

109TH CONGRESS
1ST SESSION

H. R. 3556

To authorize the Secretary of Housing and Urban Development to carry out pilot programs to insure low-downpayment mortgages to enable teachers and public safety officers to purchase homes in the jurisdictions they serve and to assist Federal, State, and local public safety officers purchasing homes in locally-designated at-risk areas.

IN THE HOUSE OF REPRESENTATIVES

JULY 28, 2005

Ms. HARRIS introduced the following bill; which was referred to the
Committee on Financial Services

A BILL

To authorize the Secretary of Housing and Urban Development to carry out pilot programs to insure low-downpayment mortgages to enable teachers and public safety officers to purchase homes in the jurisdictions they serve and to assist Federal, State, and local public safety officers purchasing homes in locally-designated at-risk areas.

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 “Housing Affordability
5 for Teachers and Public Safety Officers Act of 2005”.

1 **SEC. 2. PILOT PROGRAM FOR REDUCED FHA DOWNPAY-**
2 **MENT REQUIREMENTS FOR LOANS FOR**
3 **TEACHERS AND PUBLIC SAFETY 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 new paragraph:

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 (aa) a teacher, or (bb) a
13 public safety officer; and

14 “(II) has not, during the 12-
15 month period ending upon the insur-
16 ance of the mortgage, had any present
17 ownership interest in a principal resi-
18 dence located in the jurisdiction de-
19 scribed in clause (ii); and

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

22 “(I) in the case of a mortgage of
23 a mortgagor described in clause
24 (i)(I)(aa), the local educational agency
25 for the school in which the mortgagor

1 is employed (or, in the case of a mort-
2 gator employed in a private school,
3 the local educational agency having
4 jurisdiction for the area in which the
5 private school is located); or

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

13 “(C) PROGRAM INTEGRITY.—Notwith-
14 standing any other provision of this paragraph
15 and section 203(c)(3), the Secretary may sus-
16 pend the applicability of this paragraph and
17 such section for such period as the Secretary
18 considers appropriate if the Secretary deter-
19 mines such suspension is necessary because of
20 fraud or other issues regarding program integ-
21 rity.

22 “(D) PILOT PROGRAM LIMITATIONS.—

23 “(i) ANNUAL.—In any fiscal year, the
24 aggregate number of mortgages insured
25 under this paragraph may not exceed 10

1 percent of the aggregate number of mort-
2 gages and loans insured by the Secretary
3 under this title during the preceding fiscal
4 year.

5 “(ii) TERM OF PROGRAM.—The aggre-
6 gate number or mortgages insured under
7 this paragraph may not exceed 50,000.”.

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

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

15 (2) by adding at the end the following new
16 paragraph:

17 “(3) DEFERRAL AND REDUCTION OF UP-FRONT
18 PREMIUM.—In the case of any mortgage described in
19 subsection (b)(10)(B)—

20 “(A) paragraph (2)(A) of this subsection
21 (relating to collection of up-front premium pay-
22 ments) shall not apply; and

23 “(B) if, at any time during the 5-year pe-
24 riod beginning on the date of the insurance of
25 the mortgage, the mortgagor ceases to be a

1 teacher or public safety officer (as such terms
2 are defined in section 201) or pays the principal
3 obligation of the mortgage in full, the Secretary
4 shall at such time collect a single premium pay-
5 ment in an amount equal to the amount of the
6 single premium payment that, but for this para-
7 graph, would have been required under para-
8 graph (2)(A) of this subsection with respect to
9 the mortgage, as reduced by 20 percent of such
10 amount for each successive 12-month period
11 completed during such 5-year period before
12 such cessation or prepayment occurs.”.

13 (c) DEFINITIONS.—Section 201 of the National
14 Housing Act (12 U.S.C. 1707) is amended—

15 (1) in subsection (a), by redesignating clauses
16 (1) and (2) as clauses (A) and (B), respectively;

17 (2) by redesignating subsections (a) through (f)
18 as paragraphs (1) through (6), respectively;

19 (3) by realigning each such paragraph 2 ems
20 from the left margin; and

21 (4) by adding at the end the following new
22 paragraphs:

23 “(7) The term ‘public safety officer’ has the
24 meaning given such term in section 1204 of the Om-

1 nibus Crime Control and Safe Streets Act of 1968
2 (42 U.S.C. 3796b).

