

[DISCUSSION DRAFT]

116TH CONGRESS  
1ST SESSION

**H. R.** \_\_\_\_\_

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

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IN THE HOUSE OF REPRESENTATIVES

M\_\_\_\_. \_\_\_\_\_ introduced the following bill; which was referred to the Committee on \_\_\_\_\_

\_\_\_\_\_  
**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 2019”.

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 stymied 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 these denial rates were not re-  
12 lated to applicants' creditworthiness;

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

18 (4) although the FHA's mission is to serve  
19 creditworthy borrowers who are underserved, accord-  
20 ing to the Urban Institute the FHA serves 24 per-  
21 cent of the overall market, but only 19 percent of  
22 the small-dollar mortgage market; and

23 (5) the FHA should play a greater role in sup-  
24 porting affordable homeownership opportunities by  
25 reducing barriers to small-dollar lending.

1           (b) REVIEW.—The Secretary of Housing and Urban  
2 Development shall conduct a review of its FHA single-  
3 family mortgage insurance policies, practices, and prod-  
4 ucts to identify any barriers or impediments to supporting,  
5 facilitating, and making available mortgage insurance for  
6 mortgages having an original principal obligation of  
7 \$70,000 or less. Not later than the expiration of the 12-  
8 month period beginning on the date of the enactment of  
9 this Act, the Secretary shall submit a report to the Con-  
10 gress describing the findings of such review and the ac-  
11 tions that the Secretary will take to remove such barriers  
12 and impediments to providing mortgage insurance for  
13 such mortgages.