

S 3704

FHA Reform Act of 2010

Congress: 111 (2009–2011, Ended)

Chamber: Senate

Policy Area: Housing and Community Development

Introduced: Aug 4, 2010

Current Status: Read twice and referred to the Committee on Banking, Housing, and Urban Affairs.

Latest Action: Read twice and referred to the Committee on Banking, Housing, and Urban Affairs. (Aug 4, 2010)

Official Text: <https://www.congress.gov/bill/111th-congress/senate-bill/3704>

Sponsor

Name: Sen. Begich, Mark [D-AK]

Party: Democratic • **State:** AK • **Chamber:** Senate

Cosponsors (3 total)

Cosponsor	Party / State	Role	Date Joined
Sen. Brown, Sherrod [D-OH]	D · OH		Aug 4, 2010
Sen. Bennet, Michael F. [D-CO]	D · CO		Sep 22, 2010
Sen. Merkley, Jeff [D-OR]	D · OR		Sep 22, 2010

Committee Activity

Committee	Chamber	Activity	Date
Banking, Housing, and Urban Affairs Committee	Senate	Referred To	Aug 4, 2010

Subjects & Policy Tags

Policy Area:

Housing and Community Development

Related Bills

Bill	Relationship	Last Action
111 HR 5072	Related bill	Jun 10, 2010: Received in the Senate and Read twice and referred to the Committee on Banking, Housing, and Urban Affairs.

FHA Reform Act of 2010 - Directs the Secretary of Housing and Urban Development (HUD) to require specified mortgagees to indemnify HUD for payment of a mortgage insurance claim if the mortgage was not materially originated or underwritten in accordance with HUD requirements.

Authorizes the Secretary to require a mortgagee to indemnify HUD for loss regardless of when an insurance claim is paid if fraud or misrepresentation was involved in connection with the mortgage origination or underwriting.

Directs the Secretary to: (1) take any actions required to seek indemnification for any early term default (of a loan that becomes delinquent or is in default within two years after origination) and claim on a mortgage which is an obligation of the Mutual Mortgage Insurance Fund (MMI Fund), and, as of the mortgage origination date, was not in material compliance with any pertinent requirement; (2) establish a program to review the cause of each early term default and claim on such mortgages; and (3) require indemnification of an early term default that did not meet requirements existing before the date of origination.

Authorizes the Secretary to terminate approval to originate or underwrite single-family mortgages of any mortgagee with an excessive rate of early defaults and claims.

Amends the Department of Housing and Urban Development Act to establish within the Federal Housing Administration (FHA) a Deputy Assistant Secretary for Risk Management and Regulatory Affairs responsible for all matters relating to managing and mitigating the risk to HUD mortgage insurance funds and for ensuring the performance of HUD-insured mortgages.

Abolishes the position of the FHA chief risk officer.

Authorizes the Secretary to use outside sources to: (1) analyze credit risk models and practices employed by HUD in connection with mortgages; (2) evaluate underwriting standards; and (3) analyze lender compliance with, and HUD enforcement of, underwriting standards.

Directs the Secretary to review and identify to Congress mortgagees with a significant or rapid increase in early defaults and claims with respect to all mortgages they have originated on housing located in any particular geographic area or areas.

Authorizes the Secretary to require a mortgagee to: (1) use the Nationwide Mortgage Licensing System and Registry; (2) obtain unique company identifiers for all mortgagee officers or owners.

Directs the Secretary to require mortgagees of HUD-insured single-family or multifamily housing to notify HUD if they terminate or discontinue mortgage purchases from another mortgagee based upon any determination, evidence, or report of fraud or material misrepresentation in connection with the origination of such mortgages.

Requires the annual independent actuarial study of the MMI Fund to review and evaluate any: (1) changes to the current or projected safety and soundness of the Fund since the most recent report; and (2) risks to the Fund.

Requires the Secretary's quarterly and annual reports to Congress to include specified information on defaults.

Prescribes conditions compelling the Secretary to review and reduce certain cash investment (down payment) requirements binding upon mortgages or mortgagors.

Revises eligibility requirements for mortgage insurance, including insurance for a home equity conversion mortgage (reverse mortgage) for elderly homeowners.

Revises requirements for early mortgage default and foreclosure information collected by the Secretary for mortgage lender analysis.

Authorizes the Secretary to reimburse servicers of certain HUD-insured residential mortgages for the costs of obtaining the services of specified independent third parties, including a HUD-approved housing counseling agency, to make in-person contact, at no charge, with mortgagors whose payments are 60 or more days past due, solely to provide specified information. Directs the Secretary to give reimbursement priority to independent third parties serving mortgagors in areas experiencing a mortgage foreclosure rate and unemployment rate higher than the national average.

Directs the Comptroller General to report to Congress on single-family mortgage insurance programs of HUD and the MMI Fund.

Revises the down payment requirement for mortgage insurance eligibility to authorize the Secretary to establish a higher minimum cash investment requirement for all mortgagors, or a certain class or classes of mortgagors, which may be based on criteria related to borrowers' credit scores or other industry standards related to borrowers' financial soundness.

Directs the Secretary to provide refunds of unearned premium charges paid at the time of insurance for mortgage insurance to or on behalf of mortgagors under certain mortgages on one- to four-family dwellings.

Revises maximum mortgage amount limits for multifamily housing that includes elevator-type structures with sound standards of construction and design.

Applies through FY2011 HUD Mortgagee Letter 2002-17 (regarding "Special Forbearance: Program Changes and Updates"), relating to Type I Special Forbearance, with respect to mortgagees of certain insured mortgages secured by one- to four-family dwellings that have problem or damaging drywall products.

Exempts HUD insurance of mortgages on condominiums from the conditions of, or review under, the National Environmental Policy Act of 1969 or any other related law.

Actions Timeline

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