

111TH CONGRESS
1ST SESSION

H. R. 3706

To require borrowers under FHA-insured mortgages for single-family housing to make downpayments of at least 5 percent and to prohibit financing of closing costs under such mortgages.

IN THE HOUSE OF REPRESENTATIVES

OCTOBER 1, 2009

Mr. GARRETT of New Jersey introduced the following bill; which was referred to the Committee on Financial Services

A BILL

To require borrowers under FHA-insured mortgages for single-family housing to make downpayments of at least 5 percent and to prohibit financing of closing costs under such mortgages.

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 “FHA Taxpayer Protec-
5 tion Act of 2009”.

1 **SEC. 2. DOWNPAYMENT REQUIREMENT OF 5 PERCENT AND**
2 **PROHIBITION OF FINANCING OF CLOSING**
3 **COSTS.**

4 Section 203 of the National Housing Act (12 U.S.C.
5 1709) is amended—

6 (1) in subsection (b)(9)(A), by striking “3.5
7 percent” and inserting “5.0 percent”; and

8 (2) in subsections (b)(2) and (k)(3)(A), by
9 striking “(including such initial service charges, ap-
10 praisal, inspection, and other fees as the Secretary
11 shall approve)” each place such term appears and
12 inserting “(which may not include any initial service
13 charges, appraisal, inspection, or other fees or clos-
14 ing costs as the Secretary shall prohibit)”.

15 **SEC. 3. GAO STUDY OF FHA FINANCIAL SOUNDNESS.**

16 The Comptroller General of the United States shall
17 conduct a study of the Mutual Mortgage Insurance Fund
18 and the mortgage insurance programs under which the in-
19 surance obligations are obligations of such Fund to deter-
20 mine—

21 (1) the current financial state of the Fund;

22 (2) the appropriate capital ratio (as such term
23 is defined in section 205(f) of the National Housing
24 Act (12 U.S.C. 1711(f)) that should be maintained
25 for the Fund to ensure financial soundness of the
26 Fund while making mortgage insurance available;

1 (3) how the capital ratio of the Fund affects
2 the mortgage insurance programs under the Fund
3 and the exposure of the taxpayers for obligations of
4 the Fund;

5 (4) how the capital ratio of the Fund affects
6 the broader housing market; and

7 (5) the extent to which the housing markets are
8 more dependent on mortgage insurance provided
9 through the Fund since the financial crisis began in
10 2008.

11 Not later than the expiration of the 90-day period begin-
12 ning on the date of the enactment of this Act the Comp-
13 troller General shall submit a report to the Congress set-
14 ting forth the results and conclusions of the study con-
15 ducted under this section.

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