

AMENDMENT NO. _____ Calendar No. _____

Purpose: To improve the bill.

IN THE SENATE OF THE UNITED STATES—110th Cong., 1st Sess.

S. _____

To modernize and update the National Housing Act and enable the Federal Housing Administration to more effectively reach underserved borrowers, and for other purposes.

Referred to the Committee on _____ and ordered to be printed

Ordered to lie on the table and to be printed

AMENDMENTS intended to be proposed by Mr. DODD (for himself and Mr. SHELBY)

Viz:

1 On page 12, line 14, strike “; and” and insert the
2 following: “by among other actions instituting fraud pre-
3 vention quality control screening not later than 18 months
4 after the date of enactment of the Building American
5 Homeownership Act of 2007; and”

6 On page 18, strike line 22 and all that follows
7 through page 19, line 10, and insert the following:

1 (d) STUDY REGARDING PROGRAM COSTS AND CRED-
2 IT AVAILABILITY.—

3 (1) IN GENERAL.—The Comptroller General of
4 the United States shall conduct a study regarding
5 the costs and availability of credit under the home
6 equity conversion mortgages for elderly homeowners
7 program under section 255 of the National Housing
8 Act (12 U.S.C. 1715z–20) (in this subsection re-
9 ferred to as the “program”).

10 (2) PURPOSE.—The purpose of the study re-
11 quired under paragraph (1) is to help Congress ana-
12 lyze and determine the effects of limiting the
13 amounts of the costs or fees under the program
14 from the amounts charged under the program as of
15 the date of the enactment of this Act.

16 (3) CONTENT OF REPORT.—The study required
17 under paragraph (1) should focus on—

18 (A) the cost to mortgagors of participating
19 in the program;

20 (B) the financial soundness of the pro-
21 gram;

22 (C) the availability of credit under the pro-
23 gram; and

24 (D) the costs to elderly homeowners par-
25 ticipating in the program, including—

- 1 (i) mortgage insurance premiums
2 charged under the program;
- 3 (ii) up-front fees charged under the
4 program; and
- 5 (iii) margin rates charged under the
6 program.

7 (4) TIMING OF REPORT.—Not later than 12
8 months after the date of the enactment of this Act,
9 the Comptroller General shall submit a report to the
10 Committee on Banking, Housing, and Urban Affairs
11 of the Senate and the Committee on Financial Serv-
12 ices of the House of Representatives setting forth
13 the results and conclusions of the study required
14 under paragraph (1).

15 On page 22, after line 23, insert the following:

16 **SEC. 116. USE OF FHA SAVINGS FOR IMPROVEMENTS IN**
17 **FHA TECHNOLOGIES, PROCEDURES, PROC-**
18 **ESSES, PROGRAM PERFORMANCE, STAFFING,**
19 **AND SALARIES.**

20 (a) AUTHORIZATION OF APPROPRIATIONS.—

21 (1) IN GENERAL.—There is authorized to be
22 appropriated for each of fiscal years 2008 through
23 2012, \$25,000,000, to the Secretary of Housing and
24 Urban Development for increasing funding for the

1 purpose of improving technology, processes, program
2 performance, eliminating fraud, and for providing
3 appropriate staffing in connection with the mortgage
4 insurance programs under title II of the National
5 Housing Act.

6 (2) TRANSFER OF FUNDS.—The amount au-
7 thorized to be appropriated under paragraph shall be
8 provided from the negative credit subsidy for the
9 mortgage insurance programs under title II of the
10 National Housing Act.

11 (b) CERTIFICATION.—The authorization under sub-
12 section (a) shall not be effective for a fiscal year unless
13 the Secretary of Housing and Urban Development has, by
14 rulemaking in accordance with section 553 of title 5,
15 United States Code (notwithstanding subsections (a)(2),
16 (b)(B), and (d)(3) of such section), made a determination
17 that—

18 (1) premiums being, or to be, charged during
19 such fiscal year for mortgage insurance under title
20 II of the National Housing Act are established at
21 the minimum amount sufficient to—

22 (A) comply with the requirements of sec-
23 tion 205(f) of such Act (relating to required
24 capital ratio for the Mutual Mortgage Insur-
25 ance Fund); and

1 (B) ensure the safety and soundness of the
2 other mortgage insurance funds under such
3 Act; and

4 (2) any negative credit subsidy for such fiscal
5 year resulting from such mortgage insurance pro-
6 grams adequately ensures the efficient delivery and
7 availability of such programs.

8 (c) STUDY AND REPORT.—The Secretary of Housing
9 and Urban Development shall conduct a study to obtain
10 recommendations from participants in the private residen-
11 tial (both single family and multifamily) mortgage lending
12 business and the secondary market for such mortgages on
13 how best to update and upgrade processes and tech-
14 nologies for the mortgage insurance programs under title
15 II of the National Housing Act so that the procedures for
16 originating, insuring, and servicing of such mortgages con-
17 form with those customarily used by secondary market
18 purchasers of residential mortgage loans. Not later than
19 the expiration of the 12-month period beginning on the
20 date of the enactment of this Act, the Secretary shall sub-
21 mit a report to the Congress describing the progress made
22 and to be made toward updating and upgrading such proc-
23 esses and technology, and providing appropriate staffing
24 for such mortgage insurance programs.

