

## HR 5072

### FHA Reform Act of 2010

**Congress:** 111 (2009–2011, Ended)

**Chamber:** House

**Policy Area:** Housing and Community Development

**Introduced:** Apr 20, 2010

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

**Latest Action:** Received in the Senate and Read twice and referred to the Committee on Banking, Housing, and Urban Affairs. (Jun 10, 2010)

**Official Text:** <https://www.congress.gov/bill/111th-congress/house-bill/5072>

### Sponsor

**Name:** Rep. Waters, Maxine [D-CA-35]

**Party:** Democratic • **State:** CA • **Chamber:** House

### Cosponsors (5 total)

Cosponsor	Party / State	Role	Date Joined
Rep. Capito, Shelley Moore [R-WV-2]	R · WV		Apr 20, 2010
Rep. Frank, Barney [D-MA-4]	D · MA		Apr 20, 2010
Rep. Green, Al [D-TX-9]	D · TX		Apr 20, 2010
Rep. Lynch, Stephen F. [D-MA-9]	D · MA		May 6, 2010
Rep. Sherman, Brad [D-CA-27]	D · CA		May 6, 2010

### Committee Activity

Committee	Chamber	Activity	Date
Banking, Housing, and Urban Affairs Committee	Senate	Referred To	Jun 10, 2010
Financial Services Committee	House	Reported By	May 6, 2010

### Subjects & Policy Tags

#### Policy Area:

Housing and Community Development

### Related Bills

Bill	Relationship	Last Action
111 S 3704	Related bill	Aug 4, 2010: Read twice and referred to the Committee on Banking, Housing, and Urban Affairs.
111 HRES 1424	Procedurally related	Jun 9, 2010: Motion to reconsider laid on the table Agreed to without objection.

FHA Reform Act of 2010 - (Sec. 2) Amends the National Housing Act to authorize the Secretary of Housing and Urban Development (HUD) to increase the maximum annual premium payments for mortgage insurance, and make the charging of them discretionary instead of mandatory.

(Sec. 3) Authorizes the Secretary to require specified mortgagees to indemnify HUD for payment of a mortgage insurance claim if the mortgage was not 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.

(Sec. 4) Authorizes the Secretary to terminate approval of a mortgagee to originate or underwrite single family mortgages if the mortgagee's rate of early defaults and claims is excessive.

(Sec. 6) Establishes 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.

(Sec. 7) 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.

(Sec. 8) Directs the Secretary to: (1) review and identify 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; and (2) report on such reviews to certain congressional committees.

Authorizes appropriations for FY2010-FY2014 to provide additional full-time equivalent positions for HUD, or for entering into necessary contracts, to conduct such reviews, as well as to carry out other responsibilities relating to ensuring the safety and soundness of the Mutual Mortgage Insurance Fund.

(Sec. 9) Authorizes the Secretary to require a mortgagee to: (1) use the Nationwide Mortgage Licensing System and Registry; (2) obtain unique company identifiers for all the mortgagee's officers or owners.

Authorizes the Secretary to require each insured mortgage to include any such unique company identifier.

Directs the Secretary to: (1) pursue joint protocols for information sharing with state regulatory agencies; and (2) 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.

(Sec. 11) Requires the annual independent actuarial study of the Mutual Mortgage Insurance 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 in quarterly reports to Congress to specify for mortgages that are obligations of the Fund any

factors likely to have an impact on the Fund's financial status or cause any material changes to its safety and soundness.

(Sec. 12) Prescribes conditions compelling the Secretary to review and reduce certain cash investment requirements (down payment requirements) binding upon mortgagees or mortgagors.

(Sec. 13) Revises eligibility requirements for mortgage insurance. Requires a mortgage to have been made to a mortgagee approved by the Secretary (as under current law) or to a person or entity authorized by the Secretary to participate in the origination of the mortgage. Applies the same new eligibility requirement to insurance of a home equity conversion mortgage (reverse mortgage) for elderly homeowners.