3 “(8) The term ‘teacher’ means an individual
4 who is employed on a part- or full-time basis as a
5 teacher, teacher assistant, or administrator in a pub-
6 lic or private school that provides elementary or sec-
7 ondary education, as determined under State law,
8 except that elementary education shall include pre-
9 Kindergarten education, and except that secondary
10 education shall not include any education beyond
11 grade 12.

12 “(9) The term ‘local educational agency’ has
13 the meaning given such term in section 14101 of the
14 Elementary and Secondary Education Act of 1965
15 (20 U.S.C. 8801).”.

16 (d) REGULATIONS.—Not later than 60 days after the
17 date of the enactment of this Act, the Secretary shall issue
18 regulations to implement the amendments made by this
19 section.

20 **SEC. 3. PILOT PROGRAM FOR PUBLIC SAFETY OFFICER**
21 **HOME OWNERSHIP IN AT-RISK AREAS.**

22 (a) PROGRAM AUTHORITY.—The Secretary of Hous-
23 ing and Urban Development shall carry out a pilot pro-
24 gram in accordance with this section to assist Federal,

1 State, and local public safety officers purchasing homes
2 in locally-designated at-risk areas.

3 (b) ELIGIBILITY.—To be eligible for assistance under
4 this section, a public safety officer shall agree, in writing,
5 to use the residence purchased with such assistance as the
6 primary residence of the public safety officer for not less
7 than 3 years after the date of purchase.

8 (c) MORTGAGE ASSISTANCE.—If a public safety offi-
9 cer purchases a home in locally-designated at-risk area
10 and finances such purchase through a mortgage insured
11 under title II of the National Housing Act (12 U.S.C.
12 1707 et seq.), notwithstanding any provision of section
13 203 or any other provision of the National Housing Act,
14 the following shall apply:

15 (1) DOWNPAYMENT.—

16 (A) IN GENERAL.—There shall be no
17 downpayment required if the purchase price of
18 the property is not more than the reasonable
19 value of the property, as determined by the Sec-
20 retary.

21 (B) PURCHASE PRICE EXCEEDS VALUE.—

22 If the purchase price of the property exceeds
23 the reasonable value of the property, as deter-
24 mined by the Secretary, the required downpay-

1 ment shall be the difference between such rea-
2 sonable value and the purchase price.

3 (2) CLOSING COSTS.—The closing costs and
4 origination fee for such mortgage may be included in
5 the loan amount.

6 (3) INSURANCE PREMIUM PAYMENT.—There
7 shall be one insurance premium payment due on the
8 mortgage. Such insurance premium payment—

9 (A) shall be equal to 1 percent of the loan
10 amount;

11 (B) shall be due and considered earned by
12 the Secretary at the time of the loan closing;
13 and

14 (C) may be included in the loan amount
15 and paid from the loan proceeds.

16 (d) LOCAL DESIGNATION OF AT-RISK AREAS.—

17 (1) CRITERIA.—Any unit of local government
18 may request that the Secretary designate any area
19 within the jurisdiction of that unit of local govern-
20 ment as a locally-designated at-risk area for pur-
21 poses of this section if the proposed area—

22 (A) has a crime rate that is significantly
23 higher than the crime rate of the non-des-
24 ignated area that is within the jurisdiction of
25 the unit of local government; and

1 (B) has a population that is not more than
2 25 percent of the total population of area with-
3 in the jurisdiction of the unit of local govern-
4 ment.

5 (2) DEADLINE FOR CONSIDERATION OF RE-
6 QUEST.—Not later than 60 days after receiving a re-
7 quest under paragraph (1), the Secretary shall ap-
8 prove or disapprove the request.

9 (e) PUBLIC SAFETY OFFICER.—For purposes of this
10 section, the term “public safety officer” has the meaning
11 given such term in section 201 of the National Housing
12 Act (12 U.S.C. 1707) (as amended by section 2(c) of this
13 Act).

14 (f) PROGRAM INTEGRITY.—Notwithstanding any
15 other provision of this section, the Secretary may suspend
16 the applicability of this section for such period as the Sec-
17 retary considers appropriate if the Secretary determines
18 such suspension is necessary because of fraud or other
19 issues regarding program integrity.

20 (g) REGULATIONS.—Not later than 60 days after the
21 date of the enactment of this Act, the Secretary shall issue
22 regulations to implement the provisions of this section.

23 (h) SUNSET.—The Secretary shall not approve any
24 application for assistance under this section that is re-
25 ceived by the Secretary after the expiration of the 3-year

1 period beginning on the date that the Secretary first
2 makes available assistance under the pilot program under
3 this section.

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