

AMENDMENT IN THE NATURE OF A SUBSTITUTE
TO H.R. 4804
OFFERED BY MR. TIBERI OF OHIO

Strike all after the enacting clause and insert the following:

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1 SECTION 1. SHORT TITLE.

2 This title may be cited as the “FHA Manufactured
3 Housing Loan Modernization Act of 2006”.

4 SEC. 2. FINDINGS AND PURPOSES.

5 (a) FINDINGS.—The Congress finds that—

6 (1) manufactured housing plays a vital role in
7 providing housing for low- and moderate-income
8 families in the United States;

9 (2) the FHA title I insurance program for man-
10 ufactured home loans traditionally has been a major
11 provider of mortgage insurance for home-only trans-
12 actions;

13 (3) the manufactured housing market is in the
14 midst of a prolonged downturn which has resulted in



1 a severe contraction of traditional sources of private
2 lending for manufactured home purchases;

3 (4) during past downturns the FHA title I in-
4 surance program for manufactured homes has filled
5 the lending void by providing stability until the pri-
6 vate markets could recover;

7 (5) in 1992, during the manufactured housing
8 industry's last major recession, over 30,000 manu-
9 factured home loans were insured under title I;

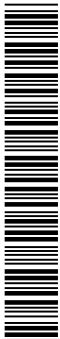
10 (6) in 2004, fewer than 2,000 manufactured
11 housing loans were insured under title I;

12 (7) the loan limits for title I manufactured
13 housing loans have not been adjusted for inflation
14 since 1992; and

15 (8) these problems with the title I program
16 have resulted in an atrophied market for manufac-
17 tured housing loans, leaving American families who
18 have the most difficulty achieving homeownership
19 without adequate financing options for home-only
20 manufactured home purchases.

21 (b) PURPOSES.—The purposes of this Act are—

22 (1) to provide adequate funding for FHA-in-
23 sured manufactured housing loans for low- and mod-
24 erate-income homebuyers during all economic cycles
25 in the manufactured housing industry;



1 (2) to modernize the FHA title I insurance pro-
2 gram for manufactured housing loans to enhance
3 participation by Ginnie Mae and the private lending
4 markets; and

5 (3) to adjust the low loan limits for title I man-
6 ufactured home loan insurance to reflect the increase
7 in costs since such limits were last increased in 1992
8 and to index the limits to inflation.

9 **SEC. 3. EXCEPTION TO LIMITATION ON FINANCIAL INSTI-**
10 **TUTION PORTFOLIO.**

11 The second sentence of section 2(a) of the National
12 Housing Act (12 U.S.C. 1703(a)) is amended—

13 (1) by striking “In no case” and inserting
14 “Other than in connection with a manufactured
15 home or a lot on which to place such a home (or
16 both), in no case”; and

17 (2) by striking “: *Provided*, That with” and in-
18 serting “. With”.

19 **SEC. 4. INSURANCE BENEFITS.**

20 (a) IN GENERAL.—Subsection (b) of section 2 of the
21 National Housing Act (12 U.S.C. 1703(b)), is amended
22 by adding at the end the following new paragraph:

23 “(8) INSURANCE BENEFITS FOR MANUFAC-
24 TURED HOUSING LOANS.—Any contract of insurance
25 with respect to loans, advances of credit, or pur-



1 chases in connection with a manufactured home or
2 a lot on which to place a manufactured home (or
3 both) for a financial institution that is executed
4 under this title after the date of the enactment of
5 the FHA Manufactured Housing Loan Moderniza-
6 tion Act of 2006 by the Secretary shall be conclusive
7 evidence of the eligibility of such financial institution
8 for insurance, and the validity of any contract of in-
9 surance so executed shall be incontestable in the
10 hands of the bearer from the date of the execution
11 of such contract, except for fraud or misrepresenta-
12 tion on the part of such institution.”.

13 (b) **APPLICABILITY.**—The amendment made by sub-
14 section (a) shall only apply to loans that are registered
15 or endorsed for insurance after the date of the enactment
16 of this Act.

17 **SEC. 5. MAXIMUM LOAN LIMITS.**

18 (a) **DOLLAR AMOUNTS.**—Paragraph (1) of section
19 2(b) of the National Housing Act (12 U.S.C. 1703(b)(1))
20 is amended—

21 (1) in clause (ii) of subparagraph (A), by strik-
22 ing “\$17,500” and inserting “\$24,500”;

23 (2) in subparagraph (C) by striking “\$48,600”
24 and inserting “\$68,040”;



1 (3) in subparagraph (D) by striking “\$64,800”
2 and inserting “\$90,720”;

3 (4) in subparagraph (E) by striking “\$16,200”
4 and inserting “\$22,680”; and

5 (5) by realigning subparagraphs (C), (D), and
6 (E) 2 ems to the left so that the left margins of
7 such subparagraphs are aligned with the margins of
8 subparagraphs (A) and (B).

9 (b) ANNUAL INDEXING.—Subsection (b) of section 2
10 of the National Housing Act (12 U.S.C. 1703(b)), as
11 amended by the preceding provisions of this title, is fur-
12 ther amended by adding at the end the following new para-
13 graph:

14 “(9) ANNUAL INDEXING OF MANUFACTURED
15 HOUSING LOANS.—The Secretary shall develop a
16 method of indexing in order to annually adjust the
17 loan limits established in subparagraphs (A)(ii), (C),
18 (D), and (E) of this subsection. Such index shall be
19 based on the manufactured housing price data col-
20 lected by the United States Census Bureau. The
21 Secretary shall establish such index no later than
22 one year after the date of the enactment of the FHA
23 Manufactured Housing Loan Modernization Act of
24 2006.”



