

### **TITLE XIII: Pay It Back Act**

Title XIII provides a framework for paying back the taxpayers for federal moneys expended as part of the Emergency Economic Stabilization Act of 2008 (the “EESA”) and reducing the cap on Troubled Asset Relief Program (“TARP”) purchasing authority. It may be cited as the Pay It Back Act. **Sec. 1301 (p. 770).**

#### **A. Amendment to Reduce TARP Authorization**

Title XIII amends the EESA by reducing the amount available for borrowing from \$700 billion to \$475 billion. **Sec. 1302 (p. 770).** The amount considered to be exercised by the Secretary cannot be offset or reduced by any amounts received by the Secretary from repayment of financial assistance by an entity that has received TARP assistance, any amounts committed for TARP that became or become uncommitted, or any losses realized by the Secretary. **Sec. 1302 (p.770).** The Pay It Back Act also revokes authorization for any EESA programs not yet commenced on June 25, 2010. **Sec. 1302 (pp. 770-771).**

#### **B. Report**

The title requires the Secretary to report to Congress every six months on any amounts received under EESA Subsection (d) and transferred to the General Fund. **Sec. 1303 (p. 771).**

#### **C. Amendments to Housing and Economics Recovery Act of 2008**

Title XIII also requires any funds received from the sale of obligations and securities of Fannie Mae, Freddie Mac, or Federal Home Loan Banks to be dedicated for the purpose of deficit reduction. **Sec. 1304 (pp. 771-772).** The Act further prohibits any amounts received from the sale of such obligations or securities from use as an offset for other spending increases or revenue reductions. **Sec. 1304 (pp. 771-772).** Further, any fee or assessment paid by Fannie Mae or Freddie Mac to the Secretary as a result of a preferred stock purchase agreement, mortgage-backed security purchase program, or any other program authorized under Section 1117 of the Housing and Economic Recovery Act of 2008 must be dedicated to the sole purpose of debt reduction and is prohibited from use as an offset for other spending measures. **Sec. 1304(d) (p. 772).**

#### **D. Federal Housing Finance Agency Report**

The Act requires the Director of the Federal Housing Finance Agency to submit a report to Congress that explains the Agency’s plans to continue to support and maintain the nation’s housing industry while shielding taxpayers from unnecessary losses. **Sec. 1305 (p. 772).**

#### **E. Repayment of Unobligated American Recovery and Reinvestment Act Funds**

Any American Recovery and Reinvestment Act (the “ARRA”) funds provided to any state that are not accepted for use by the governor or legislature of that state will be rescinded and deposited in the General Fund of the Treasury where they are to be used for deficit reduction and prohibited from being used to offset other spending. **Sec. 1306(a) (p. 772).** Title XIII

further amends ARRA to require that the head of any executive agency that withdraws or recaptures funds appropriated or made available under ARRA that have not been obligated to a state or local government, must rescind such funds and deposit them in the Treasury's General Fund for deficit reduction. **Sec. 1306(b) (pp. 772-773)**. Finally, the Act requires that any discretionary appropriations made available under Section 1603 of ARRA that have not been obligated by December 31, 2012 are to be rescinded and any amounts deposited in the General Fund of the Treasury where they are to be dedicated for the purpose of deficit reduction and prohibited from use as an offset for spending increases or revenue reductions. **Sec. 1306(c) (p. 773)**.

The Act permits the President to waive any repayment requirements if the President determines that it is not in the best interests of the Nation to rescind a specific unobligated amount. **Sec. 1306(c) (p. 773)**. The head of an executive agency may also apply to the President for a waiver of the requirements mandating rescission of funds. **Sec. 1306(c) (p. 773)**.

Because the Act does not specify when Title XIII becomes effective, the effective date is one day after enactment. **Sec. 4 (p. 16)**.