

108TH CONGRESS  
1ST SESSION

# H. R. 2961

To provide mortgage assistance to firefighters.

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## IN THE HOUSE OF REPRESENTATIVES

JULY 25, 2003

Mr. PASCRELL (for himself, Mrs. EMERSON, Mr. PALLONE, Mrs. MCCARTHY of New York, Mr. WELDON of Pennsylvania, Mr. CAPUANO, Mr. HOLDEN, Mr. DOYLE, Mr. BRADY of Pennsylvania, Mr. RAHALL, Mr. DAVIS of Tennessee, Mr. REHBERG, Mr. EMANUEL, Mr. COOPER, Mr. STENHOLM, Mr. OWENS, and Ms. WOOLSEY) introduced the following bill; which was referred to the Committee on Financial Services

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## A BILL

To provide mortgage assistance to firefighters.

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 “Firefighters Affordable  
5 Housing Act”.

### 6 **SEC. 2. MORTGAGE ASSISTANCE FOR VOLUNTEER FIRE-** 7 **FIGHTERS.**

8 (a) IN GENERAL.—The Secretary of Housing and  
9 Urban Development may make mortgage assistance pay-  
10 ments under this section on behalf of volunteer firefighters

1 to reduce the interest rates on eligible mortgage loans  
2 under subsection (b) for such firefighters.

3 (b) ELIGIBLE MORTGAGES.—Assistance may be pro-  
4 vided under this section only for a mortgage loan that  
5 meets the following requirements:

6 (1) FIREFIGHTER MORTGAGOR.—The mort-  
7 gator under the loan is a volunteer firefighter.

8 (2) PRINCIPAL RESIDENCE.—The residence  
9 subject to the mortgage is a single family residence  
10 that is the principal residence of the mortgagor.

11 (3) MAXIMUM MORTGAGE AMOUNT.—The prin-  
12 cipal obligation of the mortgage loan does not exceed  
13 the principal amount eligible for insurance with re-  
14 spect to the property under the National Housing  
15 Act.

16 (4) RESPONSIBLE MORTGAGEE.—The mortgage  
17 has been made to, and is held by, a mortgagee that  
18 is federally insured or that is otherwise approved by  
19 the Secretary as responsible and able to service the  
20 mortgage properly.

21 (c) INTEREST RATE BUYDOWNS.—Mortgage assist-  
22 ance under this section shall be provided only in the form  
23 of a payment or payments to the mortgagee in amounts  
24 sufficient to decrease by 2 percent the annual rate of in-  
25 terest payable on the mortgage by the eligible volunteer

1 firefighter who is the mortgagor. Such payments may be  
2 made on an up-front basis or an ongoing monthly basis,  
3 as the Secretary considers appropriate.

4 (d) TERMS OF ASSISTANCE.—

5 (1) TERMINATION.—The Secretary shall estab-  
6 lish limitations on mortgage assistance payments  
7 under this section to ensure that a mortgagor may  
8 not receive the benefit of a reduced mortgage inter-  
9 est from such payments for any portion of the term  
10 of a mortgage remaining after the occurrence of ei-  
11 ther of the following:

12 (A) FAILURE TO USE AS PRINCIPAL RESI-  
13 DENCE.—The mortgagor ceases to comply with  
14 the requirement under subsection (b)(2).

15 (B) TERMINATION OF DUTIES AS FIRE-  
16 FIGHTER.—During the 10-year period begin-  
17 ning upon the execution of the mortgage, the  
18 mortgagor ceases to comply with the require-  
19 ment under subsection (b)(1).

20 The Secretary may carry out his paragraph by ter-  
21 minating any ongoing assistance payments under  
22 this section or by recapturing from the mortgagor  
23 the amount of any assistance payment made on an  
24 up-front basis that the Secretary determines is at-  
25 tributable to reducing the interest rate for the por-

1       tion of the mortgage term remaining after an occur-  
2       rence described in subparagraph (A) or (B).

3           (2) ONE-TIME ASSISTANCE.—The Secretary  
4       may make assistance payments under this subsection  
5       with respect only to a single mortgage loan of an eli-  
6       gible volunteer firefighter.

7       (e) APPLICATIONS.—The Secretary shall provide for  
8       volunteer firefighters to submit applications for mortgage  
9       assistance under this section and for review of such appli-  
10      cations to determine eligibility for such assistance. Assist-  
11      ance shall be made available on a first-come, first-served  
12      basis for applications eligible for such assistance.

13      (f) REPORT.—The Secretary shall submit to the Con-  
14      gress, not later than 2 years after the date of the enact-  
15      ment of this Act, a report containing a description of the  
16      activities of the Secretary under the mortgage assistance  
17      program under this section and an analysis of the effec-  
18      tiveness of such program in assisting home buyers that  
19      are eligible volunteer firefighters.

20      (g) DEFINITIONS.—For purposes of this section, the  
21      following definitions shall apply:

22           (1) PUBLIC AGENCY.—The term “public agen-  
23      cy” means the United States, any State of the  
24      United States, the District of Columbia, the Com-  
25      monwealth of Puerto Rico, the Commonwealth of the

1 Northern Mariana Islands, Guam, the Virgin Is-  
2 lands, American Samoa, and any other territory or  
3 possession of the United States, or any unit of gen-  
4 eral local government, department, agency, or in-  
5 strumentality of any entity referred to in this para-  
6 graph.

7 (2) PUBLIC FIRE SERVICE.—The term “public  
8 fire service” means a public agency consisting of  
9 personnel, apparatus, and equipment which has as  
10 its primary purpose the provision of services to pro-  
11 tect property and maintaining the safety and welfare  
12 of the public from the dangers of fire, regardless of  
13 whether the personnel of any such organization in-  
14 clude paid employees. Such term includes a public  
15 agency that also provides ambulance services or res-  
16 cue services.

