

110TH CONGRESS  
1ST SESSION

# H. R. 2139

---

## AN ACT

To modernize the manufactured housing loan insurance  
program under title I of the National Housing Act.

1       *Be it enacted by the Senate and House of Representa-*  
2   *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE.**

2 This title may be cited as the “FHA Manufactured  
3 Housing Loan Modernization Act of 2007”.

4 **SEC. 2. FINDINGS AND PURPOSES.**

5 (a) FINDINGS.—The Congress finds that—

6 (1) manufactured housing plays a vital role in  
7 providing housing for low- and moderate-income  
8 families in the United States;

9 (2) the FHA title I insurance program for man-  
10 ufactured home loans traditionally has been a major  
11 provider of mortgage insurance for home-only trans-  
12 actions;

13 (3) the manufactured housing market is in the  
14 midst of a prolonged downturn which has resulted in  
15 a severe contraction of traditional sources of private  
16 lending for manufactured home purchases;

17 (4) during past downturns the FHA title I in-  
18 surance program for manufactured homes has filled  
19 the lending void by providing stability until the pri-  
20 vate markets could recover;

21 (5) in 1992, during the manufactured housing  
22 industry’s last major recession, over 30,000 manu-  
23 factured home loans were insured under title I;

24 (6) in 2006, fewer than 1,500 manufactured  
25 housing loans were insured under title I;

1           (7) the loan limits for title I manufactured  
2           housing loans have not been adjusted for inflation  
3           since 1992; and

4           (8) these problems with the title I program  
5           have resulted in an atrophied market for manufac-  
6           tured housing loans, leaving American families who  
7           have the most difficulty achieving homeownership  
8           without adequate financing options for home-only  
9           manufactured home purchases.

10          (b) PURPOSES.—The purposes of this Act are—

11           (1) to provide adequate funding for FHA-in-  
12           sured manufactured housing loans for low- and mod-  
13           erate-income homebuyers during all economic cycles  
14           in the manufactured housing industry;

15           (2) to modernize the FHA title I insurance pro-  
16           gram for manufactured housing loans to enhance  
17           participation by Ginnie Mae and the private lending  
18           markets; and

19           (3) to adjust the low loan limits for title I man-  
20           ufactured home loan insurance to reflect the increase  
21           in costs since such limits were last increased in 1992  
22           and to index the limits to inflation.

1 **SEC. 3. EXCEPTION TO LIMITATION ON FINANCIAL INSTI-**  
2 **TUTION PORTFOLIO.**

3 The second sentence of section 2(a) of the National  
4 Housing Act (12 U.S.C. 1703(a)) is amended—

5 (1) by striking “In no case” and inserting  
6 “Other than in connection with a manufactured  
7 home or a lot on which to place such a home (or  
8 both), in no case”; and

9 (2) by striking “: *Provided*, That with” and in-  
10 serting “. With”.

11 **SEC. 4. INSURANCE BENEFITS.**

12 (a) IN GENERAL.—Subsection (b) of section 2 of the  
13 National Housing Act (12 U.S.C. 1703(b)), is amended  
14 by adding at the end the following new paragraph:

15 “(8) INSURANCE BENEFITS FOR MANUFAC-  
16 TURED HOUSING LOANS.—Any contract of insurance  
17 with respect to loans, advances of credit, or pur-  
18 chases in connection with a manufactured home or  
19 a lot on which to place a manufactured home (or  
20 both) for a financial institution that is executed  
21 under this title after the date of the enactment of  
22 the FHA Manufactured Housing Loan Moderniza-  
23 tion Act of 2007 by the Secretary shall be conclusive  
24 evidence of the eligibility of such financial institution  
25 for insurance, and the validity of any contract of in-  
26 surance so executed shall be incontestable in the

1 hands of the bearer from the date of the execution  
2 of such contract, except for fraud or misrepresenta-  
3 tion on the part of such institution.”.

4 (b) APPLICABILITY.—The amendment made by sub-  
5 section (a) shall only apply to loans that are registered  
6 or endorsed for insurance after the date of the enactment  
7 of this Act.

8 **SEC. 5. MAXIMUM LOAN LIMITS.**

9 (a) DOLLAR AMOUNTS.—Paragraph (1) of section  
10 2(b) of the National Housing Act (12 U.S.C. 1703(b)(1))  
11 is amended—

12 (1) in clause (ii) of subparagraph (A), by strik-  
13 ing “\$17,500” and inserting “\$25,090”;

14 (2) in subparagraph (C) by striking “\$48,600”  
15 and inserting “\$69,678”;

16 (3) in subparagraph (D) by striking “\$64,800”  
17 and inserting “\$92,904”;

18 (4) in subparagraph (E) by striking “\$16,200”  
19 and inserting “\$23,226”; and

20 (5) by realigning subparagraphs (C), (D), and  
21 (E) 2 ems to the left so that the left margins of  
22 such subparagraphs are aligned with the margins of  
23 subparagraphs (A) and (B).

