

Calendar No. 613

110TH CONGRESS
2D SESSION

S. 2734

To aid families and neighborhoods facing home foreclosure and address the subprime mortgage crisis.

IN THE SENATE OF THE UNITED STATES

MARCH 7, 2008

Mr. BOND (for himself, Mr. ISAKSON, Mr. ALEXANDER, Mrs. DOLE, Mr. McCONNELL, Mr. ALLARD, Mr. CHAMBLISS, Mr. CORNYN, Mr. CRAIG, Mrs. HUTCHISON, Mr. INHOFE, Mr. STEVENS, Ms. MURKOWSKI, and Mr. COLEMAN) introduced the following bill; which was read the first time

MARCH 10, 2008

Read the second time and placed on the calendar

A BILL

To aid families and neighborhoods facing home foreclosure and address the subprime mortgage crisis.

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; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Security Against Foreclosures and Education Act” or the
6 “SAFE Act”.

1 (b) TABLE OF CONTENTS.—The table of contents for
 2 this Act is as follows:

Sec. 1. Short title; table of contents.

TITLE I—PROTECTING HOMEOWNERS

- Sec. 101. Subprime refinancing loans through use of qualified mortgage bonds.
 Sec. 102. Expedient distribution of funds already provided for mortgage foreclosure counseling.
 Sec. 103. Credit for purchase of homes in or near foreclosure.
 Sec. 104. Enhanced mortgage loan disclosures.
 Sec. 105. Carryback of certain net operating losses allowed for 5 years; temporary suspension of 90 percent AMT limit.

TITLE II—MORTGAGE FORECLOSURE PROTECTIONS FOR
 SERVICEMEMBERS

- Sec. 201. Expansion of period after servicemember service of moratorium on foreclosure sales.
 Sec. 202. Counseling on mortgage foreclosures for members of the Armed Forces returning from service abroad.

TITLE III—FHA MODERNIZATION ACT OF 2008

Sec. 301. Short title.

Subtitle A—Building American Homeownership

- Sec. 311. Short title.
 Sec. 312. Maximum principal loan obligation.
 Sec. 313. Cash investment requirement and prohibition of seller-funded down-payment assistance.
 Sec. 314. Mortgage insurance premiums.
 Sec. 315. Rehabilitation loans.
 Sec. 316. Discretionary action.
 Sec. 317. Insurance of condominiums.
 Sec. 318. Mutual Mortgage Insurance Fund.
 Sec. 319. Hawaiian home lands and Indian reservations.
 Sec. 320. Conforming and technical amendments.
 Sec. 321. Insurance of mortgages.
 Sec. 322. Home equity conversion mortgages.
 Sec. 323. Energy efficient mortgages program.
 Sec. 324. Pilot program for automated process for borrowers without sufficient credit history.
 Sec. 325. Homeownership preservation.
 Sec. 326. Use of FHA savings for improvements in FHA technologies, procedures, processes, program performance, staffing, and salaries.
 Sec. 327. Post-purchase housing counseling eligibility improvements.
 Sec. 328. Pre-purchase homeownership counseling demonstration.
 Sec. 329. Fraud prevention.
 Sec. 330. Limitation on mortgage insurance premium increases.
 Sec. 331. Savings provision.
 Sec. 332. Implementation.
 Sec. 333. Moratorium on implementation of risk-based premiums.

Subtitle B—Manufactured Housing Loan Modernization

- Sec. 341. Short title.
 Sec. 342. Purposes.
 Sec. 343. Exception to limitation on financial institution portfolio.
 Sec. 344. Insurance benefits.
 Sec. 345. Maximum loan limits.
 Sec. 346. Insurance premiums.
 Sec. 347. Technical corrections.
 Sec. 348. Revision of underwriting criteria.
 Sec. 349. Prohibition against kickbacks and unearned fees.
 Sec. 350. Leasehold requirements.

1 **TITLE I—PROTECTING**
 2 **HOMEOWNERS**

3 **SEC. 101. SUBPRIME REFINANCING LOANS THROUGH USE**
 4 **OF QUALIFIED MORTGAGE BONDS.**

5 (a) USE OF QUALIFIED MORTGAGE BONDS PRO-
 6 CEEDS FOR SUBPRIME REFINANCING LOANS.—Section
 7 143(k) of the Internal Revenue Code of 1986 (relating to
 8 other definitions and special rules) is amended by adding
 9 at the end the following:

10 “(12) SPECIAL RULES FOR SUBPRIME
 11 REFINANCINGS.—

12 “(A) IN GENERAL.—Notwithstanding the
 13 requirements of subsection (i)(1), the proceeds
 14 of a qualified mortgage issue may be used to re-
 15 finance a mortgage on a residence which was
 16 originally financed by the mortgagor through a
 17 qualified subprime loan.

18 “(B) SPECIAL RULES.—In applying this
 19 paragraph to any case in which the proceeds of

1 a qualified mortgage issue are used for any refi-
2 nancing described in subparagraph (A)—

3 “(i) subsection (a)(2)(D)(i) shall be
4 applied by substituting ‘12-month period’
5 for ‘42-month period’ each place it ap-
6 pears,

7 “(ii) subsection (d) (relating to 3-year
8 requirement) shall not apply, and

9 “(iii) subsection (e) (relating to pur-
10 chase price requirement) shall be applied
11 by using the market value of the residence
12 at the time of refinancing in lieu of the ac-
13 quisition cost.

14 “(C) QUALIFIED SUBPRIME LOAN.—The
15 term ‘qualified subprime loan’ means an adjust-
16 able rate single-family residential mortgage loan
17 originated after December 31, 2001, and before
18 January 1, 2008, that the bond issuer deter-
19 mines would be reasonably likely to cause finan-
20 cial hardship to the borrower if not refinanced.

21 “(D) TERMINATION.—This paragraph
22 shall not apply to any bonds issued after De-
23 cember 31, 2010.”.

24 (b) INCREASED VOLUME CAP FOR CERTAIN
25 BONDS.—

1 (1) IN GENERAL.—Subsection (d) of section
2 146 of the Internal Revenue Code of 1986 is amend-
3 ed by adding at the end the following:

4 “(5) INCREASE AND SET ASIDE FOR HOUSING
5 BONDS FOR 2008.—

6 “(A) INCREASE FOR 2008.—In the case of
7 calendar year 2008, the State ceiling for each
8 State shall be increased by an amount equal to
9 \$10,000,000,000 multiplied by a fraction—

10 “(i) the numerator of which is the
11 population of such State (as reported in
12 the most recent decennial census), and

13 “(ii) the denominator of which is the
14 total population of all States (as reported
15 in the most recent decennial census).

16 “(B) SET ASIDE.—

17 “(i) IN GENERAL.—Any amount of
18 the State ceiling for any State which is at-
19 tributable to an increase under this para-
20 graph shall be allocated solely for one or
21 more qualified purposes.

22 “(ii) QUALIFIED PURPOSE.—For pur-
23 poses of this paragraph, the term ‘qualified
24 purpose’ means—

1 “(I) the issuance of exempt facil-
2 ity bonds used solely to provide quali-
3 fied residential rental projects, or

4 “(II) a qualified mortgage issue
5 (determined by substituting ‘12-month
6 period’ for ‘42-month period’ each
7 place it appears in section
8 143(a)(2)(D)(i)).”.

9 (2) CARRYFORWARD OF UNUSED LIMITA-
10 TIONS.—Subsection (f) of section 146 of such Code
11 is amended by adding at the end the following:

12 “(6) SPECIAL RULES FOR INCREASED VOLUME
13 CAP UNDER SUBSECTION (D)(5).—

14 “(A) IN GENERAL.—No amount which is
15 attributable to the increase under subsection
16 (d)(5) may be used—

17 “(i) for a carryforward purpose other
18 than a qualified purpose (as defined in
19 subsection (d)(5)), and

20 “(ii) to issue any bond after calendar
21 year 2010.

22 “(B) ORDERING RULES.—For purposes of
23 subparagraph (A), any carryforward of an
24 issuing authority’s volume cap for calendar year

1 2008 shall be treated as attributable to such in-
2 crease to the extent of such increase.”.

3 (c) ALTERNATIVE MINIMUM TAX.—

4 (1) IN GENERAL.—Clause (ii) of section
5 57(a)(5)(C) of the Internal Revenue Code of 1986 is
6 amended by striking “shall not include” and all that
7 follows and inserting “shall not include—

8 “(I) any qualified 501(c)(3) bond
9 (as defined in section 145), or

10 “(II) any qualified mortgage
11 bond (as defined in section 143(a)) or
12 qualified veteran’s mortgage bond (as
13 defined in section 143(b)) issued after
14 the date of the enactment of this sub-
15 clause and before January 1, 2011.”.

