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(Original Signature of Member)

119TH CONGRESS
1ST SESSION

H. R. ______

To require the Secretary of Housing and Urban Development to submit to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representatives a report with respect to incentivizing small dollar mortgages, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

Ms. WATERS introduced the following bill; which was referred to the Committee on ______________________________

A BILL

To require the Secretary of Housing and Urban Development to submit to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representatives a report with respect to incentivizing small dollar mortgages, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. FHA SMALL-DOLLAR MORTGAGES STUDY.

(a) IN GENERAL.—Not later than 1 year after the date of enactment of this Act, the Secretary of Housing and Urban Development shall submit to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representatives a report about small-dollar mortgages that—

(1) provides a proposal for a pilot program, to last not longer than 4 years, to increase access for individuals to small-dollar mortgages insured or guaranteed by the Secretary under title II of the National Housing Act to be established by the Federal Housing Administration that may include—

(A) authorizing direct payments to lenders to incentivize the origination of small-dollar mortgages;

(B) adjustments to the terms and costs the Federal Housing Administration requires with respect to such small-dollar mortgages;

(C) providing direct grants for mortgagors obtaining such small-dollar mortgages to cover costs associated with—

(i) down payments;

(ii) closing costs;

(iii) appraisals; and

(iv) title insurance; and

(D) technical assistance for lenders and financial institutions that originate such small-dollar mortgages and outreach to borrowers about the availability of such small-dollar mortgages;

(2) provides a detailed analysis and projections about—

(A) a methodology for tracking and evaluating the outcomes of small-dollar mortgages insured or guaranteed by the Secretary under title II of the National Housing Act to which access is provided through the pilot program, including the financial impact of such loans on the economic status of the mortgagors associated with such small-dollar mortgages;

(B) potential risks of the pilot program to the solvency of the Mutual Mortgage Insurance Fund;

(C) the amount of appropriations required to cover the costs associated with insuring, guaranteeing, and modifying small-dollar mortgages over the length of the pilot program; and

(D) the amount of appropriations necessary for the Secretary to administer and oversee the pilot program, including amounts to be used for information technology, financial reporting, research and evaluations, fair housing and fair lending compliance, audits, and for such other activities the Secretary determines necessary to increase access to small-dollar mortgages; and

(3) includes data and analysis relating to small-dollar mortgages, including—

(A) the number of small-dollar mortgages originated in the 10-year period preceding the date of the enactment of this Act, including small-dollar mortgages insured or guaranteed by the Federal Government and small-dollar mortgages not insured by the Federal Government;

(B) the original principal balance of each small-dollar mortgage identified under subparagraph (A);

(C) demographic information about the mortgagors associated with each such small-dollar mortgages;

(D) the number of financial institutions that offer small-dollar mortgages;

(E) a description of the fixed costs that are associated with mortgages and the impact of such costs on the ability of lenders to earn a market rate return on small-dollar mortgages; and

(F) analysis by regions of the United States, including rural regions, that identifies regions with the greatest need for, and the highest likelihood of, the origination of small-dollar mortgages and regions that could benefit the most from increased availability of small-dollar mortgages.

(b) DEFINITIONS.—In this section:

(1) SECRETARY.—The term ''Secretary'' means the Secretary of Housing and Urban Development.

(2) SMALL-DOLLAR MORTGAGE.—The term ''small-dollar mortgage'' means a mortgage that—

(A) has an original principal balance of $100,000 or less; and

(B) is secured by a 1- to 4-unit property that is the principal residence of the mortgagor.