24 (b) ANNUAL INDEXING.—Subsection (b) of section 2  
25 of the National Housing Act (12 U.S.C. 1703(b)), as

1 amended by the preceding provisions of this Act, is further  
2 amended by adding at the end the following new para-  
3 graph:

4           “(9) ANNUAL INDEXING OF MANUFACTURED  
5 HOUSING LOANS.—The Secretary shall develop a  
6 method of indexing in order to annually adjust the  
7 loan limits established in subparagraphs (A)(ii), (C),  
8 (D), and (E) of this subsection. Such index shall be  
9 based on the manufactured housing price data col-  
10 lected by the United States Census Bureau. The  
11 Secretary shall establish such index no later than  
12 one year after the date of the enactment of the FHA  
13 Manufactured Housing Loan Modernization Act of  
14 2007.”.

15       (c) TECHNICAL AND CONFORMING CHANGES.—Para-  
16 graph (1) of section 2(b) of the National Housing Act (12  
17 U.S.C. 1703(b)(1)) is amended—

18           (1) by striking “No” and inserting “Except as  
19 provided in the last sentence of this paragraph, no”;  
20 and

21           (2) by adding after and below subparagraph  
22 (G) the following:

23 “The Secretary shall, by regulation, annually increase the  
24 dollar amount limitations in subparagraphs (A)(ii), (C),  
25 (D), and (E) (as such limitations may have been pre-

1 viously adjusted under this sentence) in accordance with  
2 the index established pursuant to paragraph (9).”.

3 **SEC. 6. INSURANCE PREMIUMS.**

4 Subsection (f) of section 2 of the National Housing  
5 Act (12 U.S.C. 1703(f)) is amended—

6 (1) by inserting “(1) PREMIUM CHARGES.—”  
7 after “(f)”; and

8 (2) by adding at the end the following new  
9 paragraph:”.

10 “(2) MANUFACTURED HOME LOANS.—Notwith-  
11 standing paragraph (1), in the case of a loan, advance of  
12 credit, or purchase in connection with a manufactured  
13 home or a lot on which to place such a home (or both),  
14 the premium charge for the insurance granted under this  
15 section shall be paid by the borrower under the loan or  
16 advance of credit, as follows:

17 “(A) At the time of the making of the loan, ad-  
18 vance of credit, or purchase, a single premium pay-  
19 ment in an amount not to exceed 2.25 percent of the  
20 amount of the original insured principal obligation.

21 “(B) In addition to the premium under sub-  
22 paragraph (A), annual premium payments during  
23 the term of the loan, advance, or obligation pur-  
24 chased in an amount not exceeding 1.0 percent of  
25 the remaining insured principal balance (excluding

1 the portion of the remaining balance attributable to  
2 the premium collected under subparagraph (A) and  
3 without taking into account delinquent payments or  
4 prepayments).

5 “(C) Premium charges under this paragraph  
6 shall be established in amounts that are sufficient,  
7 but do not exceed the minimum amounts necessary,  
8 to maintain a negative credit subsidy for the pro-  
9 gram under this section for insurance of loans, ad-  
10 vances of credit, or purchases in connection with a  
11 manufactured home or a lot on which to place such  
12 a home (or both), as determined based upon risk to  
13 the Federal Government under existing underwriting  
14 requirements.

15 “(D) The Secretary may increase the limita-  
16 tions on premium payments to percentages above  
17 those set forth in subparagraphs (A) and (B), but  
18 only if necessary, and not in excess of the minimum  
19 increase necessary, to maintain a negative credit  
20 subsidy as described in subparagraph (C).”.

21 **SEC. 7. TECHNICAL CORRECTIONS.**

22 (a) DATES.—Subsection (a) of section 2 of the Na-  
23 tional Housing Act (12 U.S.C. 1703(a)) is amended—

24 (1) by striking “on and after July 1, 1939,”  
25 each place such term appears; and



1           (2) by striking “made after the effective date of  
2       the Housing Act of 1954”.

3       (b) AUTHORITY OF SECRETARY.—Subsection (c) of  
4       section 2 of the National Housing Act (12 U.S.C. 1703(c))  
5       is amended to read as follows:

6       “(c) HANDLING AND DISPOSAL OF PROPERTY.—

7           “(1) AUTHORITY OF SECRETARY.—Notwith-  
8       standing any other provision of law, the Secretary  
9       may—

10           “(A) deal with, complete, rent, renovate,  
11       modernize, insure, or assign or sell at public or  
12       private sale, or otherwise dispose of, for cash or  
13       credit in the Secretary’s discretion, and upon  
14       such terms and conditions and for such consid-  
15       eration as the Secretary shall determine to be  
16       reasonable, any real or personal property con-  
17       veyed to or otherwise acquired by the Secretary,  
18       in connection with the payment of insurance  
19       heretofore or hereafter granted under this title,  
20       including any evidence of debt, contract, claim,  
21       personal property, or security assigned to or  
22       held by him in connection with the payment of  
23       insurance heretofore or hereafter granted under  
24       this section; and

1           “(B) pursue to final collection, by way of  
2           compromise or otherwise, all claims assigned to  
3           or held by the Secretary and all legal or equi-  
4           table rights accruing to the Secretary in con-  
5           nection with the payment of such insurance, in-  
6           cluding unpaid insurance premiums owed in  
7           connection with insurance made available by  
8           this title.

