

106TH CONGRESS  
2D SESSION

# H. R. 3884

To amend section 203 of the National Housing Act to provide for 1 percent downpayments for FHA mortgage loans for teachers and public safety officers to buy homes within the jurisdictions of their employing agencies.

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## IN THE HOUSE OF REPRESENTATIVES

MARCH 9, 2000

Mr. LAFALCE (for himself, Mr. KANJORSKI, Mr. MALONEY of Connecticut, Ms. HOOLEY of Oregon, Mr. WEYGAND, Ms. LEE, Mr. FORBES, Mr. GUTIERREZ, Mr. SANDLIN, Mr. ROMERO-BARCELO, and Mrs. CHRISTENSEN) introduced the following bill; which was referred to the Committee on Banking and Financial Services

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## A BILL

To amend section 203 of the National Housing Act to provide for 1 percent downpayments for FHA mortgage loans for teachers and public safety officers to buy homes within the jurisdictions of their employing agencies.

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 “Homeownership Op-  
5 portunities for Uniformed Services and Educators Act”.

1 **SEC. 2. REDUCED DOWNPAYMENT REQUIREMENTS FOR**  
2 **LOANS FOR TEACHERS AND UNIFORMED MU-**  
3 **NICIPAL EMPLOYEES.**

4 (a) IN GENERAL.—Section 203(b) of the National  
5 Housing Act (12 U.S.C. 1709(b)) is amended—

6 (1) in paragraph (10)(A), in the matter pre-  
7 ceding clause (i)—

8 (A) by striking “Notwithstanding” and in-  
9 serting “Except as provided in paragraph (11)  
10 and notwithstanding”; and

11 (B) by striking “involving” and insert “the  
12 mortgage shall involve”; and

13 (2) by adding at the end the following new  
14 paragraph:

15 “(11) REDUCED DOWNPAYMENT REQUIRE-  
16 MENTS FOR TEACHERS AND UNIFORMED MUNICIPAL  
17 EMPLOYEES.—

18 “(A) IN GENERAL.—In the case of a mort-  
19 gage described in subparagraph (B)—

20 “(i) the mortgage shall involve a prin-  
21 cipal obligation in an amount that does not  
22 exceed the sum of 99 percent of the ap-  
23 praised value of the property and the total  
24 amount of initial service charges, ap-  
25 praisal, inspection, and other fees (as the

1 Secretary shall approve) paid in connection  
2 with the mortgage;

3 “(ii) no other provision of this sub-  
4 section limiting the principal obligation of  
5 the mortgage based upon a percentage of  
6 the appraised value of the property subject  
7 to the mortgage shall apply; and

8 “(iii) the matter in paragraph (9) that  
9 precedes the first proviso shall not apply  
10 and the mortgage shall be executed by a  
11 mortgagor who shall have paid on account  
12 of the property at least 1 percent of the  
13 cost of acquisition (as determined by the  
14 Secretary) in cash or its equivalent.”.

15 “(B) MORTGAGES COVERED.—A mortgage  
16 described in this subparagraph is a mortgage—

17 “(i) under which the mortgagor is an  
18 individual who—

19 “(I) is employed on a full-time  
20 basis as (aa) a teacher or adminis-  
21 trator in a public or private school  
22 that provides elementary or secondary  
23 education, as determined under State  
24 law, except that secondary education  
25 shall not include any education be-

1 yond grade 12, or (bb) a public safety  
2 officer (as such term is defined in sec-  
3 tion 1204 of the Omnibus Crime Con-  
4 trol and Safe Streets Act of 1968 (42  
5 U.S.C. 3796b), except that such term  
6 shall not include any officer serving a  
7 public agency of the Federal Govern-  
8 ment); and

9 “(II) has not, during the 12-  
10 month period ending upon the insur-  
11 ance of the mortgage, had any present  
12 ownership interest in a principal resi-  
13 dence located in the jurisdiction de-  
14 scribed in clause (ii); and

15 “(ii) made for a property that is lo-  
16 cated within the jurisdiction of—

17 “(I) in the case of a mortgage of  
18 a mortgagor described in clause  
19 (i)(I)(aa), the local educational agency  
20 (as such term is defined in section  
21 14101 of the Elementary and Sec-  
22 ondary Education Act of 1965 (20  
23 U.S.C. 8801)) for the school in which  
24 the mortgagor is employed (or, in the  
25 case of a mortgagor employed in a

1 private school, the local educational  
2 agency having jurisdiction for the area  
3 in which the private school is located);  
4 or

5 “(II) in the case of a mortgage of  
6 a mortgagor described in clause  
7 (i)(I)(bb), the jurisdiction served by  
8 the public law enforcement agency,  
9 firefighting agency, or rescue or am-  
10 bulance agency that employs the  
11 mortgagor.”.

12 (b) DEFERRAL AND REDUCTION OF UP-FRONT PRE-  
13 MIUM.—Section 203(c) of the National Housing Act (12  
14 U.S.C. 1709(c)(2)) is amended—

15 (1) in paragraph (2), in the matter preceding  
16 subparagraph (A), by striking “Notwithstanding”  
17 and inserting “Except as provided in paragraph (3)  
18 and notwithstanding”; and

19 (2) by adding at the end the following new  
20 paragraph:

21 “(3) DEFERRAL AND REDUCTION OF UP-FRONT PRE-  
22 MIUM.—In the case of any mortgage described in sub-  
23 section (b)(11)(B):

1           “(A) Paragraph (2)(A) of this subsection (relat-  
2           ing to collection of up-front premium payments)  
3           shall not apply.

4           “(B) If, at any time during the 5-year period  
5           beginning on the date of the insurance of the mort-  
6           gage, the mortgagor ceases to be employed as de-  
7           scribed in subsection (b)(11)(B)(i)(I) or pays the  
8           principal obligation of the mortgage in full, the Sec-  
9           retary shall at such time collect a single premium  
10          payment in an amount equal to the amount of the  
11          single premium payment that, but for this para-  
12          graph, would have been required under paragraph  
13          (2)(A) of this subsection with respect to the mort-  
14          gage, as reduced by 20 percent of such amount for  
15          each successive 12-month period completed during  
16          such 5-year period before such cessation or prepay-  
17          ment occurs.”.

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