) first, to pay accrued and unpaid super-
10 priority claims under paragraph (2)(B)(ii);

11 (B) second, to pay accrued and unpaid ad-
12 ministrative expense claims under paragraph
13 (1)(I), paragraph (2)(B)(ii), section 4(b)(5)(A),
14 or section 4(c)(6)(A);

15 (C) third, to pay—

16 (i) accrued and unpaid claims under
17 the covered bonds and the related trans-
18 action documents according to their terms;

19 and

20 (ii) accrued and unpaid pari passu
21 claims under paragraph (2)(B)(ii); and

22 (D) fourth, to pay accrued and unpaid
23 subordinated claims under paragraph (2)(B)(i).

24 (4) DISTRIBUTIONS ON RESIDUAL INTEREST.—

25 After all other claims against and interests in an es-

1 tate have been fully and irrevocably paid or
2 defeased, the trustee shall or shall cause a servicer
3 or administrator to distribute the remainder of the
4 estate to or at the direction of the owner of the re-
5 sidual interest. No interim distribution on the resid-
6 ual interest may be made before that time, unless
7 the applicable covered bond regulator—

8 (A) approves the distribution after deter-
9 mining that all other claims against and inter-
10 ests in the estate will be fully, timely, and irrev-
11 ocably paid according to their terms; and

12 (B) provides a guarantee, for the benefit of
13 the estate, that all other claims against and in-
14 terests in the estate will be fully, timely, and ir-
15 revocably paid according to their terms.

16 (5) CLOSING OF ESTATE.—After an estate has
17 been fully administered, the trustee shall close the
18 estate and, except as otherwise directed by the appli-
19 cable covered bond regulator, shall destroy all
20 records of the estate.

21 (6) NO LOSS TO TAXPAYERS.—Taxpayers shall
22 bear no losses from the resolution of an estate under
23 this Act. To the extent that the Secretary and the
24 Corporation jointly determine that the Deposit In-
25 surance Fund incurred actual losses that are higher

1 because the covered bond program of an insured de-
2 pository institution was subject to resolution under
3 this Act rather than as part of the receivership of
4 the institution under the Federal Deposit Insurance
5 Act (12 U.S.C. 1811 et seq.), the Corporation may
6 recover an amount equal to those losses through an
7 increase in deposit insurance assessments on insured
8 depository institutions with approved covered bond
9 programs.

10 **SEC. 5. SECURITIES LAW PROVISIONS.**

11 (a) COVERED BONDS ISSUED OR GUARANTEED BY
12 BANKS.—Any covered bond issued or guaranteed by a
13 bank is and shall be treated as a security issued or guar-
14 anteed by a bank under section 3(a)(2) of the Securities
15 Act of 1933, section 3(c)(3) of the Investment Company
16 Act of 1940, and section 304(a)(4)(A) of the Trust Inden-
17 ture Act of 1939. No covered bond issued or guaranteed
18 by a bank is or shall be treated as an asset-backed security
19 (as defined in section 3 of the Securities and Exchange
20 Act of 1934 (15 U.S.C. 78c)).

21 (b) EXEMPTIONS FOR ESTATES.—Any estate that is
22 or may be created under section 4(b)(1) or 4(c)(2) shall
23 be exempt from all securities laws but—

1 (1) shall be subject to the reporting require-
2 ments established by the applicable covered bond
3 regulator under section 4(d)(1)(E)(iii); and

4 (2) shall succeed to any requirement of the
5 issuer to file such periodic information, documents,
6 and reports in respect of the covered bonds as speci-
7 fied in section 13(a) of the Securities and Exchange
8 Act of 1934 (15 U.S.C. 78m(a)) or rules established
9 by an appropriate Federal banking agency.

10 (c) EXEMPTIONS FOR RESIDUAL INTERESTS.—Any
11 residual interest in an estate that is or may be created
12 under section 4(b)(1) or 4(c)(2) shall be exempt from all
13 securities laws.

14 **SEC. 6. MISCELLANEOUS PROVISIONS.**

15 (a) DOMESTIC SECURITIES.—Section 106(a)(1) of
16 the Secondary Mortgage Market Enhancement Act of
17 1984 (15 U.S.C. 77r-1(a)(1)) is amended—

18 (1) in subparagraph (C), by striking “or” at
19 the end;

20 (2) in subparagraph (D), by adding “or” at the
21 end; and

22 (3) by inserting after subparagraph (D) the fol-
23 lowing:

1 “(E) covered bonds (as defined in section
2 2 of the United States Covered Bond Act of
3 2011),”.

