

FRANK
017

AMENDMENT TO H.R. 5830
OFFERED BY M. FRANK

Strike line 20 on page 18 and all that follows through page 20, line 14, and insert the following:

1 “(d) FLEXIBLE UNDERWRITING CRITERIA.—

2 “(1) IN GENERAL.—The Oversight Board shall
3 establish, and the Secretary acting on behalf of the
4 Oversight Board shall implement, underwriting
5 standards for mortgages insured under this section
6 that—

7 “(A) ensure that each mortgagor under a
8 mortgage insured under this section has a rea-
9 sonable expectation of repaying the mortgage,
10 taking into consideration the mortgagor’s in-
11 come, assets, liabilities, payment history, and
12 other applicable criteria, but which shall not re-
13 sult in a denial of insurance solely on the basis
14 of the mortgagor’s current FICO or other cred-
15 it scores, or any delinquency or default by the
16 mortgagor under the existing mortgage or
17 mortgages; and

1 “(B) subject to the provisions of subpara-
2 graph (A), permit a total debt-to-income ratio
3 of up to 43 percent.

4 “(2) EXCEPTION.—Subject to the underwriting
5 standards established under paragraph (1)(A) and
6 any additional requirements that the Oversight
7 Board considers appropriate, the Oversight Board
8 shall permit a total debt-to-income ratio of more
9 than 43 percent, but not more than 50 percent, if
10 the mortgagor has made, on a timely basis before
11 the endorsement of the mortgage insured under this
12 section, not less than six months of payments in an
13 amount not less than the amount of the monthly
14 payment due under the mortgage to be insured
15 under this section. The holder of the existing senior
16 mortgage shall exercise forbearance with respect to
17 such mortgage during the period in which such pay-
18 ments are made.

19 “(3) AUTHORITY.—The Oversight Board may
20 alter the ratios under this subsection for a particular
21 class of borrowers subject to such requirements as
22 the Board determines is necessary and appropriate
23 to fulfill the purposes of this Act.

24 “(4) REPRESENTATIONS AND WARRANTIES.—
25 The Oversight Board shall require the underwriter

1 of the insured loan to provide such representations
2 and warranties as the Oversight Board considers
3 necessary or appropriate for the Secretary to enforce
4 compliance with all underwriting and appraisal
5 standards of the program.”.