16 (2) CONFORMING AMENDMENT.—The heading
17 for section 57(a)(5)(C)(ii) of the Internal Revenue
18 Code of 1986 is amended by striking “QUALIFIED
19 501(C)(3) BONDS” and inserting “CERTAIN BOND”.

20 (d) EFFECTIVE DATE.—The amendments made by
21 this section shall apply to bonds issued after the date of
22 the enactment of this Act.

1 **SEC. 102. EXPEDITIOUS DISTRIBUTION OF FUNDS ALREADY**
 2 **PROVIDED FOR MORTGAGE FORECLOSURE**
 3 **COUNSELING.**

4 Upon certification by the Neighborhood Reinvestment
 5 Corporation under paragraph (4) under the second undes-
 6 ignated paragraph under the heading “Neighborhood Re-
 7 investment Corporation—Payment to the Neighborhood
 8 Reinvestment Corporation” of Public Law 110–161 that
 9 Housing and Urban Development or Neighborhood Rein-
 10 vestment Corporation-approved counseling intermediaries
 11 and State Housing Finance Agencies have the need for
 12 additional portions of the \$180,000,000 provided therein
 13 for mortgage foreclosure mitigation activities in States
 14 and areas with high rates of mortgage foreclosures, de-
 15 faults, or related activities beyond the initial awards, and
 16 the expertise to use such funds effectively, the Neighbor-
 17 hood Reinvestment Corporation shall expeditiously con-
 18 tinue to award such funds as need and expertise is shown.

19 **SEC. 103. CREDIT FOR PURCHASE OF HOMES IN OR NEAR**
 20 **FORECLOSURE.**

21 (a) ALLOWANCE OF CREDIT.—Subpart A of part IV
 22 of subchapter A of chapter 1 of the Internal Revenue Code
 23 of 1986 (relating to refundable credits) is amended by in-
 24 serting after section 25D the following new section:

1 **“SEC. 25E. CREDIT FOR PURCHASE OF HOMES IN OR NEAR**
2 **FORECLOSURE.**

3 “(a) ALLOWANCE OF CREDIT.—

4 “(1) IN GENERAL.—In the case of an individual
5 who is a purchaser of a qualified principal residence
6 during the taxable year, there shall be allowed as a
7 credit against the tax imposed by this chapter an
8 amount equal to so much of the purchase price of
9 the residence as does not exceed \$15,000.

10 “(2) ALLOCATION OF CREDIT AMOUNT.—The
11 amount of the credit allowed under paragraph (1)
12 shall be equally divided among the 3 taxable years
13 beginning with the taxable year in which the pur-
14 chase of the qualified principal residence is made.

15 “(b) LIMITATIONS.—

16 “(1) DATE OF PURCHASE.—The credit allowed
17 under subsection (a) shall be allowed only with re-
18 spect to purchases made—

19 “(A) after February 29, 2008, and

20 “(B) before March 1, 2009.

21 “(2) LIMITATION BASED ON AMOUNT OF
22 TAX.—In the case of a taxable year to which section
23 26(a)(2) does not apply, the credit allowed under
24 subsection (a) for any taxable year shall not exceed
25 the excess of—

1 “(A) the sum of the regular tax liability
2 (as defined in section 26(b)) plus the tax im-
3 posed by section 55, over

4 “(B) the sum of the credits allowable
5 under this subpart (other than this section) for
6 the taxable year.

7 “(3) ONE-TIME ONLY.—

8 “(A) IN GENERAL.—If a credit is allowed
9 under this section in the case of any individual
10 (and such individual’s spouse, if married) with
11 respect to the purchase of any qualified prin-
12 cipal residence, no credit shall be allowed under
13 this section in any taxable year with respect to
14 the purchase of any other qualified principal
15 residence by such individual or a spouse of such
16 individual.

17 “(B) JOINT PURCHASE.—In the case of a
18 purchase of a qualified principal residence by 2
19 or more unmarried individuals or by 2 married
20 individuals filing separately, no credit shall be
21 allowed under this section if a credit under this
22 section has been allowed to any of such individ-
23 uals in any taxable year with respect to the
24 purchase of any other qualified principal resi-
25 dence.

1 “(c) QUALIFIED PRINCIPAL RESIDENCE.—

2 “(1) IN GENERAL.—For purposes of this sec-
3 tion, the term ‘qualified principal residence’ means
4 an eligible single-family residence that is purchased
5 to be the principal residence of the purchaser.

6 “(2) ELIGIBLE SINGLE-FAMILY RESIDENCE.—

7 “(A) IN GENERAL.—For purposes of this
8 subsection, the term ‘eligible single-family resi-
9 dence’ means a single-family structure that is—

10 “(i) a new previously unoccupied resi-
11 dence for which a building permit is issued
12 and construction begins on or before Sep-
13 tember 1, 2007, but only if such residence
14 is purchased by the taxpayer directly from
15 the person to whom such building permit
16 was issued,

17 “(ii) an owner-occupied residence with
18 respect to which the owner’s acquisition in-
19 debtedness (as defined in section
20 163(h)(3)(B), determined without regard
21 to clause (ii) thereof) is in default on or
22 before March 1, 2008, or

23 “(iii) a residence with respect to
24 which a foreclosure event has taken place
25 and which is owned by the mortgagor or

1 the mortgagor’s agent, but only if such
2 residence was occupied as a principal resi-
3 dence by the mortgagee for at least 1 year
4 prior to the foreclosure event.

5 “(B) CERTIFICATION.—In the case of an
6 eligible single-family residence described in sub-
7 paragraph (A)(i), no credit shall be allowed
8 under this section unless the purchaser submits
9 a certification by the seller of such residence
10 that such residence meets the requirements of
11 such subparagraph.

12 “(d) DENIAL OF DOUBLE BENEFIT.—No credit shall
13 be allowed under this section for any purchase for which
14 a credit is allowed under section 1400C.

15 “(e) RECAPTURE IN THE CASE OF CERTAIN DISPOSI-
16 TIONS.—In the event that a taxpayer—

17 “(1) disposes of the qualified principal resi-
18 dence with respect to which a credit is allowed under
19 subsection (a), or

20 “(2) fails to occupy such residence as the tax-
21 payer’s principal residence,

22 at any time within 36 months after the date on which the
23 taxpayer purchased such residence, then the remaining
24 portion of the credit allowed under subsection (a) shall be
25 disallowed in the taxable year during which such disposi-

1 tion occurred or in which the taxpayer failed to occupy
2 the residence as a principal residence, and in any subse-
3 quent taxable year in which the remaining portion of the
4 credit would, but for this subsection, have been allowed.

5 “(f) SPECIAL RULES.—

6 “(1) JOINT PURCHASE.—

7 “(A) MARRIED INDIVIDUALS FILING SEPA-
8 RATELY.—In the case of 2 married individuals
9 filing separately, subsection (a) shall be applied
10 to each such individual by substituting ‘\$7,500’
11 for ‘\$15,000’ in subsection (a)(1).

12 “(B) UNMARRIED INDIVIDUALS.—If 2 or
13 more individuals who are not married purchase
14 a qualified principal residence, the amount of
15 the credit allowed under subsection (a) shall be
16 allocated among such individuals in such man-
17 ner as the Secretary may prescribe, except that
18 the total amount of the credits allowed to all
19 such individuals shall not exceed \$15,000.

20 “(2) PURCHASE.—In defining the purchase of a
21 qualified principal residence, rules similar to the
22 rules of paragraphs (2) and (3) of section 1400C(e)
23 (as in effect on the date of the enactment of this
24 section) shall apply.

1 “(3) REPORTING REQUIREMENT.—Rules similar
2 to the rules of section 1400C(f) (as so in effect)
3 shall apply.

4 “(g) BASIS ADJUSTMENT.—For purposes of this sub-
5 title, if a credit is allowed under this section with respect
6 to the purchase of any residence, the basis of such resi-
7 dence shall be reduced by the amount of the credit so al-
8 lowed.”.

9 (b) CLERICAL AMENDMENT.—The table of sections
10 for subpart A of part IV of subchapter A of chapter 1
11 of the Internal Revenue Code of 1986 is amended by in-
12 serting after the item relating to section 25D the following
13 new item:

 “Sec. 25E. Credit for certain home purchases.”.