9           “(2) ADVERTISEMENTS FOR PROPOSALS.—Sec-  
10          tion 3709 of the Revised Statutes shall not be con-  
11          strued to apply to any contract of hazard insurance  
12          or to any purchase or contract for services or sup-  
13          plies on account of such property if the amount  
14          thereof does not exceed \$25,000.

15          “(3) DELEGATION OF AUTHORITY.—The power  
16          to convey and to execute in the name of the Sec-  
17          retary, deeds of conveyance, deeds of release, assign-  
18          ments and satisfactions of mortgages, and any other  
19          written instrument relating to real or personal prop-  
20          erty or any interest therein heretofore or hereafter  
21          acquired by the Secretary pursuant to the provisions  
22          of this title may be exercised by an officer appointed  
23          by the Secretary without the execution of any ex-  
24          press delegation of power or power of attorney.  
25          Nothing in this subsection shall be construed to pre-

1 vent the Secretary from delegating such power by  
2 order or by power of attorney, in the Secretary's dis-  
3 cretion, to any officer or agent the Secretary may  
4 appoint.”.

5 **SEC. 8. REVISION OF UNDERWRITING CRITERIA.**

6 (a) IN GENERAL.—Subsection (b) of section 2 of the  
7 National Housing Act (12 U.S.C. 1703(b)), as amended  
8 by the preceding provisions of this Act, is further amended  
9 by adding at the end the following new paragraph:

10 “(10) FINANCIAL SOUNDNESS OF MANUFAC-  
11 TURED HOUSING PROGRAM.—The Secretary shall es-  
12 tablish such underwriting criteria for loans and ad-  
13 vances of credit in connection with a manufactured  
14 home or a lot on which to place a manufactured  
15 home (or both), including such loans and advances  
16 represented by obligations purchased by financial in-  
17 stitutions, as may be necessary to ensure that the  
18 program under this title for insurance for financial  
19 institutions against losses from such loans, advances  
20 of credit, and purchases is financially sound.”.

21 (b) TIMING.—Not later than the expiration of the 6-  
22 month period beginning on the date of the enactment of  
23 this Act, the Secretary of Housing and Urban Develop-  
24 ment shall revise the existing underwriting criteria for the  
25 program referred to in paragraph (10) of section 2(b) of

1 the National Housing Act (as added by subsection (a) of  
2 this section) in accordance with the requirements of such  
3 paragraph.

4 **SEC. 9. REQUIREMENT OF SOCIAL SECURITY ACCOUNT**  
5 **NUMBER FOR ASSISTANCE.**

6 Section 2 of the National Housing Act (12 U.S.C.  
7 1703) is amended by adding at the end the following new  
8 subsection:

9 “(j) REQUIREMENT OF SOCIAL SECURITY ACCOUNT  
10 NUMBER FOR FINANCING.—No insurance shall be grant-  
11 ed under this section with respect to any obligation rep-  
12 resenting any loan, advance of credit, or purchase by a  
13 financial institution unless the borrower to which the loan  
14 or advance of credit was made, and each member of the  
15 family of the borrower who is 18 years of age or older  
16 or is the spouse of the borrower, has a valid social security  
17 number.”.

18 **SEC. 10. GAO STUDY OF MITIGATION OF TORNADO RISKS**  
19 **TO MANUFACTURED HOMES.**

20 The Comptroller General of the United States shall  
21 assess how the Secretary of Housing and Urban Develop-  
22 ment utilizes the FHA manufactured housing loan insur-  
23 ance program under title I of the National Housing Act,  
24 the community development block grant program under  
25 title I of the Housing and Community Development Act

1 of 1974, and other programs and resources available to  
2 the Secretary to mitigate the risks to manufactured hous-  
3 ing residents and communities resulting from tornados.  
4 The Comptroller General shall submit to the Congress a  
5 report on the conclusions and recommendations of the as-  
6 sessment conducted pursuant to this section not later than  
7 the expiration of the 12-month period beginning on the  
8 date of the enactment of this Act.

Passed the House of Representatives June 25, 2007.

Attest:

*Clerk.*

110TH CONGRESS  
1ST SESSION

**H. R. 2139**

---

---

**AN ACT**

To modernize the manufactured housing loan insurance program under title I of the National Housing Act.