

109TH CONGRESS  
2D SESSION

# S. 3173

To modernize the Federal Housing Administration to meet the housing needs  
of the American people.

---

IN THE SENATE OF THE UNITED STATES

MAY 25, 2006

Mrs. CLINTON introduced the following bill; which was read twice and referred  
to the Committee on Banking, Housing, and Urban Affairs

---

## A BILL

To modernize the Federal Housing Administration to meet  
the housing needs of the American people.

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 “21st Century Housing  
5 Act”.

6 **SEC. 2. INVESTMENT IN FHA INFRASTRUCTURE.**

7 (a) HUMAN RESOURCES AND FUNDING.—Section  
8 502(a) of the Housing Act of 1948 (12 U.S.C. 1701c(a))  
9 is amended—

1           (1) by striking “The Secretary of Housing and  
2 Urban Development” and inserting the following:

3           “(1) IN GENERAL.—Except as provided in para-  
4 graph (2), the Secretary of Housing and Urban De-  
5 velopment”; and

6           (2) by adding at the end the following:

7           “(2) ADMINISTRATION OF FHA PROGRAMS.—

8           “(A) OFFICE PERSONNEL.—

9           “(i) APPOINTMENT.—In carrying out  
10 any program through the Federal Housing  
11 Administration (in this section referred to  
12 as the ‘Administration’), the Secretary  
13 may appoint and fix the compensation of  
14 such officers and employees of the Admin-  
15 istration as the Secretary considers nec-  
16 essary.

17           “(ii) COMPENSATION.—Any officer or  
18 employee appointed under clause (i) may  
19 be paid without regard to the provisions of  
20 chapter 51 and subchapter III of chapter  
21 53 of title 5, United States Code, relating  
22 to classification and General Schedule pay  
23 rates.

24           “(B) COMPARABILITY OF COMPENSATION  
25 WITH FEDERAL BANKING AGENCIES.—In fixing

1 and directing compensation under subpara-  
2 graph (A), the Secretary shall consult with, and  
3 maintain comparability with the compensation  
4 of officers and employees of the Federal De-  
5 posit Insurance Corporation.

6 “(C) PERSONNEL OF OTHER FEDERAL  
7 AGENCIES.—In carrying out the duties of the  
8 Administration, the Secretary may use informa-  
9 tion, services, staff, and facilities of any Federal  
10 executive agency, independent agency, or de-  
11 partment on a reimbursable basis, with the con-  
12 sent of such agency or department.

13 “(D) OUTSIDE EXPERTS AND CONSULT-  
14 ANT.—In carrying out the duties of the Admin-  
15 istration, the Secretary may procure temporary  
16 and intermittent services under section 3109(b)  
17 of title 5, United States Code.

18 “(E) USE OF PREMIUM-GENERATED IN-  
19 COME.—To the extent that income derived in  
20 any fiscal year from premium fees charged  
21 under section 203(c) of the National Housing  
22 Act (12 U.S.C. 1709(c)) are in excess of the  
23 level of income estimated for that fiscal year for  
24 such premium fees and assumed in the baseline  
25 projection prepared by the Director of the Of-

1            fice of Management and Budget for inclusion in  
2            the President’s annual budget request, not  
3            more than \$82,000,000 of such excess amounts  
4            may be used from such amounts for the pur-  
5            pose of carrying out this paragraph.”.

6            (b) INFORMATION TECHNOLOGY INVESTMENT.—Sec-  
7            tion 502(a) of the Housing Act of 1948 (12 U.S.C.  
8            1701c(a)), as amended by subsection (a), is amended by  
9            adding at the end the following:

10            “(3) INFORMATION TECHNOLOGY.—

11                       “(A) IN GENERAL.—In carrying out any  
12            program through the Administration, the Sec-  
13            retary may utilize such funds as are available  
14            under subparagraph (B) to ensure that an ap-  
15            propriate level of investment in information  
16            technology is maintained in order for the Sec-  
17            retary to upgrade its technology systems.

