

106TH CONGRESS
2D SESSION

H. R. 4795

To amend the National Housing Act to require partial rebates of FHA mortgage insurance premiums to certain mortgagors upon payment of their FHA-insured mortgages.

IN THE HOUSE OF REPRESENTATIVES

JUNE 29, 2000

Mr. LAZIO introduced the following bill; which was referred to the Committee on Banking and Financial Services

A BILL

To amend the National Housing Act to require partial rebates of FHA mortgage insurance premiums to certain mortgagors upon payment of their FHA-insured mortgages.

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 “Homeowners Rebate
5 Act of 2000”.

1 **SEC. 2. PAYMENT OF DISTRIBUTIVE SHARES FROM MU-**
2 **TUAL MORTGAGE INSURANCE FUND RE-**
3 **SERVES.**

4 (a) IN GENERAL.—Subsection (c) of section 205 of
5 the National Housing Act (12 U.S.C. 1711(c)) is amended
6 to read as follows:

7 “(c) DISTRIBUTION OF RESERVES.—Upon termi-
8 nation of an insurance obligation of the Mutual Mortgage
9 Insurance Fund by payment of the mortgage insured
10 thereunder, if the Secretary determines (in accordance
11 with subsection (e)) that there is a surplus for distribution
12 under this section to mortgagors, the Participating Re-
13 serve Account shall be subject to distribution as follows:

14 “(1) REQUIRED DISTRIBUTION.—In the case of
15 a mortgage paid after November 5, 1990, and in-
16 sured for 7 years or more before such termination,
17 the Secretary shall distribute to the mortgagor a
18 share of such Account in such manner and amount
19 as the Secretary shall determine to be equitable and
20 in accordance with sound actuarial and accounting
21 practice, subject to paragraphs (3) and (4).

22 “(2) DISCRETIONARY DISTRIBUTION.—In the
23 case of a mortgage not described in paragraph (1),
24 the Secretary is authorized to distribute to the mort-
25 gagor a share of such Account in such manner and
26 amount as the Secretary shall determine to be equi-

1 table and in accordance with sound actuarial and ac-
2 counting practice, subject to paragraphs (3) and (4).

3 “(3) LIMITATION ON AMOUNT.—In no event
4 shall the amount any such distributable share exceed
5 the aggregate scheduled annual premiums of the
6 mortgagor to the year of termination of the insur-
7 ance.

8 “(4) APPLICATION REQUIREMENT.—The Sec-
9 retary shall not distribute any share to an eligible
10 mortgagor under this subsection beginning on the
11 date which is 6 years after the date that the Sec-
12 retary first transmitted written notification of eligi-
13 bility to the last known address of the mortgagor,
14 unless the mortgagor has applied in accordance with
15 procedures prescribed by the Secretary for payment
16 of the share within the 6-year period. The Secretary
17 shall transfer from the Participating Reserve Ac-
18 count to the General Surplus Account any amounts
19 that, pursuant to the preceding sentence, are no
20 longer eligible for distribution.”.

21 (b) DETERMINATION OF SURPLUS.—

22 (1) IN GENERAL.—Section 205(e) of the Na-
23 tional Housing Act (12 U.S.C. 1711(e)) is amended
24 by adding at the end the following new sentences:
25 “Notwithstanding any other provision of this section,

1 if, at the time of such a determination, the capital
2 ratio (as such term is defined in subsection (f)) for
3 the Fund is 3.0 percent or greater, the Secretary
4 shall determine that there is a surplus for distribu-
5 tion under this section to mortgagors.”.

6 (2) GAO REPORT.—Not later than 1 year after
7 the date of the enactment of this Act, the Comp-
8 troller General shall submit a report to the Congress
9 that evaluates the adequacy of the capital ratio re-
10 quirement under section 205(f)(2) of the National
11 Housing Act (12 U.S.C. 1711(f)(2)) for ensuring
12 the safety and soundness of the Mutual Mortgage
13 Insurance Fund. Such report shall also evaluate the
14 adequacy of the capital ratio level established under
15 section 205(e)(1) of the National Housing Act, as
16 amended by paragraph (1) of this section and shall
17 include a recommendation of a capital ratio level
18 that, if made effective under such section upon the
19 expiration of the 2-year period beginning on the date
20 of the enactment of this Act, would provide for dis-
21 tributions of shares under section 205(c) of such Act
22 in a manner adequate to ensure the safety and
23 soundness of such Fund.

24 (c) RETROACTIVE PAYMENTS.—

1 (1) TIMING.—Not later than 3 months after the
2 date of the enactment of this Act, the Secretary of
3 Housing and Urban Development shall determine
4 the amount of each distributable share for each
5 mortgage described in paragraph (2) to be paid and
6 shall make payment of such share.

7 (2) MORTGAGES COVERED.—A mortgage de-
8 scribed in this paragraph is a mortgage for which—

9 (A) the insurance obligation of the Mutual
10 Mortgage Insurance Fund was terminated by
11 payment of the mortgage before the date of the
12 enactment of this Act;

13 (B) a distributable share is required to be
14 paid to the mortgagor under section 205(c)(1)
15 of the National Housing Act (12 U.S.C.
16 1711(c)(1)), as amended by subsection (a) of
17 this section; and

18 (C) no distributable share was paid pursu-
19 ant to section 205(c) of the National Housing
20 Act upon termination of the insurance obliga-
21 tion of such Fund.

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