14 **SEC. 104. ENHANCED MORTGAGE LOAN DISCLOSURES.**

15 (a) TRUTH IN LENDING ACT DISCLOSURES.—Sec-
16 tion 128(b)(2) of the Truth in Lending Act (15 U.S.C.
17 1638(b)(2)) is amended—

18 (1) by inserting “(A)” before “In the”;

19 (2) by striking “a residential mortgage trans-
20 action, as defined in section 103(w)” and inserting
21 “any extension of credit that is secured by the dwell-
22 ing of a consumer”;

23 (3) by striking “shall be made in accordance”
24 and all that follows through “extended, or”; and

1 (4) by striking “If the” and all that follows
2 through the end of the paragraph and inserting the
3 following:

4 “(B) In the case of an extension of credit
5 that is secured by the dwelling of a consumer,
6 in addition to the other disclosures required by
7 subsection (a), the disclosures provided under
8 this paragraph shall—

9 “(i) state in conspicuous type size and
10 format, the following: ‘You are not re-
11 quired to complete this agreement merely
12 because you have received these disclosures
13 or signed a loan application.’; and

14 “(ii) be furnished to the borrower not
15 later than 7 business days before the date
16 of consummation of the transaction, and at
17 the time of consummation of the trans-
18 action, subject to subparagraph (D).

19 “(C) In the case of an extension of credit
20 that is secured by the dwelling of a consumer,
21 under which the annual rate of interest is vari-
22 able, or with respect to which the regular pay-
23 ments may otherwise be variable, in addition to
24 the other disclosures required by subsection (a),

1 the disclosures provided under this paragraph
2 shall—

3 “(i) label the payment schedule as fol-
4 lows: ‘Payment Schedule: Payments Will
5 Vary Based on Interest Rate Changes’;

6 “(ii) state the maximum amount of
7 the regular required payments on the loan,
8 based on the maximum interest rate al-
9 lowed, introduced with the following lan-
10 guage in conspicuous type size and format:
11 ‘Your payment can go as high as
12 \$ _____’, the blank to be filled
13 in with the maximum possible payment
14 amount;

15 “(iii) if the loan is an adjustable rate
16 mortgage that includes an initial fixed in-
17 terest rate—

18 “(I) state in conspicuous type
19 size and format the following phrase:
20 This loan is an adjustable rate mort-
21 gage with an initial fixed interest rate.
22 Your initial fixed interest rate is AAA
23 with a monthly payment of BBB until
24 CCC. After that date, the interest
25 rate on your loan will ‘reset’ to an ad-

1 justable rate and both your interest
2 rate and payment could go higher on
3 that date and in the future. For ex-
4 ample, if your initial fixed rate ended
5 today, your new adjustable interest
6 rate would be DDD and your new
7 payment EEE. If interest rates are
8 one percent higher than they are
9 today or at some point in the future,
10 your new payment would be FFF.
11 There is no guarantee you will be able
12 to refinance your loan to a lower in-
13 terest rate and payment before your
14 initial fixed interest rate ends.;

15 “(II) the blank AAA in subpara-
16 graph (I) to be filled in with the ini-
17 tial fixed interest rate;

18 “(III) the blank BBB in sub-
19 paragraph (I) to be filled in with the
20 payment amount under the initial
21 fixed interest rate;

22 “(IV) the blank CCC in subpara-
23 graph (I) to be filled in with the loan
24 reset date;

1 “(V) the blank DDD in subpara-
2 graph (I) to be filled in with the ad-
3 justable rate as if the initial rate ex-
4 pired on the date of disclosure under
5 subparagraph (B);

6 “(VI) the blank EEE in subpara-
7 graph (I) to be filled in with the pay-
8 ment under the adjustable rate as if
9 the initial rate expired on the date of
10 disclosure under subparagraph (B);
11 and

12 “(VII) the blank FFF in sub-
13 paragraph (I) to be filled in with the
14 payment under the adjustable rate as
15 if index rate on which the adjustable
16 rate was one percent higher than of
17 the date of disclosure under subpara-
18 graph (B); and

19 “(iv) if the loan contains a prepay-
20 ment penalty—

21 “(I) state in conspicuous type
22 and format the following phrase: This
23 loan contains a prepayment penalty.
24 If you desire to pay off this loan be-

1 fore GGG, you will pay a penalty of
2 HHH.;

3 “(II) the blank GGG in subpara-
4 graph (I) to be filled in with the date
5 the prepayment penalty expires; and

6 “(III) the blank HHH in sub-
7 paragraph (I) to be filled in with the
8 prepayment penalty amount.

9 “(D) In any case in which the disclosure
10 statement provided 7 business days before the
11 date of consummation of the transaction con-
12 tains an annual percentage rate of interest that
13 is no longer accurate, as determined under sec-
14 tion 107(c), the creditor shall furnish an addi-
15 tional, corrected statement to the borrower, not
16 later than 3 business days before the date of
17 consummation of the transaction.”.

18 (b) CIVIL LIABILITY.—Section 130(a) of the Truth
19 in Lending Act (15 U.S.C. 1640(a)) is amended—

20 (1) in paragraph (2)(A)(iii), by striking “not
21 less than \$200 or greater than \$2,000” and insert-
22 ing “\$5,000, such amount to be adjusted annually
23 based on the consumer price index, to maintain cur-
24 rent value”; and

1 (2) in the penultimate sentence of the undesignated matter following paragraph (4)—

2 (A) by striking “only for” and inserting “for”;

3 (B) by striking “section 125 or” and inserting “section 122, section 125,”;

4 (C) by inserting “or section 128(b),” after “128(a),”; and

5 (D) by inserting “or section 128(b)” before the period.

6 **SEC. 105. CARRYBACK OF CERTAIN NET OPERATING**
7 **LOSSES ALLOWED FOR 5 YEARS; TEMPORARY**
8 **SUSPENSION OF 90 PERCENT AMT LIMIT.**

9 (a) IN GENERAL.—Subparagraph (H) of section 10 (14) 172(b)(1) of the Internal Revenue Code of 1986 is amended to read as follows:

11 “(H) 5-YEAR CARRYBACK OF CERTAIN
12 LOSSES.—

13 “(i) TAXABLE YEARS ENDING DURING
14 2001 AND 2002.—In the case of a net operating
15 loss for any taxable year ending during
16 2001 or 2002, subparagraph (A)(i)
17 shall be applied by substituting ‘5’ for ‘2’
18 and subparagraph (F) shall not apply.

1 “(ii) TAXABLE YEARS ENDING DUR-
2 ING 2006, 2007, 2008, AND 2009.—In the
3 case of a net operating loss for any taxable
4 year ending during 2006, 2007, 2008, or
5 2009—

6 “(I) subparagraph (A)(i) shall be
7 applied by substituting ‘5’ for ‘2’,

8 “(II) subparagraph (E)(ii) shall
9 be applied by substituting ‘4’ for ‘2’,
10 and

11 “(III) subparagraph (F) shall not
12 apply.”.

13 (b) TEMPORARY SUSPENSION OF 90 PERCENT LIMIT
14 ON CERTAIN NOL CARRYBACKS AND CARRYOVERS.—

15 (1) IN GENERAL.—Section 56(d) of the of the
16 Internal Revenue Code of 1986 is amended by add-
17 ing at the end the following new paragraph:

18 “(3) ADDITIONAL ADJUSTMENTS.—For pur-
19 poses of paragraph (1)(A), the amount described in
20 clause (I) of paragraph (1)(A)(ii) shall be increased
21 by the amount of the net operating loss deduction
22 allowable for the taxable year under section 172 at-
23 tributable to the sum of—

1 “(A) carrybacks of net operating losses
2 from taxable years ending during 2006, 2007,
3 2008, and 2009, and

4 “(B) carryovers of net operating losses to
5 taxable years ending during 2006, 2007, 2008,
6 or 2009.”.

7 (2) CONFORMING AMENDMENT.—Subclause (I)
8 of section 56(d)(1)(A)(i) of such Code is amended by
9 inserting “amount of such” before “deduction de-
10 scribed in clause (ii)(I)”.

11 (c) ANTI-ABUSE RULES.—The Secretary of Treasury
12 or the Secretary’s designee shall prescribes such rules as
13 are necessary to prevent the abuse of the purposes of the
14 amendments made by this section, including anti-stuffing
15 rules, anti-churning rules (including rules relating to sale-
16 leasebacks), and rules similar to the rules under section
17 1091 of the Internal Revenue Code of 1986 relating to
18 losses from wash sales.

