

**AMENDMENT IN THE NATURE OF A SUBSTITUTE
TO H.R. 5931
OFFERED BY MR. CLAY**

Strike all after the enacting clause and insert the following:

1 SECTION 1. SHORT TITLE.

2 This Act may be cited as the “Improving FHA Sup-
3 port for Small Dollar Mortgages Act of 2020”.

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

6 (a) CONGRESSIONAL FINDINGS.—The Congress finds
7 that—

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

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

17 (3) according to data compiled by Attom Data
18 solutions, small-dollar mortgage originations have

1 decreased 38 percent since 2009, while there has
2 been a 65 percent increase in origination of mort-
3 gages for more than \$150,000;

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

9 (5) the causes behind these variations are not
10 fully understood, but merit study that could assist in
11 furthering the Department of Housing and Urban
12 Development's mission, including meeting the hous-
13 ing needs of borrowers the program is designed to
14 serve and reducing barriers to homeownership, while
15 protecting the solvency of the Mutual Mortgage In-
16 surance Fund.

17 (b) REVIEW.—The Secretary of Housing and Urban
18 Development shall conduct a review of its FHA single-
19 family mortgage insurance policies, practices, and prod-
20 ucts to identify any barriers or impediments to supporting,
21 facilitating, and making available mortgage insurance for
22 mortgages having an original principal obligation of
23 \$70,000 or less. Not later than the expiration of the 12-
24 month period beginning on the date of the enactment of
25 this Act, the Secretary shall submit a report to the Con-

1 gress describing the findings of such review and the ac-
2 tions that the Secretary will take, without adversely affect-
3 ing the solvency of the Mutual Mortgage Insurance Fund,
4 to remove such barriers and impediments to providing
5 mortgage insurance for such mortgages.

