

116TH CONGRESS  
2D SESSION

# H. R. 5931

To require a review of the effects of FHA mortgage insurance policies, practices, and products on small-dollar mortgage lending, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 21, 2020

Mr. CLAY (for himself and Mr. STIVERS) introduced the following bill; which was referred to the Committee on Financial Services

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## A BILL

To require a review of the effects of FHA mortgage insurance policies, practices, and products on small-dollar mortgage lending, and for other purposes.

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 “Improving FHA Sup-  
5 port for Small Dollar Mortgages Act of 2020”.

6 **SEC. 2. REVIEW OF FHA SMALL-DOLLAR MORTGAGE PRAC-**  
7 **TICES.**

8 (a) CONGRESSIONAL FINDINGS.—The Congress finds  
9 that—

1           (1) affordable homeownership opportunities are  
2 being stymied due to the lack of financing available  
3 for home purchases under \$70,000;

4           (2) according to the Urban Institute, small-dol-  
5 lar mortgage loan applications in 2017 were denied  
6 by lenders at double the rate of denial for large  
7 mortgage loans, and these denial rates were not re-  
8 lated to applicants' creditworthiness;

9           (3) according to data compiled by Attom Data  
10 solutions, small-dollar mortgage originations have  
11 decreased 38 percent since 2009, while there has  
12 been a 65-percent increase in origination of mort-  
13 gages for more than \$150,000;

14           (4) although the FHA's mission is to serve  
15 creditworthy borrowers who are underserved, accord-  
16 ing to the Urban Institute the FHA serves 24 per-  
17 cent of the overall market, but only 19 percent of  
18 the small-dollar mortgage market; and

19           (5) the FHA should play a greater role in sup-  
20 porting affordable homeownership opportunities by  
21 reducing barriers to small-dollar lending, as is con-  
22 sistent with the Department of Housing and Urban  
23 Development's mission, including meeting the hous-  
24 ing needs of borrowers the program is designed to

1       serve and protecting the solvency of the Mutual  
2       Mortgage Insurance Fund.

3       (b) REVIEW.—The Secretary of Housing and Urban  
4       Development shall conduct a review of its FHA single-  
5       family mortgage insurance policies, practices, and prod-  
6       ucts to identify any barriers or impediments to supporting,  
7       facilitating, and making available mortgage insurance for  
8       mortgages having an original principal obligation of  
9       \$70,000 or less. Not later than the expiration of the 12-  
10      month period beginning on the date of the enactment of  
11      this Act, the Secretary shall submit a report to the Con-  
12      gress describing the findings of such review and the ac-  
13      tions that the Secretary will take to remove such barriers  
14      and impediments to providing mortgage insurance for  
15      such mortgages without adversely affecting the solvency  
16      of the Mutual Mortgage Insurance Fund.

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