19 (d) EFFECTIVE DATES.—

20 (1) SUBSECTION (a).—

21 (A) IN GENERAL.—Except as provided in
22 subparagraph (B), the amendments made by
23 subsection (a) shall apply to net operating
24 losses arising in taxable years ending in 2006,
25 2007, 2008, or 2009.

1 (B) ELECTION.—In the case of a net oper-
 2 ating loss for a taxable year ending during
 3 2006 or 2007—

4 (i) any election made under section
 5 172(b)(3) of the Internal Revenue Code of
 6 1986 may (notwithstanding such section)
 7 be revoked before November 1, 2008, and

8 (ii) any election made under section
 9 172(j) of such Code shall (notwithstanding
 10 such section) be treated as timely made if
 11 made before November 1, 2008.

12 (2) SUBSECTION (b).—The amendments made
 13 by subsection (b) shall apply to taxable years ending
 14 after December 31, 1995.

15 **TITLE II—MORTGAGE FORE-**
 16 **CLOSURE PROTECTIONS FOR**
 17 **SERVICEMEMBERS**

18 **SEC. 201. EXPANSION OF PERIOD AFTER SERVICEMEMBER**
 19 **SERVICE OF MORATORIUM ON FORE-**
 20 **CLOSURE SALES.**

21 (a) IN GENERAL.—Section 303(c) of the
 22 Servicemembers Civil Relief Act (50 U.S.C. App. 533(c))
 23 is amended by striking “90 days” and inserting “6
 24 months”.

25 (b) EFFECTIVE DATE; SUNSET.—

1 (1) EFFECTIVE DATE.—The amendment made
2 by subsection (a) shall take effect on the date of the
3 enactment of this Act.

4 (2) SUNSET.—The amendment made by sub-
5 section (a) shall expire on December 31, 2010. Ef-
6 fective January 1, 2011, the provisions of section
7 303(c) of the Servicemembers Civil Relief Act, as in
8 effect on the day before the date of the enactment
9 of this Act, are hereby revived.

10 **SEC. 202. COUNSELING ON MORTGAGE FORECLOSURES**
11 **FOR MEMBERS OF THE ARMED FORCES RE-**
12 **TURNING FROM SERVICE ABROAD.**

13 (a) IN GENERAL.—The Secretary of Defense shall
14 develop and implement a program to advise members of
15 the Armed Forces (including members of the National
16 Guard and Reserve) who are returning from service on
17 active duty abroad (including service in Operation Iraqi
18 Freedom and Operation Enduring Freedom) on actions to
19 be taken by such members to prevent or forestall mortgage
20 foreclosures.

21 (b) ELEMENTS.—The program required by sub-
22 section (a) shall include the following:

23 (1) Credit counseling.

24 (2) Home mortgage counseling.

1 (3) Such other counseling and information as
2 the Secretary considers appropriate for purposes of
3 the program.

4 (c) **TIMING OF PROVISION OF COUNSELING.**—Coun-
5 seling and other information under the program required
6 by subsection (a) shall be provided to a member of the
7 Armed Forces covered by the program as soon as prac-
8 ticable after the return of the member from service as de-
9 scribed in subsection (a).

10 **TITLE III—FHA MODERNIZATION**
11 **ACT OF 2008**

12 **SEC. 301. SHORT TITLE.**

13 This title may be cited as the “FHA Modernization
14 Act of 2008”.

15 **Subtitle A—Building American**
16 **Homeownership**

17 **SEC. 311. SHORT TITLE.**

18 This subtitle may be cited as the “Building American
19 Homeownership Act of 2008”.

20 **SEC. 312. MAXIMUM PRINCIPAL LOAN OBLIGATION.**

21 Paragraph (2) of section 203(b)(2) of the National
22 Housing Act (12 U.S.C. 1709(b)(2)) is amended—

23 (1) by amending subparagraphs (A) and (B) to
24 read as follows:

25 “(A) not to exceed the lesser of—

1 “(i) in the case of a 1-family resi-
2 dence, the median 1-family house price in
3 the area, as determined by the Secretary;
4 and in the case of a 2-, 3-, or 4-family resi-
5 dence, the percentage of such median
6 price that bears the same ratio to such me-
7 dian price as the dollar amount limitation
8 in effect under section 305(a)(2) of the
9 Federal Home Loan Mortgage Corporation
10 Act (12 U.S.C. 1454(a)(2)) for a 2-, 3-, or
11 4-family residence, respectively, bears to
12 the dollar amount limitation in effect
13 under such section for a 1-family resi-
14 dence; or

15 “(ii) the dollar amount limitation de-
16 termined under such section 305(a)(2) for
17 a residence of the applicable size;

18 except that the dollar amount limitation in ef-
19 fect for any area under this subparagraph may
20 not be less than the greater of (I) the dollar
21 amount limitation in effect under this section
22 for the area on October 21, 1998, or (II) 65
23 percent of the dollar limitation determined
24 under such section 305(a)(2) for a residence of
25 the applicable size; and

1 “(B) not to exceed 100 percent of the ap-
2 praised value of the property.”; and

3 (2) in the matter following subparagraph (B),
4 by striking the second sentence (relating to a defini-
5 tion of “average closing cost”) and all that follows
6 through “section 3103A(d) of title 38, United States
7 Code.”.

8 **SEC. 313. CASH INVESTMENT REQUIREMENT AND PROHIBI-**
9 **TION OF SELLER-FUNDED DOWNPAYMENT**
10 **ASSISTANCE.**

11 Paragraph 9 of section 203(b) of the National Hous-
12 ing Act (12 U.S.C. 1709(b)(9)) is amended to read as fol-
13 lows:

14 “(9) CASH INVESTMENT REQUIREMENT.—

15 “(A) IN GENERAL.—A mortgage insured
16 under this section shall be executed by a mort-
17 gagor who shall have paid, in cash, on account
18 of the property an amount equal to not less
19 than 1.5 percent of the appraised value of the
20 property or such larger amount as the Sec-
21 retary may determine.

22 “(B) FAMILY MEMBERS.—For purposes of
23 this paragraph, the Secretary shall consider as
24 cash or its equivalent any amounts borrowed
25 from a family member (as such term is defined

1 in section 201), subject only to the require-
2 ments that, in any case in which the repayment
3 of such borrowed amounts is secured by a lien
4 against the property, that—

5 “(i) such lien shall be subordinate to
6 the mortgage; and

7 “(ii) the sum of the principal obliga-
8 tion of the mortgage and the obligation se-
9 cured by such lien may not exceed 100
10 percent of the appraised value of the prop-
11 erty.

12 “(C) PROHIBITED SOURCES.—In no case
13 shall the funds required by subparagraph (A)
14 consist, in whole or in part, of funds provided
15 by any of the following parties before, during,
16 or after closing of the property sale:

17 “(i) The seller or any other person or
18 entity that financially benefits from the
19 transaction.

20 “(ii) Any third party or entity that is
21 reimbursed, directly or indirectly, by any of
22 the parties described in clause (i).”.

23 **SEC. 314. MORTGAGE INSURANCE PREMIUMS.**

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

1 (1) in the matter preceding subparagraph (A),
2 by striking “or of the General Insurance Fund” and
3 all that follows through “section 234(c),,”; and

4 (2) in subparagraph (A)—

5 (A) by striking “2.25 percent” and insert-
6 ing “3 percent”; and

7 (B) by striking “2.0 percent” and inserting
8 “2.75 percent”.

9 **SEC. 315. REHABILITATION LOANS.**

10 Subsection (k) of section 203 of the National Hous-
11 ing Act (12 U.S.C. 1709(k)) is amended—

12 (1) in paragraph (1), by striking “on” and all
13 that follows through “1978”; and

14 (2) in paragraph (5)—

15 (A) by striking “General Insurance Fund”
16 the first place it appears and inserting “Mutual
17 Mortgage Insurance Fund”; and

18 (B) in the second sentence, by striking the
19 comma and all that follows through “General
20 Insurance Fund”.

21 **SEC. 316. DISCRETIONARY ACTION.**

22 The National Housing Act is amended—

23 (1) in subsection (e) of section 202 (12 U.S.C.
24 1708(e))—

1 (A) in paragraph (3)(B), by striking “sec-
2 tion 202(e) of the National Housing Act” and
3 inserting “this subsection”; and

4 (B) by redesignating such subsection as
5 subsection (f);

6 (2) by striking paragraph (4) of section 203(s)
7 (12 U.S.C. 1709(s)(4)) and inserting the following
8 new paragraph:

9 “(4) the Secretary of Agriculture;” and

10 (3) by transferring subsection (s) of section 203
11 (as amended by paragraph (2) of this section) to
12 section 202, inserting such subsection after sub-
13 section (d) of section 202, and redesignating such
14 subsection as subsection (e).

