

108TH CONGRESS
1ST SESSION

S. 1849

To amend section 203 of the National Housing Act to provide for 1 percent downpayments for FHA mortgage loans for teachers and public safety officers to buy homes within the jurisdictions of their employing agencies.

IN THE SENATE OF THE UNITED STATES

NOVEMBER 11, 2003

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

A BILL

To amend section 203 of the National Housing Act to provide for 1 percent downpayments for FHA mortgage loans for teachers and public safety officers to buy homes within the jurisdictions of their employing agencies.

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 “Homeownership Op-
5 portunities for Uniformed Services and Educators Act”.

1 **SEC. 2. REDUCED DOWNPAYMENT REQUIREMENTS FOR**
2 **LOANS FOR TEACHERS AND PUBLIC SAFETY**
3 **OFFICERS.**

4 (a) IN GENERAL.—Section 203(b) of the National
5 Housing Act (12 U.S.C. 1709(b)) is amended by adding
6 at the end the following:

7 “(10) REDUCED DOWNPAYMENT REQUIRE-
8 MENTS FOR TEACHERS AND PUBLIC SAFETY OFFI-
9 CERS.—

10 “(A) IN GENERAL.—Notwithstanding para-
11 graph (2), in the case of a mortgage described
12 in subparagraph (B)—

13 “(i) the mortgage shall involve a prin-
14 cipal obligation in an amount that does not
15 exceed the sum of 99 percent of the ap-
16 praised value of the property and the total
17 amount of initial service charges, ap-
18 praisal, inspection, and other fees (as the
19 Secretary shall approve) paid in connection
20 with the mortgage;

21 “(ii) no other provision of this sub-
22 section limiting the principal obligation of
23 the mortgage based upon a percentage of
24 the appraised value of the property subject
25 to the mortgage shall apply; and

1 “(iii) the matter in paragraph (9) that
2 precedes the first proviso shall not apply
3 and the mortgage shall be executed by a
4 mortgagor who shall have paid on account
5 of the property at least 1 percent of the
6 cost of acquisition (as determined by the
7 Secretary) in cash or its equivalent.

8 “(B) MORTGAGES COVERED.—A mortgage
9 described in this subparagraph is a mortgage—

10 “(i) under which the mortgagor is an
11 individual who—

12 “(I) is employed on a part- or
13 full-time basis as—

14 “(aa) a teacher or adminis-
15 trator in a public or private
16 school that provides elementary
17 or secondary education, as deter-
18 mined under State law, except
19 that elementary education shall
20 include pre-Kindergarten edu-
21 cation, and except that secondary
22 education shall not include any
23 education beyond grade 12; or

24 “(bb) a public safety officer
25 (as such term is defined in sec-

1 tion 1204 of the Omnibus Crime
2 Control and Safe Streets Act of
3 1968 (42 U.S.C. 3796b), except
4 that such term shall not include
5 any officer serving a public agen-
6 cy of the Federal Government);
7 and

8 “(II) has not, during the 12-
9 month period ending upon the insur-
10 ance of the mortgage, had any present
11 ownership interest in a principal resi-
12 dence located in the jurisdiction de-
13 scribed in clause (ii); and

14 “(ii) made for a property that is lo-
15 cated within the jurisdiction of—

16 “(I) in the case of a mortgage of
17 a mortgagor described in clause
18 (i)(I)(aa), the local educational agency
19 (as such term is defined in section
20 14101 of the Elementary and Sec-
21 ondary Education Act of 1965 (20
22 U.S.C. 8801)) for the school in which
23 the mortgagor is employed (or, in the
24 case of a mortgagor employed in a
25 private school, the local educational

1 agency having jurisdiction for the area
2 in which the private school is located);
3 or

4 “(II) in the case of a mortgage of
5 a mortgagor described in clause
6 (i)(I)(bb), the jurisdiction served by
7 the public law enforcement agency,
8 firefighting agency, or rescue or am-
9 bulance agency that employs the
10 mortgagor.”.

11 (b) DEFERRAL AND REDUCTION OF UP-FRONT PRE-
12 MIUM.—Section 203(c) of the National Housing Act (12
13 U.S.C. 1709(c)) is amended—

14 (1) in paragraph (2), in the matter preceding
15 subparagraph (A), by striking “Notwithstanding”
16 and inserting “Except as provided in paragraph (3)
17 and notwithstanding”; and

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

19 “(3) DEFERRAL AND REDUCTION OF UP-FRONT PRE-
20 MIUM.—In the case of any mortgage described in sub-
21 section (b)(10)(B)—

22 “(A) paragraph (2)(A) of this subsection (relat-
23 ing to collection of up-front premium payments)
24 shall not apply; and

1 “(B) if, at any time during the 5-year period
2 beginning on the date of the insurance of the mort-
3 gage, the mortgagor ceases to be employed as de-
4 scribed in subsection (b)(11)(B)(i)(I) or pays the
5 principal obligation of the mortgage in full, the Sec-
6 retary shall, at such time, collect a single premium
7 payment in an amount equal to the amount of the
8 single premium payment that, but for this para-
9 graph, would have been required under paragraph
10 (2)(A) of this subsection with respect to the mort-
11 gage, as reduced by 20 percent of such amount for
12 each successive 12-month period completed during
13 such 5-year period before such cessation or prepay-
14 ment occurs.”.

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