(Sec. 14) Revises requirements for early mortgage default and foreclosure information collected by the Secretary for mortgage lender analysis. Requires such information to include, for each servicer of insured mortgages, data on the performance of mortgages originated during each calendar quarter of the collection period, disaggregated by the direct endorsement mortgagee from whom the servicer acquired such servicing rights.

(Sec. 15) 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 information regarding: (1) HUD-approved housing counseling agencies; and (2) mortgage loan modification, refinance, and assistance programs. Applies confidentiality requirements to such independent third parties.

Directs the Secretary, in providing reimbursements, to give priority to independent third parties serving mortgagors under covered mortgages in areas experiencing a mortgage foreclosure rate and unemployment rate higher than the national average for the most recent 12-month period for which satisfactory data are available.

(Sec. 16) Directs the Comptroller General to report to Congress on single family mortgage insurance programs of HUD and the Mutual Mortgage Insurance Fund.

(Sec. 17) Revises the cash investment 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.

Requires the Secretary to report annually to certain congressional committees on the implementation of minimum cash investment requirements, including discussion and analysis of options for proposed changes to such requirements.

(Sec. 18) 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.

Authorizes appropriations for such refunds.

(Sec. 19) Revises maximum mortgage amount limits for multifamily housing that includes elevator-type structures with sound standards of construction and design. Replaces specific dollar amounts for any increase in such limits the Secretary may make with an allowed increase of 50% of the amounts specified for each unit size. Applies to projects consisting of more than four dwelling units located in an extremely high-cost area certain mortgage insurance requirements currently applying to property in Alaska, Guam, Hawaii, and the Virgin Islands.

(Sec. 20) 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.

(Sec. 21) Authorizes the Secretary to increase the maximum dollar amount limitations on the principal obligation of certain insurable mortgages for certain micropolitan counties experiencing significant population growth and meeting other specified requirements.

(Sec. 22) Requires mortgagors on a one- to four-family dwelling to provide a valid Social Security Number and be: (1) a U.S. citizen; (2) a lawful permanent resident alien; or (3) a non-permanent resident alien who legally resides in and is authorized to work in the United States.

(Sec. 23) Prohibits the Secretary from insuring any mortgage secured by a one- to four-family dwelling unless the mortgagor certifies, under penalty of perjury, that he or she has not been convicted of a sex offense against a minor.

(Sec. 24) Prohibits the use of funds to pay the salary of any federal employee engaged in certain mortgage insurance activities who has been officially disciplined for violations of Standards of Ethical Conduct for Employees of the Executive Branch for viewing, downloading, or exchanging pornography, including child pornography, on a federal government computer or while performing official federal government duties.

(Sec. 25) Prohibits the Secretary from newly insuring a mortgage secured by a one- to four-family dwelling unless the mortgagee has determined that the mortgagor has not previously engaged in any strategic default with respect to a residential mortgage loan.

(Sec. 26) Directs the Secretary to use all available actions and authorized methods to protect U.S. taxpayers from financial responsibility for any obligations of the Mutual Mortgage Insurance Fund, including authority to: (1) increase insurance premiums for mortgages that are obligations of the Fund; (2) establish more stringent underwriting standards for such mortgages; and (3) increase the amount of cash or its equivalent required to be paid on account of the property subject to such a mortgage.

