

Suspend the Rules and Pass the Bill, H.R. 5931, with an Amendment

(The amendment strikes all after the enacting clause and inserts a new text)

116TH CONGRESS
2^D SESSION

H. R. 5931

To require a review of the effects of FHA mortgage insurance policies, practices, and products on small-dollar mortgage lending, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 21, 2020

Mr. CLAY (for himself and Mr. STIVERS) introduced the following bill; which was referred to the Committee on Financial Services

A BILL

To require a review of the effects of FHA mortgage insurance policies, practices, and products on small-dollar mortgage lending, 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 “Improving FHA Sup-
5 port for Small Dollar Mortgages Act of 2020”.

1 **SEC. 2. REVIEW OF FHA SMALL-DOLLAR MORTGAGE PRAC-**
2 **TICES.**

3 (a) CONGRESSIONAL FINDINGS.—The Congress finds
4 that—

5 (1) affordable homeownership opportunities are
6 being hindered due to the lack of financing available
7 for home purchases under \$70,000;

8 (2) according to the Urban Institute, small-dol-
9 lar mortgage loan applications in 2017 were denied
10 by lenders at double the rate of denial for large
11 mortgage loans, and this difference in denial rates
12 cannot be fully explained by differences in the appli-
13 cants' credit profiles;

14 (3) according to data compiled by Attom Data
15 solutions, small-dollar mortgage originations have
16 decreased 38 percent since 2009, while there has
17 been a 65 percent increase in origination of mort-
18 gages for more than \$150,000;

19 (4) the FHA's mission is to serve creditworthy
20 borrowers who are underserved and, according to the
21 Urban Institute, the FHA serves 24 percent of the
22 overall market, but only 19 percent of the small-dol-
23 lar mortgage market; and

24 (5) the causes behind these variations are not
25 fully understood, but merit study that could assist in
26 furthering the Department of Housing and Urban

1 Development’s mission, including meeting the hous-
2 ing needs of borrowers the program is designed to
3 serve and reducing barriers to homeownership, while
4 protecting the solvency of the Mutual Mortgage In-
5 surance Fund.

6 (b) REVIEW.—The Secretary of Housing and Urban
7 Development shall conduct a review of its FHA single-
8 family mortgage insurance policies, practices, and prod-
9 ucts to identify any barriers or impediments to supporting,
10 facilitating, and making available mortgage insurance for
11 mortgages having an original principal obligation of
12 \$70,000 or less. Not later than the expiration of the 12-
13 month period beginning on the date of the enactment of
14 this Act, the Secretary shall submit a report to the Con-
15 gress describing the findings of such review and the ac-
16 tions that the Secretary will take, without adversely affect-
17 ing the solvency of the Mutual Mortgage Insurance Fund,
18 to remove such barriers and impediments to providing
19 mortgage insurance for such mortgages.