

110TH CONGRESS
1ST SESSION

S. 1985

To improve access of senior homeowners to capital.

IN THE SENATE OF THE UNITED STATES

AUGUST 3, 2007

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

A BILL

To improve access of senior homeowners to capital.

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 “Capital Access for Sen-
5 ior Homeowners Act of 2007”.

6 **SEC. 2. HOME EQUITY CONVERSION MORTGAGES.**

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

9 (1) in subsection (g), by striking the first sen-
10 tence;

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

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

5 “(o) AUTHORITY TO INSURE HOME PURCHASE
 6 MORTGAGE.—

7 “(1) IN GENERAL.—Notwithstanding any other
 8 provision in this section, the Secretary may insure,
 9 upon application by a mortgagee, a home equity con-
 10 version mortgage upon such terms and conditions as
 11 the Secretary may prescribe, when the primary pur-
 12 pose of the home equity conversion mortgage is to
 13 enable an elderly mortgagor to purchase a 1- to 4-
 14 family dwelling in which the mortgagor will occupy
 15 or occupies 1 of the units.

16 “(2) LIMITATION ON PRINCIPAL OBLIGATION.—
 17 A home equity conversion mortgage insured pursu-
 18 ant to paragraph (1) shall involve a principal obliga-
 19 tion that does not exceed the dollar amount limita-
 20 tion determined under section 203(b)(2) for a resi-
 21 dence of the applicable size.”.

22 (b) MORTGAGES FOR COOPERATIVES.—Subsection
 23 (b) of section 255 of the National Housing Act (12 U.S.C.
 24 1715z–20(b)) is amended—

25 (1) in paragraph (4)—

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

3 (B) by inserting “unit” after “dwelling”;
4 and

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

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

9 (c) STUDY REGARDING PROGRAM COSTS AND CRED-
10 IT AVAILABILITY.—

11 (1) IN GENERAL.—The Comptroller General of
12 the United States shall conduct a study regarding
13 the costs and availability of credit under the home
14 equity conversion mortgages for elderly homeowners
15 program under section 255 of the National Housing
16 Act (12 U.S.C. 1715z–20) (in this subsection re-
17 ferred to as the “program”).

18 (2) PURPOSE.—The purpose of the study re-
19 quired under paragraph (1) is to help Congress ana-
20 lyze and determine the effects of reducing or lim-
21 iting the amounts of the costs or fees under the pro-
22 gram from the amounts charged under the program
23 as of the date of the enactment of this Act.

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

1 (A) the cost to mortgagors of participating
 2 in the program;

3 (B) the financial soundness of the pro-
 4 gram;

5 (C) the availability of credit under the pro-
 6 gram; and

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

9 (i) mortgage insurance premiums
 10 charged under the program;

11 (ii) up-front fees charged under the
 12 program; and

13 (iii) margin rates charged under the
 14 program.

15 (4) TIMING OF REPORT.—Not later than 12
 16 months after the date of the enactment of this Act,
 17 the Comptroller General shall submit a report to the
 18 Committee on Banking, Housing, and Urban Affairs
 19 of the Senate and the Committee on Financial Serv-
 20 ices of the House of Representatives setting forth
 21 the results and conclusions of the study required
 22 under paragraph (1).

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