## Actions Timeline

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- **Jun 10, 2010:** Considered as unfinished business. (consideration: CR H4342-4365)
- **Jun 10, 2010:** The House resolved into Committee of the Whole House on the state of the Union for further consideration.
- **Jun 10, 2010:** DEBATE - Pursuant to the provisions of H.Res. 1424, the Committee of the Whole proceeded with 10 minutes of debate on the Waters amendment.
- **Jun 10, 2010:** POSTPONED PROCEEDINGS - At the conclusion of debate on the Waters amendment, the Chair put the question on adoption of the amendment and by voice vote, announced that the ayes had prevailed. Ms. Waters demanded a recorded vote and the Chair postponed further proceedings on the question of adoption of the amendment until later in the legislative day.
- **Jun 10, 2010:** DEBATE - Pursuant to the provisions of H.Res. 1424, the Committee of the Whole proceeded with 10 minutes of debate on the Cardoza amendment.
- **Jun 10, 2010:** DEBATE - Pursuant to the provisions of H.Res. 1424, the Committee of the Whole proceeded with 10 minutes of debate on the Cao amendment.
- **Jun 10, 2010:** DEBATE - Pursuant to the provisions of H.Res. 1424, the Committee of the Whole proceeded with 10 minutes of debate on the Bean amendment.
- **Jun 10, 2010:** DEBATE - Pursuant to the provisions of H.Res. 1424, the Committee of the Whole proceeded with 10 minutes of debate on the Garrett (NJ) amendment.
- **Jun 10, 2010:** POSTPONED PROCEEDINGS - At the conclusion of debate on the Garrett (NJ) amendment, the Chair put the question on adoption of the amendment and by voice vote, announced that the noes had prevailed. Mr. Garrett (NJ) demanded a recorded vote and the Chair postponed further proceedings on the question of adoption of the amendment until later in the legislative day.
- **Jun 10, 2010:** DEBATE - Pursuant to the provisions of H.Res. 1424, the Committee of the Whole proceeded with 10 minutes of debate on the Tierney amendment.
- **Jun 10, 2010:** DEBATE - Pursuant to the provisions of H.Res. 1424, the Committee of the Whole proceeded with 10 minutes of debate on the Price (GA) amendment.
- **Jun 10, 2010:** POSTPONED PROCEEDINGS - At the conclusion of debate on the Price (GA) amendment, the Chair put the question on adoption of the amendment and by voice vote, announced that the noes had prevailed. Mr. Price (GA) demanded a recorded vote and the Chair postponed further proceedings on the question of adoption of the amendment until later in the legislative day.
- **Jun 10, 2010:** DEBATE - Pursuant to the provisions of H.Res. 1424, the Committee of the Whole proceeded with 10 minutes of debate on the Weiner amendment.
- **Jun 10, 2010:** DEBATE - Pursuant to the provisions of H.Res. 1424, the Committee of the Whole proceeded with 10 minutes of debate on the Turner amendment.
- **Jun 10, 2010:** POSTPONED PROCEEDINGS - At the conclusion of debate on the Turner amendment, the Chair put the question on adoption of the amendment and by voice vote, announced that the noes had prevailed. Mr. Turner demanded a recorded vote and the Chair postponed further proceedings on the question of adoption of the amendment until later in the legislative day.
- **Jun 10, 2010:** DEBATE - Pursuant to the provisions of H.Res. 1424, the Committee of the Whole proceeded with 10 minutes of debate on the Clarke amendment.
- **Jun 10, 2010:** DEBATE - Pursuant to the provisions of H.Res. 1424, the Committee of the Whole proceeded with 10 minutes of debate on the Nye amendment.
- **Jun 10, 2010:** DEBATE - Pursuant to the provisions of H.Res. 1424, the Committee of the Whole proceeded with 10 minutes of debate on the Edwards amendment.
- **Jun 10, 2010:** POSTPONED PROCEEDINGS - At the conclusion of debate on the Edwards amendment, the Chair put the question on adoption of the amendment and by voice vote, announced that the ayes had prevailed. Mr. Edwards demanded a recorded vote and the Chair postponed further proceedings on the question of adoption of the amendment until later in the legislative day.
- **Jun 10, 2010:** POSTPONED PROCEEDINGS - At the conclusion of debate on the Maffei amendment, the Chair put the question on adoption of the amendment and by voice vote, announced that the ayes had prevailed. Mr. Maffei demanded a recorded vote and the Chair postponed further proceedings on the question of adoption of the amendment until later in the legislative day.
- **Jun 10, 2010:** On agreeing to the Price (GA) amendment (A007) Roll Call 349 - Recorded vote pending.
- **Jun 10, 2010:** The House rose from the Committee of the Whole House on the state of the Union to report H.R. 5072.