15 **SEC. 317. INSURANCE OF CONDOMINIUMS.**

16 (a) IN GENERAL.—Section 234 of the National
17 Housing Act (12 U.S.C. 1715y) is amended—

18 (1) in subsection (c), in the first sentence—

19 (A) by striking “and” before “(2)”; and

20 (B) by inserting before the period at the
21 end the following: “, and (3) the project has a
22 blanket mortgage insured by the Secretary
23 under subsection (d)”; and

24 (2) in subsection (g), by striking “, except
25 that” and all that follows and inserting a period.

1 (b) DEFINITION OF MORTGAGE.—Section 201(a) of
2 the National Housing Act (12 U.S.C. 1707(a)) is amend-
3 ed—

4 (1) before “a first mortgage” insert “(A)”;

5 (2) by striking “or on a leasehold (1)” and in-
6 sserting “(B) a first mortgage on a leasehold on real
7 estate (i)”;

8 (3) by striking “or (2)” and inserting “, or
9 (ii)”;

10 (4) by inserting before the semicolon the fol-
11 lowing: “, or (C) a first mortgage given to secure the
12 unpaid purchase price of a fee interest in, or long-
13 term leasehold interest in, real estate consisting of
14 a one-family unit in a multifamily project, including
15 a project in which the dwelling units are attached,
16 or are manufactured housing units, semi-detached,
17 or detached, and an undivided interest in the com-
18 mon areas and facilities which serve the project”.

19 (c) DEFINITION OF REAL ESTATE.—Section 201 of
20 the National Housing Act (12 U.S.C. 1707) is amended
21 by adding at the end the following new subsection:

22 “(g) The term ‘real estate’ means land and all nat-
23 ural resources and structures permanently affixed to the
24 land, including residential buildings and stationary manu-
25 factured housing. The Secretary may not require, for

1 treatment of any land or other property as real estate for
2 purposes of this title, that such land or property be treated
3 as real estate for purposes of State taxation.”.

4 **SEC. 318. MUTUAL MORTGAGE INSURANCE FUND.**

5 (a) IN GENERAL.—Subsection (a) of section 202 of
6 the National Housing Act (12 U.S.C. 1708(a)) is amended
7 to read as follows:

8 “(a) MUTUAL MORTGAGE INSURANCE FUND.—

9 “(1) ESTABLISHMENT.—Subject to the provi-
10 sions of the Federal Credit Reform Act of 1990,
11 there is hereby created a Mutual Mortgage Insur-
12 ance Fund (in this title referred to as the ‘Fund’),
13 which shall be used by the Secretary to carry out the
14 provisions of this title with respect to mortgages in-
15 sured under section 203. The Secretary may enter
16 into commitments to guarantee, and may guarantee,
17 such insured mortgages.

18 “(2) LIMIT ON LOAN GUARANTEES.—The au-
19 thority of the Secretary to enter into commitments
20 to guarantee such insured mortgages shall be effec-
21 tive for any fiscal year only to the extent that the
22 aggregate original principal loan amount under such
23 mortgages, any part of which is guaranteed, does
24 not exceed the amount specified in appropriations
25 Acts for such fiscal year.

1 “(3) FIDUCIARY RESPONSIBILITY.—The Sec-
2 retary has a responsibility to ensure that the Mutual
3 Mortgage Insurance Fund remains financially sound.

4 “(4) ANNUAL INDEPENDENT ACTUARIAL
5 STUDY.—The Secretary shall provide for an inde-
6 pendent actuarial study of the Fund to be conducted
7 annually, which shall analyze the financial position
8 of the Fund. The Secretary shall submit a report
9 annually to the Congress describing the results of
10 such study and assessing the financial status of the
11 Fund. The report shall recommend adjustments to
12 underwriting standards, program participation, or
13 premiums, if necessary, to ensure that the Fund re-
14 mains financially sound.

15 “(5) QUARTERLY REPORTS.—During each fiscal
16 year, the Secretary shall submit a report to the Con-
17 gress for each calendar quarter, which shall specify
18 for mortgages that are obligations of the Fund—

19 “(A) the cumulative volume of loan guar-
20 antee commitments that have been made during
21 such fiscal year through the end of the quarter
22 for which the report is submitted;

23 “(B) the types of loans insured, cat-
24 egorized by risk;

1 “(C) any significant changes between ac-
2 tual and projected claim and prepayment activ-
3 ity;

4 “(D) projected versus actual loss rates;
5 and

6 “(E) updated projections of the annual
7 subsidy rates to ensure that increases in risk to
8 the Fund are identified and mitigated by ad-
9 justments to underwriting standards, program
10 participation, or premiums, and the financial
11 soundness of the Fund is maintained.

12 The first quarterly report under this paragraph shall
13 be submitted on the last day of the first quarter of
14 fiscal year 2008, or on the last day of the first full
15 calendar quarter following the enactment of the
16 Building American Homeownership Act of 2008,
17 whichever is later.

18 “(6) ADJUSTMENT OF PREMIUMS.—If, pursu-
19 ant to the independent actuarial study of the Fund
20 required under paragraph (4), the Secretary deter-
21 mines that the Fund is not meeting the operational
22 goals established under paragraph (7) or there is a
23 substantial probability that the Fund will not main-
24 tain its established target subsidy rate, the Secretary
25 may either make programmatic adjustments under

1 this title as necessary to reduce the risk to the
2 Fund, or make appropriate premium adjustments.

3 “(7) OPERATIONAL GOALS.—The operational
4 goals for the Fund are—

5 “(A) to minimize the default risk to the
6 Fund and to homeowners by among other ac-
7 tions instituting fraud prevention quality con-
8 trol screening not later than 18 months after
9 the date of enactment of the Building American
10 Homeownership Act of 2008; and

11 “(B) to meet the housing needs of the bor-
12 rowers that the single family mortgage insur-
13 ance program under this title is designed to
14 serve.”.

15 (b) OBLIGATIONS OF FUND.—The National Housing
16 Act is amended as follows:

17 (1) HOMEOWNERSHIP VOUCHER PROGRAM
18 MORTGAGES.—In section 203(v) (12 U.S.C.
19 1709(v))—

20 (A) by striking “Notwithstanding section
21 202 of this title, the” and inserting “The”; and

22 (B) by striking “General Insurance Fund”
23 the first place such term appears and all that
24 follows through the end of the subsection and
25 inserting “Mutual Mortgage Insurance Fund.”.

1 (2) HOME EQUITY CONVERSION MORTGAGES.—
2 Section 255(i)(2)(A) of the National Housing Act
3 (12 U.S.C. 1715z–20(i)(2)(A)) is amended by strik-
4 ing “General Insurance Fund” and inserting “Mu-
5 tual Mortgage Insurance Fund”.

6 (c) CONFORMING AMENDMENTS.—The National
7 Housing Act is amended—

8 (1) in section 205 (12 U.S.C. 1711), by striking
9 subsections (g) and (h); and

10 (2) in section 519(e) (12 U.S.C. 1735c(e)), by
11 striking “203(b)” and all that follows through
12 “203(i)” and inserting “203, except as determined
13 by the Secretary”.

14 **SEC. 319. HAWAIIAN HOME LANDS AND INDIAN RESERVA-**
15 **TIONS.**

16 (a) HAWAIIAN HOME LANDS.—Section 247(c) of the
17 National Housing Act (12 U.S.C. 1715z–12(c)) is amend-
18 ed—

19 (1) by striking “General Insurance Fund estab-
20 lished in section 519” and inserting “Mutual Mort-
21 gage Insurance Fund”; and

22 (2) in the second sentence, by striking “(1) all
23 references” and all that follows through “and (2)”.

1 (b) INDIAN RESERVATIONS.—Section 248(f) of the
2 National Housing Act (12 U.S.C. 1715z–13(f)) is amend-
3 ed—

4 (1) by striking “General Insurance Fund” the
5 first place it appears through “519” and inserting
6 “Mutual Mortgage Insurance Fund”; and

7 (2) in the second sentence, by striking “(1) all
8 references” and all that follows through “and (2)”.

