

AMENDMENT TO H.R. 1852
OFFERED BY MR. GARRETT OF NEW JERSEY

Page 7, after line 10, insert the following new section:

1 **SEC. 11. TEMPORARY REINSTATEMENT OF DOWNPAYMENT**
2 **AND PREMIUM REQUIREMENTS IN EVENT OF**
3 **INCREASED DEFAULTS.**

4 Section 203(b) of the National Housing Act (12
5 U.S.C. 1709(b)) is amended by adding at the end the fol-
6 lowing new paragraph:

7 “(10) EFFECT OF INCREASED DEFAULTS.—

8 “(A) ANNUAL DETERMINATION.—If, for
9 any calendar year described in subparagraph
10 (B)(i), the Secretary determines, pursuant such
11 subparagraph, that—

12 “(i) the ratio of the number of mort-
13 gage insurance claims made during such
14 calendar year on mortgages insured under
15 this section to the total number of mort-
16 gages having such insurance in force dur-
17 ing such calendar year exceeds, by 10 per-
18 cent or more, such ratio for the 12-month
19 period ending on the effective date of the

1 Expanding American Homeownership Act
2 of 2007, or

3 “(ii) the ratio of the aggregate re-
4 maining principal obligation under mort-
5 gages insured under this section for which
6 an insurance claim is made during such
7 calendar year to the average, for such cal-
8 endar year, of the aggregate outstanding
9 principal obligation under mortgages so in-
10 sured exceeds, by 10 percent or more, such
11 ratio for the 12-month period ending on
12 such effective date,

13 during the 90-day period beginning upon the
14 submission of the report for such calendar year
15 under subparagraph (B)(ii) containing such de-
16 termination, the Secretary may insure a mort-
17 gage under this section only pursuant to the re-
18 quirements under subparagraph (C), and the
19 Secretary shall, not later than 60 days after
20 submission of the report containing such deter-
21 mination, submit a report to the Congress
22 under subparagraph (D) regarding mortgage
23 insurance claims during such calendar year.

24 “(B) 5 YEARS OF ANNUAL DETERMINA-
25 TIONS.—

1 “(i) IN GENERAL.—The Secretary
2 shall, for each of the 5 calendar years com-
3 mencing after the date of the enactment of
4 the Expanding American Homeownership
5 Act of 2007, compare the ratios referred to
6 in subparagraph (A) and make a deter-
7 mination under such subparagraph.

8 “(ii) ANNUAL REPORT ON DE-
9 FAULTS.—Not later than 90 days after the
10 conclusion of each of the calendar years
11 described in clause (i), the Secretary shall
12 submit a report to the Congress containing
13 the determination of the Secretary under
14 such clause with respect to such calendar
15 year and setting forth the ratios referred
16 to in such clause for such calendar year.

17 “(C) REINSTATEMENT OF DOWNPAYMENT
18 AND PREMIUM REQUIREMENTS.—The require-
19 ments under this subparagraph are that—

20 “(i) paragraph (9) of this subsection
21 shall apply as such paragraph was in effect
22 on the day before the effective date of the
23 Expanding American Homeownership Act
24 of 2007;

1 “(ii) paragraph (2) of subsection (c)
2 shall apply as such paragraph was in effect
3 on the day before the effective date of the
4 Expanding American Homeownership Act
5 of 2007 (notwithstanding section 7 of such
6 Act);

7 “(iii) paragraph (3) of subsection (c)
8 shall not apply (notwithstanding section 6
9 of such Act); and

10 “(iv) paragraph (4) of subsection (c)
11 shall not apply (notwithstanding section 8
12 of such Act).

13 “(D) REPORTS REGARDING INCREASED
14 DEFAULT RATE.—A report under this subpara-
15 graph, as required under subparagraph (A),
16 shall contain—

17 “(i) an analysis of mortgage insurance
18 claims, made during the calendar year for
19 which the report is submitted, on mort-
20 gages insured under this section;

21 “(ii) an analysis of the reasons for the
22 increase during such calendar year in the
23 applicable ratio or ratios under subpara-
24 graph (A), including an analysis of the ex-
25 tent to which such increase is attributable

1 to the amendments made by the Expand-
2 ing American Homeownership Act of 2007;

3 “(iii) the effect of such increase on
4 the Mutual Mortgage Insurance Fund;

5 “(iv) recommendations regarding—

6 “(I) whether the Congress
7 should, to respond to such increase,
8 take legislative action (aa) to apply
9 paragraph (9) of this subsection as
10 such paragraph was in effect on the
11 day before the effective date of Ex-
12 panding American Homeownership
13 Act of 2007, (bb) to apply paragraph
14 (2)(A)(ii) by substituting ‘87 percent
15 of the dollar amount limitation’ for
16 ‘the dollar amount limitation’, (cc) to
17 apply paragraph (2) of subsection (c)
18 as such paragraph was in effect on
19 the day before the effective date of
20 such Act, (dd) to repeal paragraph (3)
21 of subsection (c), (ee) to repeal para-
22 graph (4) of subsection (c), or (ff)
23 under any two or more, or all, items
24 under this subclause; and

1 “(II) whether such provisions
2 should be temporary or permanent,
3 and, if temporary, the period during
4 which such provisions should apply;
5 and

6 “(v) recommendations regarding any
7 other administrative, regulatory, legislative,
8 or other actions that should be taken to re-
9 spond to such increase.

10 “(E) DEFAULTS IN DISASTER AREAS NOT
11 COUNTED FOR 24 MONTHS.—In determining the
12 number of mortgage insurance claims made and
13 the aggregate remaining principal obligation
14 under mortgages for which an insurance claim
15 is made for purposes of subparagraph (A) for
16 any calendar year, the Secretary shall not take
17 into consideration any claim made during such
18 period on a mortgage on any property that is
19 located in an area for which a major disaster
20 was declared pursuant to the Robert T. Staf-
21 ford Disaster Relief and Emergency Assistance
22 Act if such claim was made during the 24-
23 month period beginning upon such declara-
24 tion.”.

Page 16, line 10, strike “(10)” and insert “(11)”.