II

107TH CONGRESS
1ST SESSION

S. 607

To amend the National Housing Act to require partial rebates of FHA mortgage insurance premiums to certain mortgagors upon payment of their FHA-insured mortgages.

IN THE SENATE OF THE UNITED STATES

MARCH 23, 2001

Mr. ALLARD (for himself and Mr. GRAMM) introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

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A BILL

To amend the National Housing Act to require partial rebates of FHA mortgage insurance premiums to certain mortgagors upon payment of their FHA-insured mortgages.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Homeowners Rebate Act of 2001''.

SEC. 2. PAYMENT OF DISTRIBUTIVE SHARES FROM MUTUAL MORTGAGE INSURANCE FUND RESERVES.

(a) IN GENERAL.—Section 205(c) of the National Housing Act (12 U.S.C. 1711(c)) is amended to read as follows:

"(c) DISTRIBUTION OF RESERVES.—Upon termination of an insurance obligation of the Mutual Mortgage Insurance Fund by payment of the mortgage insured thereunder, if the Secretary determines (in accordance with subsection (e)) that there is a surplus for distribution under this section to mortgagors, the Participating Reserve Account shall be subject to distribution as follows:

"(1) REQUIRED DISTRIBUTION.—In the case of a mortgage paid after November 5, 1990, and insured for 7 years or more before such termination, the Secretary shall distribute to the mortgagor a share of such Account in such manner and amount as the Secretary shall determine to be equitable and in accordance with sound actuarial and accounting practice, subject to paragraphs (3) and (4).

"(2) DISCRETIONARY DISTRIBUTION.—In the case of a mortgage not described in paragraph (1), the Secretary is authorized to distribute to the mortgagor a share of such Account in such manner and amount as the Secretary shall determine to be equitable and in accordance with sound actuarial and accounting practice, subject to paragraphs (3) and (4).

"(3) LIMITATION ON AMOUNT.—In no event shall the amount of any such distributable share exceed the aggregate scheduled annual premiums of the mortgagor to the year of termination of the insurance.

"(4) APPLICATION REQUIREMENT.—The Secretary shall not distribute any share of an eligible mortgagor under this subsection beginning on the date which is 6 years after the date that the Secretary first transmitted written notification of eligibility to the last known address of the mortgagor, unless the mortgagor has applied in accordance with procedures prescribed by the Secretary for payment of the share within the 6-year period. The Secretary shall transfer from the Participating Reserve Account to the General Surplus Account any amounts that, pursuant to the preceding sentence, are no longer eligible for distribution.".

(b) DETERMINATION OF SURPLUS.—Section 205(e) of the National Housing Act (12 U.S.C. 1711(e)) is amended by adding at the end the following: "Notwithstanding any other provision of this section, if, at the time of such a determination, the capital ratio (as defined in subsection (f)) for the Fund is 3.0 percent or greater, the Secretary shall determine that there is a surplus for distribution under this section to mortgagors.''.

(c) RETROACTIVE PAYMENTS.—

(1) TIMING.—Not later than 3 months after the date of enactment of this Act, the Secretary of Housing and Urban Development shall determine the amount of each distributable share for each mortgage described in paragraph (2) to be paid and shall make payment of such share.

(2) MORTGAGES COVERED.—A mortgage described in this paragraph is a mortgage for which—

(A) the insurance obligation of the Mutual Mortgage Insurance Fund was terminated by payment of the mortgage before the date of enactment of this Act;

(B) a distributable share is required to be paid to the mortgagor under section 205(c)(1) of the National Housing Act (12 U.S.C. 1711(c)(1)), as amended by subsection (a) of this section; and

(C) no distributable share was paid pursuant to section 205(c) of the National Housing

Act upon termination of the insurance obligation of such Fund.

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