

AMENDMENT TO H.R. 5121
OFFERED BY MR. GARRETT OF NEW JERSEY

Page 5, after line 10, insert the following new section:

1 SEC. 4. ROLL-BACK OF PROGRAM EXPANSION IN EVENT OF
2 INCREASED DEFAULTS.

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

6 “(10) EFFECT OF INCREASED DEFAULTS.—

7 “(A) MONTHLY DETERMINATION.—

8 “(i) IN GENERAL.—If, at any time
9 during the 7-year period beginning on the
10 effective date of this Act, the Secretary de-
11 termines that—

12 “(I) the ratio of the number of
13 mortgage insurance claims made dur-
14 ing the 12 months preceding such
15 time on mortgages insured under this
16 section to the number of mortgages
17 having such insurance in force at that
18 time exceeds, by 10 percent or more,

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1 such ratio for the 12-month period
2 ending on such effective date, or

3 “(II) the aggregate remaining
4 principal obligation under mortgages
5 insured under this section for which
6 an insurance claim is made during the
7 12 months preceding such time ex-
8 ceeds, by 10 percent or more, the ag-
9 gregate principal remaining obligation
10 under mortgages so insured for which
11 an insurance claim was made during
12 the 12-month period ending on such
13 effective date,

14 after such time the Secretary may insure a
15 mortgage under this section only subject to
16 the requirements in subparagraph (C)

17 “(ii) REQUIRED MONITORING.—The
18 Secretary shall, on not less than a monthly
19 basis during the 7-year period referred to
20 in clause (i), compare the ratio and aggre-
21 gate amounts referred to in such clause
22 and make a determination under such
23 clause.

24 “(B) 7-YEAR DETERMINATION.—The Sec-
25 retary shall make a determination, upon the ex-

1 piration of the 7-year period beginning on the
2 effective date of this Act, of whether—

3 “(i) the ratio of the number of mort-
4 gage insurance claims made, during such
5 7-year period, on mortgages insured under
6 this section to the number of mortgages
7 having such insurance in force during such
8 period exceeds, by 20 percent or more,
9 such ratio for the 12-month period ending
10 on such effective date; or

11 “(ii) the aggregate remaining prin-
12 cipal obligation under mortgages insured
13 under this section for which an insurance
14 claim is made during such 7-year period
15 exceeds, by 20 percent or more, the aggre-
16 gate principal remaining obligation under
17 mortgages so insured for which an insur-
18 ance claim was made during the 12-month
19 period ending on such effective date.

20 If the Secretary determines that the percentage
21 under clause (i) or (ii) is exceeded, after such
22 determination the Secretary may insure a mort-
23 gage under this section only subject to the re-
24 quirements in subparagraph (C).

1 “(C) ROLL-BACK OF PROGRAM EXPAN-
2 SION.—The requirements of this subparagraph
3 are as follows:

4 “(i) DOWNPAYMENT REQUIREMENT.—
5 Paragraph (9) of this subsection shall
6 apply as such paragraph was in effect on
7 the day before the effective date of Ex-
8 panding American Homeownership Act of
9 2006.

10 “(ii) CONFORMING LOAN LIMIT TEST
11 FOR HIGH-COST AREAS.—Paragraph
12 (2)(A)(ii) shall be applied by substituting
13 ‘87 percent of the dollar amount limita-
14 tion’ for ‘the dollar amount limitation’.

15 “(D) DEFAULTS IN DISASTER AREAS NOT
16 COUNTED FOR 24 MONTHS.—In determining the
17 number of mortgage insurance claims made and
18 the aggregate remaining principal obligation
19 under mortgages for which an insurance claim
20 is made for purposes of subparagraphs (A) and
21 (B) for any period, the Secretary shall not take
22 into consideration any claim made during such
23 period on a mortgage on any property that is
24 located in an area for which a major disaster
25 was declared pursuant to the Robert T. Staf-

1 ford Disaster Relief and Emergency Assistance
2 Act if such claim was made during the 24-
3 month period beginning upon such declara-
4 tion.''.
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