1 **SEC. 117. POST-PURCHASE HOUSING COUNSELING ELIGI-**
2 **BILITY IMPROVEMENTS.**

3 Section 106(c)(4) of the Housing and Urban Devel-
4 opment Act of 1968 (12 U.S.C. 1701x(c)(4)) is amended:

5 (1) in subparagraph (C)—

6 (A) in clause (i), by striking “; or” and in-
7 serting a semicolon;

8 (B) in clause (ii), by striking the period at
9 the end and inserting a semicolon;

10 (C) by adding at the end the following:

11 “(iii) a significant reduction in the in-
12 come of the household due to divorce or
13 death; or

14 “(iv) a significant increase in basic ex-
15 penses of the homeowner or an immediate
16 family member of the homeowner (includ-
17 ing the spouse, child, or parent for whom
18 the homeowner provides substantial care or
19 financial assistance) due to—

20 “(I) an unexpected or significant
21 increase in medical expenses;

22 “(II) a divorce;

23 “(III) unexpected and significant
24 damage to the property, the repair of
25 which will not be covered by private or
26 public insurance; or

1 (3) web-based counseling;

2 (4) counseling classes; or

3 (5) any other form or type of counseling that
4 the Secretary may, in his discretion, determine ap-
5 propriate.

6 (c) SIZE OF PROGRAM.—The Secretary shall make
7 available the pre-purchase homeownership counseling de-
8 scribed in subsection (b) to not more than 3,000 eligible
9 homebuyers in any given year.

10 (d) INCENTIVE TO PARTICIPATE.—The Secretary of
11 Housing and Urban Development may provide incentives
12 to eligible homebuyers to participate in the demonstration
13 program established under subsection (a). Such incentives
14 may include the reduction of any insurance premium
15 charges owed by the eligible homebuyer to the Secretary.

16 (e) ELIGIBLE HOMEBUYER DEFINED.—For purposes
17 of this section an “eligible homebuyer” means a first-time
18 homebuyer who has been approved for a home loan with
19 a loan-to-value ratio between 97 percent and 98.5 percent.

20 (f) REPORT TO CONGRESS.—The Secretary of Hous-
21 ing and Urban Development shall report to the Committee
22 on Banking, Housing, and Urban Affairs of the Senate
23 and the Committee on Financial Services of the House of
24 Representative—

1 (1) on an annual basis, on the progress and re-
2 sults of the demonstration program established
3 under subsection (a); and

4 (2) for the period beginning on the date of en-
5 actment of this Act and ending on the date that is
6 5 years after such date of enactment, on the pay-
7 ment history and delinquency rates of eligible home-
8 buyers who participated in the demonstration pro-
9 gram.

10 **SEC. 119. FRAUD PREVENTION.**

11 Section 1014 of title 18, United States Code, is
12 amended in the first sentence—

13 (1) by inserting “the Federal Housing Adminis-
14 tration” before “the Farm Credit Administration”;
15 and

16 (2) by striking “commitment, or loan” and in-
17 serting “commitment, loan, or insurance agreement
18 or application for insurance or a guarantee”.

19 **SEC. 120. LIMITATION ON MORTGAGE INSURANCE PRE-**
20 **MIUM INCREASES.**

21 (a) IN GENERAL.—Notwithstanding any other provi-
22 sion of law, including any provision of this Act and any
23 amendment made by this Act—

24 (1) for the period beginning on the date of the
25 enactment of this Act and ending on October 1,

1 2009, the premiums charged for mortgage insurance
2 under multifamily housing programs under the Na-
3 tional Housing Act may not be increased above the
4 premium amounts in effect under such program on
5 October 1, 2006, unless the Secretary of Housing
6 and Urban Development determines that, absent
7 such increase, insurance of additional mortgages
8 under such program would, under the Federal Credit
9 Reform Act of 1990, require the appropriation of
10 new budget authority to cover the costs (as such
11 term is defined in section 502 of the Federal Credit
12 Reform Act of 1990 (2 U.S.C. 661a) of such insur-
13 ance; and

14 (2) a premium increase pursuant to paragraph
15 (1) may be made only if not less than 30 days prior
16 to such increase taking effect, the Secretary of
17 Housing and Urban Development—

18 (A) notifies the Committee on Banking,
19 Housing, and Urban Affairs of the Senate and
20 the Committee on Financial Services of the
21 House of Representatives of such increase; and

22 (B) publishes notice of such increase in the
23 Federal Register.

24 (b) WAIVER.—The Secretary of Housing and Urban
25 Development may waive the 30-day notice requirement

1 under subsection (a)(2), if the Secretary determines that
2 waiting 30-days before increasing premiums would cause
3 substantial damage to the solvency of multifamily housing
4 programs under the National Housing Act.

5 On page 23, line 1, strike “**116**” and insert “**121**”.

6 On page 23, line 7, strike “**117**” and insert “**122**”.