18                       “(B) USE OF PREMIUM-GENERATED IN-  
19            COME.—To the extent that income derived from  
20            premium fees charged under section 203(c) of  
21            the National Housing Act (12 U.S.C. 1709(c))  
22            are in excess of the level of income estimated  
23            for that fiscal year for such premium fees and  
24            assumed in the baseline projection prepared by  
25            the Director of the Office of Management and

1           Budget for inclusion in the President’s annual  
2           budget request, not more than \$72,000,000 of  
3           such excess amounts may be used from such  
4           amounts for the purpose of carrying out this  
5           paragraph.”.

6 **SEC. 3. EXTENSION OF MORTGAGE TERM AUTHORITY.**

7           Section 203(b)(3) of the National Housing Act (12  
8 U.S.C. 1709(b)(3)) is amended—

9           (1) by striking “thirty-five years” and inserting  
10          “50 years”; and

11          (2) by striking “(or thirty years if such mort-  
12          gage is not approved for insurance prior to construc-  
13          tion)”.

14 **SEC. 4. DOWNPAYMENT FLEXIBILITY.**

15          Section 203(b)(9) of the National Housing Act (12  
16 U.S.C. 1709(b)(9)) is amended by striking “(9)” and all  
17 that follows through “*Provided further*, That for” and in-  
18 serting the following:

19           “(9) Be executed by a mortgagor who shall  
20          have paid on account of the property, in cash or its  
21          equivalent, an amount, if any, as the Secretary may  
22          determine, based on factors determined by the Sec-  
23          retary and commensurate with the likelihood of de-  
24          fault. For”.

1 **SEC. 5. MORTGAGE INSURANCE FLEXIBILITY.**

2 Section 203(c)(2) of the National Housing Act (12  
3 U.S.C. 1709(c)(2)) is amended—

4 (1) in subparagraph (A)—

5 (A) by striking the first sentence and in-  
6 serting “The Secretary shall establish and col-  
7 lect, at the time of insurance, a single premium  
8 payment, in such amount as the Secretary may  
9 determine, based on factors determined by the  
10 Secretary and commensurate with the likelihood  
11 of default of the homebuyer. Such premium  
12 payment shall be in an amount not to exceed 3  
13 percent of the amount of the original insured  
14 principal obligation of the mortgage.”; and

15 (B) by striking the second sentence; and

16 (2) in subparagraph (B), by striking “0.50 per-  
17 cent” and inserting “1 percent”.

18 **SEC. 6. INNOVATION FOR NEW PROJECTS.**

19 Section 203 of the National Housing Act (12 U.S.C.  
20 1709) is amended by adding at the end the following:

21 “(y) WAIVER FOR NEW PRODUCT INITIATIVES.—

22 “(1) IN GENERAL.—Notwithstanding any other  
23 provision of law, and subject to the limitation under  
24 paragraph (2), the Secretary may waive such re-  
25 quirements of this section as the Secretary deter-  
26 mines appropriate for any new product initiative.

1           “(2) LIMITATION.—For all new product initia-  
 2           tives in any fiscal year, the Secretary may allocate  
 3           an amount equal to not more than 10 percent of the  
 4           amount necessary to carry out the insurance of  
 5           mortgages under this section for the prior fiscal  
 6           year.”.

7   **SEC. 7. MAXIMUM MORTGAGE AMOUNT LIMIT FOR MULTI-**  
 8                           **FAMILY HOUSING IN HIGH-COST AREAS.**

9           Sections           207(c)(3),           213(b)(2)(B)(i),  
 10   220(d)(3)(B)(iii)(III), 221(d)(3)(ii)(II), 221(d)(4)(ii)(II),  
 11   231(c)(2)(B), and 234(e)(3)(B) of the National Housing  
 12   Act (12 U.S.C. 1713(c)(3), 1715e(b)(2)(B)(i),  
 13   1715k(d)(3)(B)(iii)(III),           1715l(d)(3)(ii)(II),  
 14   1715l(d)(4)(ii)(II), 1715v(c)(2)(B)), and 1715y(e)(3)(B))  
 15   are each amended—

16           (1) by striking “140 percent” each place that  
 17           term appears and inserting “170 percent”; and

18           (2) by striking “170 percent” each place that  
 19           term appears and inserting “215 percent”.

20   **SEC. 8. INCREASE IN FHA FINANCIAL INTEGRITY.**

21           Section 205(f)(2) of the National Housing Act (12  
 22   U.S.C. 1711(f)(2)) is amended by striking “2.0 percent”  
 23   and inserting “3.0 percent”.

○