4 (b) NO TAX IMPLICATIONS.—Any estate created
5 under section 4(b)(1) or 4(c)(2) shall not be treated as
6 an entity subject to taxation separate from the owner of
7 the residual interest for purposes of the Internal Revenue
8 Code of 1986 (26 U.S.C. 1 et seq.), including by reason
9 of the taxable mortgage pool provisions of section 7701(i)
10 of the Internal Revenue Code of 1986 (26 U.S.C. 7701(i)),
11 but instead shall be treated as a disregarded entity that
12 is owned by the owner of the residual interest for such
13 purposes as described in applicable regulations of the Sec-
14 retary, as in effect on the date of the enactment of this
15 Act. No transfer or assumption of any asset or liability
16 to or by an estate or an eligible issuer under section 4(b)
17 or 4(c) shall cause or constitute an event in which gain
18 or loss shall be recognized under section 1001 of the Inter-
19 nal Revenue Code of 1986 (26 U.S.C. 1001).

20 (c) REAL ESTATE MORTGAGE INVESTMENT CON-
21 DITIONS.—Section 860G(a)(3) of the Internal Revenue Code
22 of 1986 (26 U.S.C. 860G(a)(3)) is amended—

23 (1) in subparagraph (B), by striking “and” at
24 the end;

1 (2) in subparagraph (C), by striking the period
2 and inserting “, and”; and

3 (3) by inserting after subparagraph (C) the fol-
4 lowing:

5 “(D) covered bonds that are secured by eli-
6 gible assets from the residential mortgage asset
7 class, the home equity asset class, or the com-
8 mercial mortgage asset class, as such terms are
9 defined in section 2 of the United States Cov-
10 ered Bond Act of 2011.”.

11 (d) REAL ESTATE INVESTMENT TRUSTS.—To the ex-
12 tent provided by regulations that may be promulgated by
13 the Secretary, a covered bond described in section
14 860G(a)(3)(D) of the Internal Revenue Code of 1986 (26
15 U.S.C. 860G(a)(3)(D)), as amended by this section 6,
16 shall be treated as a real estate asset in the same manner
17 as a regular interest in a REMIC for purposes of section
18 856(e)(5)(E) of such Code (26 U.S.C. 856(e)(5)(E)).

19 (e) INVESTMENT TREATMENT FOR TAX PUR-
20 POSES.—The acquisition of any covered bond shall be
21 treated as an acquisition of an investment security, and
22 not as an acquisition of an interest in a loan or otherwise
23 as a lending transaction, for purposes of determining the
24 character of any related trade or business activity of the

1 acquirer or any asset held by the acquirer under the Inter-
2 nal Revenue Code of 1986 (26 U.S.C. 1 et seq.).

3 (f) STATE AND LOCAL TAXES.—The Secretary may
4 promulgate regulations under this Act that are similar to
5 the provisions of section 346 of title11, United States
6 Code, including regulations to provide that—

7 (1) if an estate created under section 4(b)(1) or
8 4(c)(2) is not treated as an entity subject to tax-
9 ation separate from the owner of the residual inter-
10 est for purposes of the Internal Revenue Code of
11 1986 (26 U.S.C. 1 et seq.), no separate taxable enti-
12 ty shall be created with respect to the estate for pur-
13 poses of any State or local law imposing a tax on
14 or measured by income; and

15 (2) if a transfer or assumption of an asset or
16 liability to or by an estate or an eligible issuer under
17 section 4(b) or 4(c) does not cause or constitute an
18 event in which gain or loss is recognized under sec-
19 tion 1001 of the Internal Revenue Code of 1986 (26
20 U.S.C. 1001), the transfer or assumption shall not
21 cause or constitute a disposition for purposes of any
22 provision assigning tax consequences to a disposition
23 in connection with any State or local law imposing
24 a tax on or measured by income.

1 (g) NO CONFLICT.—The provisions of this Act shall
2 apply, notwithstanding any provision of the Federal De-
3 posit Insurance Act (12 U.S.C. 1811 et seq.), title 11,
4 United States Code, title II of the Dodd-Frank Wall
5 Street Reform and Consumer Protection Act (12 U.S.C.
6 5381 et seq.), or any other provision of Federal law with
7 respect to conservatorship, receivership, liquidation, or
8 bankruptcy. No provision of the Federal Deposit Insur-
9 ance Act (12 U.S.C. 1811 et seq.), title 11, United States
10 Code, title II of the Dodd-Frank Wall Street Reform and
11 Consumer Protection Act (12 U.S.C. 5381 et seq.), or any
12 other provision of Federal law with respect to conservator-
13 ship, receivership, liquidation, or bankruptcy may be con-
14 strued or applied in a manner that defeats or interferes
15 with the purpose or operation of this Act.