9 **SEC. 320. CONFORMING AND TECHNICAL AMENDMENTS.**

10 (a) REPEALS.—The following provisions of the Na-
11 tional Housing Act are repealed:

12 (1) Subsection (i) of section 203 (12 U.S.C.
13 1709(i)).

14 (2) Subsection (o) of section 203 (12 U.S.C.
15 1709(o)).

16 (3) Subsection (p) of section 203 (12 U.S.C.
17 1709(p)).

18 (4) Subsection (q) of section 203 (12 U.S.C.
19 1709(q)).

20 (5) Section 222 (12 U.S.C. 1715m).

21 (6) Section 237 (12 U.S.C. 1715z–2).

22 (7) Section 245 (12 U.S.C. 1715z–10).

23 (b) DEFINITION OF AREA.—Section 203(u)(2)(A) of
24 the National Housing Act (12 U.S.C. 1709(u)(2)(A)) is
25 amended by striking “shall” and all that follows and in-

1 serting “means a metropolitan statistical area as estab-
 2 lished by the Office of Management and Budget;”.

3 (c) DEFINITION OF STATE.—Section 201(d) of the
 4 National Housing Act (12 U.S.C. 1707(d)) is amended by
 5 striking “the Trust Territory of the Pacific Islands” and
 6 inserting “the Commonwealth of the Northern Mariana
 7 Islands”.

8 **SEC. 321. INSURANCE OF MORTGAGES.**

9 Subsection (n)(2) of section 203 of the National
 10 Housing Act (12 U.S.C. 1709(n)(2)) is amended—

11 (1) in subparagraph (A), by inserting “or sub-
 12 ordinate mortgage or” before “lien given”; and

13 (2) in subparagraph (C), by inserting “or sub-
 14 ordinate mortgage or” before “lien”.

15 **SEC. 322. HOME EQUITY CONVERSION MORTGAGES.**

16 (a) IN GENERAL.—Section 255 of the National
 17 Housing Act (12 U.S.C. 1715z–20) is amended—

18 (1) in subsection (b)(2), insert “‘real estate,’”
 19 after “‘mortgagor,’”;

20 (2) in subsection (g)—

21 (A) by striking the first sentence; and

22 (B) by striking “established under section
 23 203(b)(2)” and all that follows through “lo-
 24 cated” and inserting “limitation established
 25 under section 305(a)(2) of the Federal Home

1 Loan Mortgage Corporation Act for a 1-family
2 residence”;

3 (3) in subsection (i)(1)(C), by striking “limita-
4 tions” and inserting “limitation”; and

5 (4) by adding at the end the following new sub-
6 section:

7 “(o) AUTHORITY TO INSURE HOME PURCHASE
8 MORTGAGE.—

9 “(1) IN GENERAL.—Notwithstanding any other
10 provision of this section, the Secretary may insure,
11 upon application by a mortgagee, a home equity con-
12 version mortgage upon such terms and conditions as
13 the Secretary may prescribe, when the home equity
14 conversion mortgage will be used to purchase a 1- to
15 4-family dwelling unit, one unit of which that the
16 mortgagor will occupy as a primary residence, and
17 to provide for any future payments to the mort-
18 gagor, based on available equity, as authorized
19 under subsection (d)(9).

20 “(2) LIMITATION ON PRINCIPAL OBLIGATION.—
21 A home equity conversion mortgage insured pursu-
22 ant to paragraph (1) shall involve a principal obliga-
23 tion that does not exceed the dollar amount limita-
24 tion determined under section 305(a)(2) of the Fed-

1 eral Home Loan Mortgage Corporation Act for a 1-
2 family residence.”.

3 (b) MORTGAGES FOR COOPERATIVES.—Subsection
4 (b) of section 255 of the National Housing Act (12 U.S.C.
5 1715z–20(b)) is amended—

6 (1) in paragraph (4)—

7 (A) by inserting “a first or subordinate
8 mortgage or lien” before “on all stock”;

9 (B) by inserting “unit” after “dwelling”;

10 and

11 (C) by inserting “a first mortgage or first
12 lien” before “on a leasehold”; and

13 (2) in paragraph (5), by inserting “a first or
14 subordinate lien on” before “all stock”.

15 (c) LIMITATION ON ORIGINATION FEES.—Section
16 255 of the National Housing Act (12 U.S.C. 1715z–20),
17 as amended by the preceding provisions of this section,
18 is further amended—

19 (1) by redesignating subsections (k), (l), and
20 (m) as subsections (l), (m), and (n), respectively;
21 and

22 (2) by inserting after subsection (j) the fol-
23 lowing new subsection:

24 “(k) LIMITATION ON ORIGINATION FEES.—The Sec-
25 retary shall establish limits on the origination fee that may

1 be charged to a mortgagor under a mortgage insured
2 under this section, which limitations shall—

3 “(1) equal 1.5 percent of the maximum claim
4 amount of the mortgage unless adjusted thereafter
5 on the basis of—

6 “(A) the costs to the mortgagor; and

7 “(B) the impact of such fees on the reverse
8 mortgage market;

9 “(2) be subject to a minimum allowable
10 amount;

11 “(3) provide that the origination fee may be
12 fully financed with the mortgage;

13 “(4) include any fees paid to correspondent
14 mortgagees approved by the Secretary; and

15 “(5) have the same effective date as subsection
16 (o)(2) regarding the limitation on principal obliga-
17 tion.”.

18 (d) STUDY REGARDING PROGRAM COSTS AND CRED-
19 IT AVAILABILITY.—

20 (1) IN GENERAL.—The Comptroller General of
21 the United States shall conduct a study regarding
22 the costs and availability of credit under the home
23 equity conversion mortgages for elderly homeowners
24 program under section 255 of the National Housing

1 Act (12 U.S.C. 1715z-20) (in this subsection re-
2 ferred to as the “program”).

3 (2) PURPOSE.—The purpose of the study re-
4 quired under paragraph (1) is to help Congress ana-
5 lyze and determine the effects of limiting the
6 amounts of the costs or fees under the program
7 from the amounts charged under the program as of
8 the date of the enactment of this title.

9 (3) CONTENT OF REPORT.—The study required
10 under paragraph (1) should focus on—

11 (A) the cost to mortgagors of participating
12 in the program;

13 (B) the financial soundness of the pro-
14 gram;

15 (C) the availability of credit under the pro-
16 gram; and

17 (D) the costs to elderly homeowners par-
18 ticipating in the program, including—

19 (i) mortgage insurance premiums
20 charged under the program;

21 (ii) up-front fees charged under the
22 program; and

23 (iii) margin rates charged under the
24 program.

1 (4) TIMING OF REPORT.—Not later than 12
2 months after the date of the enactment of this title,
3 the Comptroller General shall submit a report to the
4 Committee on Banking, Housing, and Urban Affairs
5 of the Senate and the Committee on Financial Serv-
6 ices of the House of Representatives setting forth
7 the results and conclusions of the study required
8 under paragraph (1).

9 **SEC. 323. ENERGY EFFICIENT MORTGAGES PROGRAM.**

10 Section 106(a)(2) of the Energy Policy Act of 1992
11 (42 U.S.C. 12712 note) is amended—

12 (1) by amending subparagraph (C) to read as
13 follows:

14 “(C) COSTS OF IMPROVEMENTS.—The cost
15 of cost-effective energy efficiency improvements
16 shall not exceed the greater of—

17 “(i) 5 percent of the property value
18 (not to exceed 5 percent of the limit estab-
19 lished under section 203(b)(2)(A)) of the
20 National Housing Act (12 U.S.C.
21 1709(b)(2)(A); or

22 “(ii) 2 percent of the limit established
23 under section 203(b)(2)(B) of such Act.”;
24 and

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

1 “(D) LIMITATION.—In any fiscal year, the
 2 aggregate number of mortgages insured pursu-
 3 ant to this section may not exceed 5 percent of
 4 the aggregate number of mortgages for 1- to 4-
 5 family residences insured by the Secretary of
 6 Housing and Urban Development under title II
 7 of the National Housing Act (12 U.S.C. 1707
 8 et seq.) during the preceding fiscal year.”.

