

107TH CONGRESS
1ST SESSION

H. R. 674

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.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 14, 2001

Mr. LAFALCE (for himself, Mr. LEACH, Mr. FRANK, Mr. KANJORSKI, Mrs. MALONEY of New York, Mr. GUTIERREZ, Mr. SANDERS, Mr. BENTSEN, Ms. HOOLEY of Oregon, Mr. SANDLIN, Mrs. JONES of Ohio, Mr. CAPUANO, Ms. PELOSI, Mr. HINCHEY, Ms. MCCARTHY of Missouri, Mr. HOLDEN, Ms. KAPTUR, Mr. FARR of California, Mr. MCGOVERN, Ms. ESHOO, and Ms. MCKINNEY) introduced the following bill; which was referred to the Committee on Financial Services

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 This Act may be cited as the “Homeownership Op-
4 portunities for Uniformed Services and Educators Act”.

1 **SEC. 2. REDUCED DOWNPAYMENT REQUIREMENTS FOR**
2 **LOANS FOR TEACHERS AND PUBLIC SAFETY**
3 **OFFICERS.**

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

7 “(11) REDUCED DOWNPAYMENT REQUIRE-
8 MENTS FOR TEACHERS AND PUBLIC SAFETY OFFI-
9 CERS.—

10 “(A) IN GENERAL.—Notwithstanding para-
11 graph (2), in the case of a mortgage described
12 in subparagraph (B)—

13 “(i) the mortgage shall involve a prin-
14 cipal obligation in an amount that does not
15 exceed the sum of 99 percent of the ap-
16 praised value of the property and the total
17 amount of initial service charges, ap-
18 praisal, inspection, and other fees (as the
19 Secretary shall approve) paid in connection
20 with the mortgage;

21 “(ii) no other provision of this sub-
22 section limiting the principal obligation of
23 the mortgage based upon a percentage of
24 the appraised value of the property subject
25 to the mortgage shall apply; and

1 “(iii) the matter in paragraph (9) that
2 precedes the first proviso shall not apply
3 and the mortgage shall be executed by a
4 mortgagor who shall have paid on account
5 of the property at least 1 percent of the
6 cost of acquisition (as determined by the
7 Secretary) in cash or its equivalent.

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

10 “(i) under which the mortgagor is an
11 individual who—

12 “(I) is employed on a part- or
13 full-time basis as: (aa) a teacher or
14 administrator in a public or private
15 school that provides elementary or
16 secondary education, as determined
17 under State law, except that elemen-
18 tary education shall include pre-Kin-
19 dergarten education, and except that
20 secondary education shall not include
21 any education beyond grade 12; or
22 (bb) a public safety officer (as such
23 term is defined in section 1204 of the
24 Omnibus Crime Control and Safe
25 Streets Act of 1968 (42 U.S.C.

1 3796b), except that such term shall
2 not include any officer serving a pub-
3 lic agency of the Federal Govern-
4 ment); and

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

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

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

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

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

11 (1) in paragraph (2), in the matter preceding
12 subparagraph (A), by striking “Notwithstanding”
13 and inserting “Except as provided in paragraph (3)
14 and notwithstanding”; and

15 (2) by adding at the end the following new
16 paragraph:

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

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

23 “(B) If, at any time during the 5-year period
24 beginning on the date of the insurance of the mort-
25 gage, the mortgagor ceases to be employed as de-

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

○