

107TH CONGRESS
1ST SESSION

H. R. 3191

To provide home ownership assistance for public safety officers and teachers.

IN THE HOUSE OF REPRESENTATIVES

OCTOBER 31, 2001

Mrs. ROUKEMA (for herself, Mr. LAFALCE, Mr. LEACH, and Mr. GREEN of Wisconsin) introduced the following bill; which was referred to the Committee on Financial Services

A BILL

To provide home ownership assistance for public safety officers and teachers.

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 “Home Ownership Op-
5 portunities for Public Safety Officers and Teachers Act
6 of 2001”.

7 **SEC. 2. CONGRESSIONAL FINDINGS.**

8 The Congress finds that—

9 (1) teachers, law enforcement officers, fire
10 fighters, and rescue personnel help form the back-

1 bones of communities and are integral components
2 in the social capital of neighborhoods in the United
3 States; and

4 (2) providing reduced downpayment require-
5 ments on HUD-insured properties and discounted
6 purchase prices on HUD-owned properties for teach-
7 ers, law enforcement officers, fire fighters, and res-
8 cue personnel recognizes the intrinsic value of the
9 services provided by such employees to their commu-
10 nities and to family life and encourages and rewards
11 those who are dedicated to providing public service
12 in our most needy communities.

13 **SEC. 3. REDUCED DOWNPAYMENT REQUIREMENTS FOR**
14 **LOANS FOR TEACHERS AND PUBLIC SAFETY**
15 **OFFICERS.**

16 (a) IN GENERAL.—Section 203(b) of the National
17 Housing Act (12 U.S.C. 1709(b)) is amended by adding
18 at the end the following new paragraph:

19 “(11) REDUCED DOWNPAYMENT REQUIRE-
20 MENTS FOR TEACHERS AND PUBLIC SAFETY OFFI-
21 CERS.—

22 “(A) IN GENERAL.—Notwithstanding para-
23 graph (2), in the case of a mortgage described
24 in subparagraph (B)—

1 “(i) the mortgage shall involve a prin-
2 cipal obligation in an amount that does not
3 exceed the sum of 99 percent of the ap-
4 praised value of the property and the total
5 amount of initial service charges, ap-
6 praisal, inspection, and other fees (as the
7 Secretary shall approve) paid in connection
8 with the mortgage;

9 “(ii) no other provision of this sub-
10 section limiting the principal obligation of
11 the mortgage based upon a percentage of
12 the appraised value of the property subject
13 to the mortgage shall apply; and

14 “(iii) the matter in paragraph (9) that
15 precedes the first proviso shall not apply
16 and the mortgage shall be executed by a
17 mortgagor who shall have paid on account
18 of the property at least 1 percent of the
19 cost of acquisition (as determined by the
20 Secretary) in cash or its equivalent.

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

23 “(i) under which the mortgagor is an
24 individual who—

1 “(I) is (aa) a teacher, or (bb) a
2 public safety officer; and

3 “(II) has not, during the 12-
4 month period ending upon the insur-
5 ance of the mortgage, had any present
6 ownership interest in a principal resi-
7 dence located in the jurisdiction de-
8 scribed in clause (ii); and

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

11 “(I) in the case of a mortgage of
12 a mortgagor described in clause
13 (i)(I)(aa), the local educational agency
14 for the school in which the mortgagor
15 is employed (or, in the case of a mort-
16 gagor employed in a private school,
17 the local educational agency having
18 jurisdiction for the area in which the
19 private school is located); or

20 “(II) in the case of a mortgage of
21 a mortgagor described in clause
22 (i)(I)(bb), the jurisdiction served by
23 the public law enforcement agency,
24 firefighting agency, or rescue or am-

1 balance agency that employs the
2 mortgagor.”.

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

6 (1) in paragraph (2), in the matter preceding
7 subparagraph (A), by striking “Notwithstanding”
8 and inserting “Except as provided in paragraph (3)
9 and notwithstanding”; and

10 (2) by adding at the end the following new
11 paragraph:

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

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

18 “(B) If, at any time during the 5-year period
19 beginning on the date of the insurance of the mort-
20 gage, the mortgagor ceases to be a teacher or public
21 safety officer (as such terms are defined in section
22 201) or pays the principal obligation of the mort-
23 gage in full, the Secretary shall at such time collect
24 a single premium payment in an amount equal to
25 the amount of the single premium payment that, but

1 for this paragraph, would have been required under
2 paragraph (2)(A) of this subsection with respect to
3 the mortgage, as reduced by 20 percent of such
4 amount for each successive 12-month period com-
5 pleted during such 5-year period before such ces-
6 sation or prepayment occurs.”.