9 **SEC. 324. PILOT PROGRAM FOR AUTOMATED PROCESS FOR**
 10 **BORROWERS WITHOUT SUFFICIENT CREDIT**
 11 **HISTORY.**

12 (a) ESTABLISHMENT.—Title II of the National Hous-
 13 ing Act (12 U.S.C. 1707 et seq.) is amended by adding
 14 at the end the following new section:

15 **“SEC. 257. PILOT PROGRAM FOR AUTOMATED PROCESS**
 16 **FOR BORROWERS WITHOUT SUFFICIENT**
 17 **CREDIT HISTORY.**

18 “(a) ESTABLISHMENT.—The Secretary shall carry
 19 out a pilot program to establish, and make available to
 20 mortgagees, an automated process for providing alter-
 21 native credit rating information for mortgagors and pro-
 22 spective mortgagors under mortgages on 1- to 4-family
 23 residences to be insured under this title who have insuffi-
 24 cient credit histories for determining their creditworthi-
 25 ness. Such alternative credit rating information may in-

1 clude rent, utilities, and insurance payment histories, and
2 such other information as the Secretary considers appro-
3 priate.

4 “(b) SCOPE.—The Secretary may carry out the pilot
5 program under this section on a limited basis or scope,
6 and may consider limiting the program to first-time home-
7 buyers.

8 “(c) LIMITATION.—In any fiscal year, the aggregate
9 number of mortgages insured pursuant to the automated
10 process established under this section may not exceed 5
11 percent of the aggregate number of mortgages for 1- to
12 4-family residences insured by the Secretary under this
13 title during the preceding fiscal year.

14 “(d) SUNSET.—After the expiration of the 5-year pe-
15 riod beginning on the date of the enactment of the Build-
16 ing American Homeownership Act of 2008, the Secretary
17 may not enter into any new commitment to insure any
18 mortgage, or newly insure any mortgage, pursuant to the
19 automated process established under this section.”.

20 (b) GAO REPORT.—Not later than the expiration of
21 the two-year period beginning on the date of the enact-
22 ment of this subtitle, the Comptroller General of the
23 United States shall submit to the Congress a report identi-
24 fying the number of additional mortgagors served using
25 the automated process established pursuant to section 257

1 of the National Housing Act (as added by the amendment
2 made by subsection (a) of this section) and the impact
3 of such process and the insurance of mortgages pursuant
4 to such process on the safety and soundness of the insur-
5 ance funds under the National Housing Act of which such
6 mortgages are obligations.

7 **SEC. 325. HOMEOWNERSHIP PRESERVATION.**

8 The Secretary of Housing and Urban Development
9 and the Commissioner of the Federal Housing Adminis-
10 tration, in consultation with industry, the Neighborhood
11 Reinvestment Corporation, and other entities involved in
12 foreclosure prevention activities, shall—

13 (1) develop and implement a plan to improve
14 the Federal Housing Administration's loss mitiga-
15 tion process; and

16 (2) report such plan to the Committee on
17 Banking, Housing, and Urban Affairs of the Senate
18 and the Committee on Financial Services of the
19 House of Representatives.

20 **SEC. 326. USE OF FHA SAVINGS FOR IMPROVEMENTS IN**
21 **FHA TECHNOLOGIES, PROCEDURES, PROC-**
22 **ESSES, PROGRAM PERFORMANCE, STAFFING,**
23 **AND SALARIES.**

24 (a) **AUTHORIZATION OF APPROPRIATIONS.**—There is
25 authorized to be appropriated for each of fiscal years 2009

1 through 2013, \$25,000,000, from negative credit subsidy
2 for the mortgage insurance programs under title II of the
3 National Housing Act, to the Secretary of Housing and
4 Urban Development for increasing funding for the purpose
5 of improving technology, processes, program performance,
6 eliminating fraud, and for providing appropriate staffing
7 in connection with the mortgage insurance programs
8 under title II of the National Housing Act.

9 (b) CERTIFICATION.—The authorization under sub-
10 section (a) shall not be effective for a fiscal year unless
11 the Secretary of Housing and Urban Development has, by
12 rulemaking in accordance with section 553 of title 5,
13 United States Code (notwithstanding subsections (a)(2),
14 (b)(B), and (d)(3) of such section), made a determination
15 that—

16 (1) premiums being, or to be, charged during
17 such fiscal year for mortgage insurance under title
18 II of the National Housing Act are established at
19 the minimum amount sufficient to—

20 (A) comply with the requirements of sec-
21 tion 205(f) of such Act (relating to required
22 capital ratio for the Mutual Mortgage Insur-
23 ance Fund); and

1 (B) ensure the safety and soundness of the
2 other mortgage insurance funds under such
3 Act; and

4 (2) any negative credit subsidy for such fiscal
5 year resulting from such mortgage insurance pro-
6 grams adequately ensures the efficient delivery and
7 availability of such programs.

8 (c) STUDY AND REPORT.—The Secretary of Housing
9 and Urban Development shall conduct a study to obtain
10 recommendations from participants in the private residen-
11 tial (both single family and multifamily) mortgage lending
12 business and the secondary market for such mortgages on
13 how best to update and upgrade processes and tech-
14 nologies for the mortgage insurance programs under title
15 II of the National Housing Act so that the procedures for
16 originating, insuring, and servicing of such mortgages con-
17 form with those customarily used by secondary market
18 purchasers of residential mortgage loans. Not later than
19 the expiration of the 12-month period beginning on the
20 date of the enactment of this title, the Secretary shall sub-
21 mit a report to the Congress describing the progress made
22 and to be made toward updating and upgrading such proc-
23 esses and technology, and providing appropriate staffing
24 for such mortgage insurance programs.

1 **SEC. 327. POST-PURCHASE HOUSING COUNSELING ELIGI-**
2 **BILITY IMPROVEMENTS.**

3 Section 106(c)(4) of the Housing and Urban Devel-
4 opment Act of 1968 (12 U.S.C. 1701x(c)(4)) is amended:

5 (1) in subparagraph (C)—

6 (A) in clause (i), by striking “; or” and in-
7 serting a semicolon;

8 (B) in clause (ii), by striking the period at
9 the end and inserting a semicolon; and

10 (C) by adding at the end the following:

11 “(iii) a significant reduction in the in-
12 come of the household due to divorce or
13 death; or

14 “(iv) a significant increase in basic ex-
15 penses of the homeowner or an immediate
16 family member of the homeowner (includ-
17 ing the spouse, child, or parent for whom
18 the homeowner provides substantial care or
19 financial assistance) due to—

20 “(I) an unexpected or significant
21 increase in medical expenses;

22 “(II) a divorce;

23 “(III) unexpected and significant
24 damage to the property, the repair of
25 which will not be covered by private or
26 public insurance; or

1 “(IV) a large property-tax in-
2 crease; or”;

3 (2) by striking the matter that follows subpara-
4 graph (C); and

5 (3) by adding at the end the following:

6 “(D) the Secretary of Housing and Urban
7 Development determines that the annual in-
8 come of the homeowner is no greater than the
9 annual income established by the Secretary as
10 being of low- or moderate-income.”.

11 **SEC. 328. PRE-PURCHASE HOMEOWNERSHIP COUNSELING**

12 **DEMONSTRATION.**

13 (a) ESTABLISHMENT OF PROGRAM.—For the period
14 beginning on the date of enactment of this title and ending
15 on the date that is 3 years after such date of enactment,
16 the Secretary of Housing and Urban Development shall
17 establish and conduct a demonstration program to test the
18 effectiveness of alternative forms of pre-purchase home-
19 ownership counseling for eligible homebuyers.

20 (b) FORMS OF COUNSELING.—The Secretary of
21 Housing and Urban Development shall provide to eligible
22 homebuyers pre-purchase homeownership counseling
23 under this section in the form of—

24 (1) telephone counseling;

25 (2) individualized in-person counseling;

1 (3) web-based counseling;

2 (4) counseling classes; or

3 (5) any other form or type of counseling that
4 the Secretary may, in his discretion, determine ap-
5 propriate.

6 (c) SIZE OF PROGRAM.—The Secretary shall make
7 available the pre-purchase homeownership counseling de-
8 scribed in subsection (b) to not more than 3,000 eligible
9 homebuyers in any given year.

10 (d) INCENTIVE TO PARTICIPATE.—The Secretary of
11 Housing and Urban Development may provide incentives
12 to eligible homebuyers to participate in the demonstration
13 program established under subsection (a). Such incentives
14 may include the reduction of any insurance premium
15 charges owed by the eligible homebuyer to the Secretary.

16 (e) ELIGIBLE HOMEBUYER DEFINED.—For purposes
17 of this section an “eligible homebuyer” means a first-time
18 homebuyer who has been approved for a home loan with
19 a loan-to-value ratio between 97 percent and 98.5 percent.