**Jun 10, 2010:** The House adopted the amendment in the nature of a substitute as agreed to by the Committee of the Whole House on the state of the Union. (text: CR H4343-4345)

- **Jun 10, 2010:** Mr. Lee (NY) moved to recommit with instructions to Financial Services. (consideration: CR H4363-4364; text: CR H4363-4364)
- **Jun 10, 2010:** DEBATE - The House proceeded with 10 minutes of debate on the Lee (NY) motion to recommit with instructions. The instructions contained in the motion seek to report the same back to the House with an amendment to add the following new sections: 1.) prohibit mortgage insurance for borrowers with strategic defaults; and 2.) prohibit bailout of FHA program with taxpayer dollars.
- **Jun 10, 2010:** The previous question was ordered without objection. (consideration: CR H4364)
- **Jun 10, 2010:** On motion to recommit with instructions Agreed to by voice vote.
- **Jun 10, 2010:** Passed/agreed to in House: On passage Passed by recorded vote: 406 - 4 (Roll no. 353).
- **Jun 10, 2010:** On passage Passed by recorded vote: 406 - 4 (Roll no. 353).
- **Jun 10, 2010:** Motion to reconsider laid on the table Agreed to without objection.
- **Jun 10, 2010:** The Clerk was authorized to correct section numbers, punctuation, and cross references, and to make other necessary technical and conforming corrections in the engrossment of H.R. 5072.
- **Jun 10, 2010:** Received in the Senate and Read twice and referred to the Committee on Banking, Housing, and Urban Affairs.
- **Jun 9, 2010:** Rule H. Res. 1424 passed House.
- **Jun 9, 2010:** Considered under the provisions of rule H. Res. 1424. (consideration: CR H4300-4302)
- **Jun 9, 2010:** Rule provides for consideration of H.R. 5072 with 1 hour of general debate. Previous question shall be considered as ordered without intervening motions except motion to recommit with or without instructions. Measure will be considered read. Specified amendments are in order. The resolution waives all points of order against consideration of the bill except those arising under clause 9 or 10 of rule XXI. The resolution also provides that the amendment in the nature of a substitute recommended by the Committee on Financial Services shall be considered as an original bill for the purpose of amendment.
- **Jun 9, 2010:** House resolved itself into the Committee of the Whole House on the state of the Union pursuant to H. Res. 1424 and Rule XVIII.
- **Jun 9, 2010:** The Speaker designated the Honorable Deborah L. Halvorson to act as Chairwoman of the Committee.
- **Jun 9, 2010:** GENERAL DEBATE - The Committee of the Whole proceeded with one hour of general debate on H.R. 5072.
- **Jun 9, 2010:** Ms. Waters moved that the Committee rise.
- **Jun 9, 2010:** On motion that the Committee rise Agreed to without objection.
- **Jun 9, 2010:** Committee of the Whole House on the state of the Union rises leaving H.R. 5072 as unfinished business.
- **Jun 8, 2010:** Rules Committee Resolution H. Res. 1424 Reported to House. Rule provides for consideration of H.R. 5072 with 1 hour of general debate. Previous question shall be considered as ordered without intervening motions except motion to recommit with or without instructions. Measure will be considered read. Specified amendments are in order. The resolution waives all points of order against consideration of the bill except those arising under clause 9 or 10 of rule XXI. The resolution also provides that the amendment in the nature of a substitute recommended by the Committee on Financial Services shall be considered as an original bill for the purpose of amendment.
- **May 6, 2010:** Reported (Amended) by the Committee on Financial Services. H. Rept. 111-476.
- **May 6, 2010:** Placed on the Union Calendar, Calendar No. 270.
- **Apr 27, 2010:** Committee Consideration and Mark-up Session Held.
- **Apr 27, 2010:** Ordered to be Reported (Amended) by Voice Vote.
- **Apr 20, 2010:** Introduced in House
- **Apr 20, 2010:** Referred to the House Committee on Financial Services.