7 **SEC. 4. COMMUNITY PARTNERS NEXT DOOR PROGRAM.**

8 (a) DISCOUNT AND DOWNPAYMENT ASSISTANCE FOR
9 TEACHERS AND PUBLIC SAFETY OFFICERS.—Section
10 204(h) of the National Housing Act (12 U.S.C. 1710(h))
11 is amended—

12 (1) by redesignating paragraphs (7) through
13 (10) as paragraphs (8) through (11), respectively;
14 and

15 (2) by inserting after paragraph (6) the fol-
16 lowing new paragraph:

17 “(7) 50 PERCENT DISCOUNT FOR TEACHERS
18 AND PUBLIC SAFETY OFFICERS PURCHASING PROP-
19 erties THAT ARE ELIGIBLE ASSETS.—

20 “(A) DISCOUNT.—A property that is an el-
21 igible asset and is sold, during fiscal years 2002
22 through 2006, to a teacher or public safety offi-
23 cer for use in accordance with subparagraph
24 (B) shall be sold at a price that is equal to 50
25 percent of the appraised value of the eligible

1 property (as determined in accordance with
2 paragraph (6)(B)). In the case of a property el-
3 igible for both a discount under this paragraph
4 and a discount under paragraph (6), the dis-
5 count under paragraph (6) shall not apply.

6 “(B) PRIMARY RESIDENCE.—An eligible
7 property sold pursuant to a discount under this
8 paragraph shall be used, for not less than the
9 3-year period beginning upon such sale, as the
10 primary residence of a teacher or public safety
11 officer.

12 “(C) SALE METHODS.—The Secretary may
13 sell an eligible property pursuant to a discount
14 under this paragraph—

15 “(i) to a unit of general local govern-
16 ment or nonprofit organization (pursuant
17 to paragraph (4) or otherwise), for resale
18 or transfer to a teacher or public safety of-
19 ficer; or

20 “(ii) directly to a purchaser who is a
21 teacher or public safety officer.

22 “(D) RESALE.—In the case of any pur-
23 chase by a unit of general local government or
24 nonprofit organization of an eligible property

1 sold at a discounted price under this paragraph,
2 the sale agreement under paragraph (8) shall—

3 “(i) require the purchasing unit of
4 general local government or nonprofit or-
5 ganization to provide the full benefit of the
6 discount to the teacher or public safety of-
7 ficer obtaining the property; and

8 “(ii) in the case of a purchase involv-
9 ing multiple eligible assets, any of which is
10 such an eligible property, designate the
11 specific eligible property or properties to be
12 subject to the requirements of subpara-
13 graph (B).

14 “(E) MORTGAGE DOWNPAYMENT ASSIST-
15 ANCE.—If a teacher or public safety officer pur-
16 chases an eligible property pursuant to a dis-
17 counted sale price under this paragraph and fi-
18 nances such purchase through a mortgage in-
19 sured under this title, notwithstanding any pro-
20 vision of section 203 the downpayment on such
21 mortgage shall be \$100.

22 “(F) PREVENTION OF UNDUE PROFIT.—
23 The Secretary shall issue regulations to prevent
24 undue profit from the resale of eligible prop-

1 erties in violation of the requirement under sub-
2 paragraph (B).

3 “(G) DEFINITIONS.—For the purposes of
4 this paragraph, the following definitions shall
5 apply:

6 “(i) The term ‘eligible property’
7 means an eligible asset described in para-
8 graph (2)(A) of this subsection.

9 “(ii) The terms ‘teacher’ and ‘public
10 safety officer’ have the meanings given
11 such terms in section 201.”.

12 (b) CONFORMING AMENDMENTS.—Section 204(h) of
13 the National Housing Act (12 U.S.C. 1710(h)) is
14 amended—

15 (1) in paragraph (4)(B)(ii), by striking “para-
16 graph (7)” and inserting “paragraph (8)”;

17 (2) in paragraph (5)(B)(i), by striking “para-
18 graph (7)” and inserting “paragraph (8)”;

19 (3) in paragraph (6)(A), by striking “paragraph
20 (8)” and inserting “paragraph (9)”.