20 (f) REPORT TO CONGRESS.—The Secretary of Hous-
21 ing and Urban Development shall report to the Committee
22 on Banking, Housing, and Urban Affairs of the Senate
23 and the Committee on Financial Services of the House of
24 Representative—

1 (1) on an annual basis, on the progress and re-
2 sults of the demonstration program established
3 under subsection (a); and

4 (2) for the period beginning on the date of en-
5 actment of this title and ending on the date that is
6 5 years after such date of enactment, on the pay-
7 ment history and delinquency rates of eligible home-
8 buyers who participated in the demonstration pro-
9 gram.

10 **SEC. 329. FRAUD PREVENTION.**

11 Section 1014 of title 18, United States Code, is
12 amended in the first sentence—

13 (1) by inserting “the Federal Housing Adminis-
14 tration” before “the Farm Credit Administration”;
15 and

16 (2) by striking “commitment, or loan” and in-
17 serting “commitment, loan, or insurance agreement
18 or application for insurance or a guarantee”.

19 **SEC. 330. LIMITATION ON MORTGAGE INSURANCE PRE-**
20 **MIUM INCREASES.**

21 (a) IN GENERAL.—Notwithstanding any other provi-
22 sion of law, including any provision of this title and any
23 amendment made by this title—

24 (1) for the period beginning on the date of the
25 enactment of this title and ending on October 1,

1 2009, the premiums charged for mortgage insurance
2 under multifamily housing programs under the Na-
3 tional Housing Act may not be increased above the
4 premium amounts in effect under such program on
5 October 1, 2006, unless the Secretary of Housing
6 and Urban Development determines that, absent
7 such increase, insurance of additional mortgages
8 under such program would, under the Federal Credit
9 Reform Act of 1990, require the appropriation of
10 new budget authority to cover the costs (as such
11 term is defined in section 502 of the Federal Credit
12 Reform Act of 1990 (2 U.S.C. 661a) of such insur-
13 ance; and

14 (2) a premium increase pursuant to paragraph
15 (1) may be made only if not less than 30 days prior
16 to such increase taking effect, the Secretary of
17 Housing and Urban Development—

18 (A) notifies the Committee on Banking,
19 Housing, and Urban Affairs of the Senate and
20 the Committee on Financial Services of the
21 House of Representatives of such increase; and

22 (B) publishes notice of such increase in the
23 Federal Register.

24 (b) WAIVER.—The Secretary of Housing and Urban
25 Development may waive the 30-day notice requirement

1 under subsection (a)(2), if the Secretary determines that
2 waiting 30-days before increasing premiums would cause
3 substantial damage to the solvency of multifamily housing
4 programs under the National Housing Act.

5 **SEC. 331. SAVINGS PROVISION.**

6 Any mortgage insured under title II of the National
7 Housing Act before the date of enactment of this subtitle
8 shall continue to be governed by the laws, regulations, or-
9 ders, and terms and conditions to which it was subject
10 on the day before the date of the enactment of this sub-
11 title.

12 **SEC. 332. IMPLEMENTATION.**

13 The Secretary of Housing and Urban Development
14 shall by notice establish any additional requirements that
15 may be necessary to immediately carry out the provisions
16 of this subtitle. The notice shall take effect upon issuance.

17 **SEC. 333. MORATORIUM ON IMPLEMENTATION OF RISK-
18 BASED PREMIUMS.**

19 For the 12-month period beginning on the date of
20 enactment of this title, the Secretary of Housing and
21 Urban Development shall not enact, execute, or take any
22 action to make effective the planned implementation of
23 risk-based premiums, which are designed for mortgage
24 lenders to offer borrowers an FHA-insured product that
25 provides a range of mortgage insurance premium pricing,

1 based on the risk the insurance contract represents, as
2 such planned implementation was set forth in the Notice
3 published in the Federal Register on September 20, 2007
4 (Vol. 72, No. 182, Page 53872).

5 **Subtitle B—Manufactured Housing** 6 **Loan Modernization**

7 **SEC. 341. SHORT TITLE.**

8 This subtitle may be cited as the “FHA Manufac-
9 tured Housing Loan Modernization Act of 2008”.

10 **SEC. 342. PURPOSES.**

11 The purposes of this subtitle are—

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

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

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

1 **SEC. 343. 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 sserting “. With”.

11 **SEC. 344. 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 2008 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 title.

8 **SEC. 345. 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 title, is fur-
2 ther 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 1
12 year after the date of the enactment of the FHA
13 Manufactured Housing Loan Modernization Act of
14 2008.”

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
24 the dollar amount limitations in subparagraphs (A)(ii),
25 (C), (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. 346. 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. 347. 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. 348. 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 title, is further amend-
9 ed 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 title, 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. 349. PROHIBITION AGAINST KICKBACKS AND UN-**
5 **EARNED FEES.**

6 Title I of the National Housing Act is amended by
7 adding at the end of section 9 the following new section:

8 **“SEC. 10. PROHIBITION AGAINST KICKBACKS AND UN-**
9 **EARNED FEES.**

10 “(a) IN GENERAL.—Except as provided in subsection
11 (b), the provisions of sections 3, 8, 16, 17, 18, and 19
12 of the Real Estate Settlement Procedures Act of 1974 (12
13 U.S.C. 2601 et seq.) shall apply to each sale of a manufac-
14 tured home financed with an FHA-insured loan or exten-
15 sion of credit, as well as to services rendered in connection
16 with such transactions.

17 “(b) AUTHORITY OF THE SECRETARY.—The Sec-
18 retary is authorized to determine the manner and extent
19 to which the provisions of sections 3, 8, 16, 17, 18, and
20 19 of the Real Estate Settlement Procedures Act of 1974
21 (12 U.S.C. 2601 et seq.) may reasonably be applied to
22 the transactions described in subsection (a), and to grant
23 such exemptions as may be necessary to achieve the pur-
24 poses of this section.

25 “(c) DEFINITIONS.—For purposes of this section—

1 “(1) the term ‘federally related mortgage loan’
2 as used in sections 3, 8, 16, 17, 18, and 19 of the
3 Real Estate Settlement Procedures Act of 1974 (12
4 U.S.C. 2601 et seq.) shall include an FHA-insured
5 loan or extension of credit made to a borrower for
6 the purpose of purchasing a manufactured home
7 that the borrower intends to occupy as a personal
8 residence; and

9 “(2) the term ‘real estate settlement service’ as
10 used in sections 3, 8, 16, 17, 18, and 19 of the Real
11 Estate Settlement Procedures Act of 1974 (12
12 U.S.C. 2601 et seq.) shall include any service ren-
13 dered in connection with a loan or extension of cred-
14 it insured by the Federal Housing Administration
15 for the purchase of a manufactured home.

16 “(d) UNFAIR AND DECEPTIVE PRACTICES.—In con-
17 nection with the purchase of a manufactured home fi-
18 nanced with a loan or extension of credit insured by the
19 Federal Housing Administration under this title, the Sec-
20 retary shall prohibit acts or practices in connection with
21 loans or extensions of credit that the Secretary finds to
22 be unfair, deceptive, or otherwise not in the interests of
23 the borrower.”.

1 **SEC. 350. LEASEHOLD REQUIREMENTS.**

2 Subsection (b) of section 2 of the National Housing
3 Act (12 U.S.C. 1703(b)), as amended by the preceding
4 provisions of this title, is further amended by adding at
5 the end the following new paragraph:

6 “(11) LEASEHOLD REQUIREMENTS.—No insur-
7 ance shall be granted under this section to any such
8 financial institution with respect to any obligation
9 representing any such loan, advance of credit, or
10 purchase by it, made for the purposes of financing
11 a manufactured home which is intended to be situ-
12 ated in a manufactured home community pursuant
13 to a lease, unless such lease—

14 “(A) expires not less than 3 years after the
15 origination date of the obligation;

16 “(B) is renewable upon the expiration of
17 the original 3 year term by successive 1 year
18 terms; and

19 “(C) requires the lessor to provide the les-
20 see written notice of termination of the lease
21 not less than 180 days prior to the expiration
22 of the current lease term in the event the lessee
23 is required to move due to the closing of the
24 manufactured home community, and further
25 provides that failure to provide such notice to
26 the mortgagor in a timely manner will cause the

1 lease term, at its expiration, to automatically
2 renew for an additional 1 year term.”.

Calendar No. 613

110TH CONGRESS
2^D SESSION

S. 2734

A BILL

To aid families and neighborhoods facing home foreclosure and address the subprime mortgage crisis.

MARCH 10, 2008

Read the second time and placed on the calendar