17 (3) SECRETARY.—The term “Secretary” means  
18 the Secretary of Housing and Urban Development.

19 (4) SINGLE FAMILY RESIDENCE.—The term  
20 “single family residence” means a 1- to 4-family res-  
21 idence. Such term includes a unit in a cooperative.

22 (5) VOLUNTEER FIREFIGHTER.—

23 (A) IN GENERAL.—The term “volunteer  
24 firefighter” means an individual who—

1 (i)(I) carries out duties for a public  
2 fire service that consist primarily of work  
3 directly connected with—

4 (aa) the control and extinguish-  
5 ment of fires or the maintenance and  
6 use of firefighting apparatus and  
7 equipment; or

8 (bb) if the public fire service for  
9 which the individual carries out duties  
10 provides ambulance or rescue services,  
11 the provision of ambulance or rescue  
12 services or the maintenance of ambu-  
13 lance or rescue apparatus or equip-  
14 ment; and

15 (II) does not receive any remuneration  
16 in the form of pay, salary, or wages for  
17 conducting the duties referred to in sub-  
18 clause (I); or

19 (ii) otherwise serves on a volunteer  
20 basis as a firefighter, as determined by the  
21 Secretary.

22 (B) ALLOWABLE BENEFITS.—An indi-  
23 vidual described in subparagraph (A) shall not  
24 be excluded from treatment under this section  
25 as a volunteer firefighter because such indi-

1           vidual is provided, in connection with the duties  
2           referred to in subparagraph (A)—

3                   (i) reimbursement or allowance for ex-  
4                   penses actually incurred;

5                   (ii) insurance coverage for injuries  
6                   proximately caused by such duties;

7                   (iii) food and lodging while on service  
8                   for such duties; or

9                   (iv) any other benefits that the Sec-  
10                  retary determines are appropriate for pur-  
11                  poses of this section.

12          (h) REGULATIONS.—The Secretary shall issue any  
13 regulations necessary to carry out this section.

14          (i) AUTHORIZATION OF APPROPRIATIONS.—There  
15 are authorized to be appropriated for assistance payments  
16 under this section \$20,000,000 for each of fiscal years  
17 2004, 2005, 2006, 2007, and 2008.

18 **SEC. 3. REDUCED FHA DOWNPAYMENT REQUIREMENTS**  
19 **FOR LOANS FOR PROFESSIONAL FIRE-**  
20 **FIGHTERS.**

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

24                   “(10) REDUCED DOWNPAYMENT REQUIRE-  
25                  MENTS FOR PROFESSIONAL FIREFIGHTERS.—

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

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

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

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

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



1 “(i) under which the mortgagor—

2 “(I) is a firefighter; 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 served by the  
11 public fire service or rescue or ambulance  
12 agency that employs the mortgagor.

13 “(C) DEFINITIONS.—For purposes of this  
14 paragraph, the following definitions shall apply:

15 “(i) FIREFIGHTER.—The term ‘fire-  
16 fighter’ means an individual—

17 “(I) who is employed on a full-  
18 time basis by a public fire service or  
19 a private firefighting brigade; and

20 “(II) the duties of whose position  
21 are primarily to perform work directly  
22 connected with (aa) the control and  
23 extinguishment of fires or the mainte-  
24 nance and use of firefighting appa-  
25 ratus and equipment, or (bb) if the

1 public fire service or private fire-  
2 fighting brigade employing the indi-  
3 vidual provides ambulance or rescue  
4 services, the provision of ambulance or  
5 rescue services or the maintenance of  
6 ambulance or rescue apparatus or  
7 equipment.

8 “(ii) PUBLIC AGENCY.—The term  
9 ‘public agency’ means the United States,  
10 any State of the United States, the Dis-  
11 trict of Columbia, the Commonwealth of  
12 Puerto Rico, the Commonwealth of the  
13 Northern Mariana Islands, Guam, the Vir-  
14 gin Islands, American Samoa, and any  
15 other territory or possession of the United  
16 States, or any unit of general local govern-  
17 ment, department, agency, or instrumen-  
18 tality of any entity referred to in this sub-  
19 paragraph.

20 “(iii) PUBLIC FIRE SERVICE.—The  
21 term ‘public fire service’ means a public  
22 agency consisting of personnel, apparatus,  
23 and equipment which has as its primary  
24 purpose the provision of services to protect  
25 property and maintaining the safety and

1 welfare of the public from the dangers of  
2 fire. Such term includes a public agency  
3 that also provides ambulance service or  
4 rescue services.”.

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

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

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

14 “(3) DEFERRAL AND REDUCTION OF UP-FRONT PRE-  
15 MIUM.—In the case of any mortgage described in sub-  
16 section (b)(10)(B):

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

20 “(B) If, at any time during the 5-year period  
21 beginning on the date of the insurance of the mort-  
22 gage, the mortgagor ceases to be a firefighter (as  
23 such term is defined in subsection (b)(10)(C)) or  
24 pays the principal obligation of the mortgage in full,  
25 the Secretary shall at such time collect a single pre-

1       mium payment in an amount equal to the amount  
2       of the single premium payment that, but for this  
3       paragraph, would have been required under para-  
4       graph (2)(A) of this subsection with respect to the  
5       mortgage, as reduced by 20 percent of such amount  
6       for each successive 12-month period completed dur-  
7       ing such 5-year period before such cessation or pre-  
8       payment occurs.”.

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