21 **SEC. 5. PUBLIC SAFETY OFFICER HOME OWNERSHIP IN**
22 **HIGH-CRIME AREAS.**

23 (a) PROGRAM AUTHORITY.—The Secretary of Hous-
24 ing and Urban Development shall carry out a pilot pro-
25 gram in accordance with this section to assist Federal,

1 State, and local public safety officers purchasing homes
2 in locally-designated high-crime areas.

3 (b) ELIGIBILITY.—To be eligible for assistance under
4 this section, a public safety officer shall agree, in writing,
5 to use the residence purchased with such assistance as the
6 primary residence of the public safety officer for not less
7 than 3 years after the date of purchase.

8 (c) MORTGAGE ASSISTANCE.—If a public safety offi-
9 cer purchases a home in locally-designated high-crime area
10 and finances such purchase through a mortgage insured
11 under title II of the National Housing Act (12 U.S.C.
12 1707 et seq.), notwithstanding any provision of section
13 203 or any other provision of the National Housing Act,
14 the following shall apply:

15 (1) DOWNPAYMENT.—

16 (A) IN GENERAL.—There shall be no
17 downpayment required if the purchase price of
18 the property is not more than the reasonable
19 value of the property, as determined by the Sec-
20 retary.

21 (B) PURCHASE PRICE EXCEEDS VALUE.—

22 If the purchase price of the property exceeds
23 the reasonable value of the property, as deter-
24 mined by the Secretary, the required downpay-

1 ment shall be the difference between such rea-
2 sonable value and the purchase price.

3 (2) CLOSING COSTS.—The closing costs and
4 origination fee for such mortgage may be included in
5 the loan amount.

6 (3) INSURANCE PREMIUM PAYMENT.—There
7 shall be one insurance premium payment due on the
8 mortgage. Such insurance premium payment—

9 (A) shall be equal to 1 percent of the loan
10 amount;

11 (B) shall be due and considered earned by
12 the Secretary at the time of the loan closing;
13 and

14 (C) may be included in the loan amount
15 and paid from the loan proceeds.

16 (d) LOCAL DESIGNATION OF HIGH-CRIME AREAS.—

17 (1) CRITERIA.—Any unit of local government
18 may request that the Secretary designate any area
19 within the jurisdiction of that unit of local govern-
20 ment as a locally-designated high-crime area for pur-
21 poses of this section if the proposed area—

22 (A) has a crime rate that is significantly
23 higher than the crime rate of the non-des-
24 ignated area that is within the jurisdiction of
25 the unit of local government; and

1 (B) has a population that is not more than
2 25 percent of the total population of area with-
3 in the jurisdiction of the unit of local govern-
4 ment.

5 (2) DEADLINE FOR CONSIDERATION OF RE-
6 QUEST.—Not later than 60 days after receiving a re-
7 quest under paragraph (1), the Secretary shall ap-
8 prove or disapprove the request.

9 (e) PUBLIC SAFETY OFFICER.—For purposes of this
10 section, the term “public safety officer” has the meaning
11 given such term in section 201 of the National Housing
12 Act (12 U.S.C. 1707), except that such term includes any
13 officer serving a public agency of the Federal Government.

14 (f) SUNSET.—The Secretary shall not approve any
15 application for assistance under this section that is re-
16 ceived by the Secretary after the expiration of the 3-year
17 period beginning on the date that the Secretary first
18 makes available assistance under the pilot program under
19 this section.

20 **SEC. 6. DEFINITIONS.**

21 Section 201 of the National Housing Act (12 U.S.C.
22 1707) is amended—

23 (1) by redesignating subsections (a) through (f)
24 as paragraphs (1) through (6), respectively;

1 (2) by realigning each paragraph÷ 2 ems from
2 the left margin; and

3 (3) by adding at the end the following new
4 paragraphs:

5 “(7) The term ‘public safety officer’ has the
6 meaning given such term in section 1204 of the Om-
7 nibus Crime Control and Safe Streets Act of 1968
8 (42 U.S.C. 3796b), except that such term shall not
9 include any officer serving a public agency of the
10 Federal Government.

11 “(8) The term ‘teacher’ means an individual
12 who is employed on a part- or full-time basis as a
13 teacher or administrator in a public or private school
14 that provides elementary or secondary education, as
15 determined under State law, except that elementary
16 education shall include pre-Kindergarten education,
17 and except that secondary education shall not in-
18 clude any education beyond grade 12.

19 “(9) The term ‘local educational agency’ has
20 the meaning given such term in section 14101 of the
21 Elementary and Secondary Education Act of 1965
22 (20 U.S.C. 8801)).”.

23 **SEC. 7. REGULATIONS.**

24 Not later than 60 days after the date of the enact-
25 ment of this Act, the Secretary shall issue regulations to

- 1 implement the provisions of this Act and the amendments
- 2 made by this Act.

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