1 (c) TECHNICAL AND CONFORMING CHANGES.—Para-
2 graph (1) of section 2(b) of the National Housing Act (12
3 U.S.C. 1703(b)(1)) is amended—

4 (1) by striking “No” and inserting “Except as
5 provided in the last sentence of this paragraph, no”;
6 and

7 (2) by adding after and below subparagraph
8 (G) the following:

9 “The Secretary shall, by regulation, annually increase the
10 dollar amount limitations in subparagraphs (A)(ii), (C),
11 (D), and (E) (as such limitations may have been previously
12 adjusted under this sentence) in accordance with the index
13 established pursuant to paragraph (9).”.

14 **SEC. 6. INSURANCE PREMIUMS.**

15 Subsection (f) of section 2 of the National Housing
16 Act (12 U.S.C. 1703(f)) is amended—

17 (1) by inserting “(1)” after “(f)”; and

18 (2) by adding at the end the following new
19 paragraph:

20 “(2) MANUFACTURED HOME LOANS.—Notwith-
21 standing paragraph (1), in the case of a loan, advance of
22 credit, or purchase in connection with a manufactured
23 home or a lot on which to place such a home (or both),
24 the premium charge for the insurance granted under this



1 section shall be paid by the borrower under the loan or
2 advance of credit, as follows:

3 “(A) At the time of the making of the loan, ad-
4 vance of credit, or purchase, a single premium pay-
5 ment in an amount not to exceed 2.25 percent of the
6 amount of the original insured principal obligation.

7 “(B) In addition to the premium under sub-
8 paragraph (A), annual premium payments during
9 the term of the loan, advance, or obligation pur-
10 chased in an amount not exceeding 1.0 percent of
11 the remaining insured principal balance (excluding
12 the portion of the remaining balance attributable to
13 the premium collected under subparagraph (A) and
14 without taking into account delinquent payments or
15 prepayments).

16 “(C) Premium charges under this paragraph
17 shall be established in amounts that are sufficient,
18 but do not exceed the minimum amounts necessary,
19 to maintain a negative credit subsidy for the pro-
20 gram under this section for insurance of loans, ad-
21 vances of credit, or purchases in connection with a
22 manufactured home or a lot on which to place such
23 a home (or both), as determined based upon risk to
24 the Federal Government under existing underwriting
25 requirements.



1 “(D) The Secretary may increase the limita-
2 tions on premium payments to percentages above
3 those set forth in subparagraphs (A) and (B), but
4 only if necessary, and not in excess of the minimum
5 increase necessary, to maintain a negative credit
6 subsidy as described in subparagraph (C).”.

7 **SEC. 7. TECHNICAL CORRECTIONS.**

8 (a) DATES.—Subsection (a) of section 2 of the Na-
9 tional Housing Act (12 U.S.C. 1703(a)) is amended—

10 (1) by striking “on and after July 1, 1939,”
11 each place such term appears; and

12 (2) by striking “made after the effective date of
13 the Housing Act of 1954”.

14 (b) AUTHORITY OF SECRETARY.—Subsection (c) of
15 section 2 of the National Housing Act (12 U.S.C. 1703(c))
16 is amended to read as follows:

17 “(c) HANDLING AND DISPOSAL OF PROPERTY.—

18 “(1) AUTHORITY OF SECRETARY.—Notwith-
19 standing any other provision of law, the Secretary
20 may—

21 “(A) deal with, complete, rent, renovate,
22 modernize, insure, or assign or sell at public or
23 private sale, or otherwise dispose of, for cash or
24 credit in the Secretary’s discretion, and upon
25 such terms and conditions and for such consid-



1 eration as the Secretary shall determine to be
2 reasonable, any real or personal property con-
3 veyed to or otherwise acquired by the Secretary,
4 in connection with the payment of insurance
5 heretofore or hereafter granted under this title,
6 including any evidence of debt, contract, claim,
7 personal property, or security assigned to or
8 held by him in connection with the payment of
9 insurance heretofore or hereafter granted under
10 this section; and

11 “(B) pursue to final collection, by way of
12 compromise or otherwise, all claims assigned to
13 or held by the Secretary and all legal or equi-
14 table rights accruing to the Secretary in con-
15 nection with the payment of such insurance, in-
16 cluding unpaid insurance premiums owed in
17 connection with insurance made available by
18 this title.

19 “(2) ADVERTISEMENTS FOR PROPOSALS.—Sec-
20 tion 3709 of the Revised Statutes shall not be con-
21 strued to apply to any contract of hazard insurance
22 or to any purchase or contract for services or sup-
23 plies on account of such property if the amount
24 thereof does not exceed \$25,000.



1 “(3) DELEGATION OF AUTHORITY.—The power
2 to convey and to execute in the name of the Sec-
3 retary, deeds of conveyance, deeds of release, assign-
4 ments and satisfactions of mortgages, and any other
5 written instrument relating to real or personal prop-
6 erty or any interest therein heretofore or hereafter
7 acquired by the Secretary pursuant to the provisions
8 of this title may be exercised by an officer appointed
9 by the Secretary without the execution of any ex-
10 press delegation of power or power of attorney.
11 Nothing in this subsection shall be construed to pre-
12 vent the Secretary from delegating such power by
13 order or by power of attorney, in the Secretary’s dis-
14 cretion, to any officer or agent the Secretary may
15 appoint.”.

16 **SEC. 8. REVISION OF UNDERWRITING CRITERIA.**

17 (a) IN GENERAL.—Subsection (b) of section 2 of the
18 National Housing Act (12 U.S.C. 1703(b)), as amended
19 by the preceding provisions of this Act, is further amended
20 by adding at the end the following new paragraph:

21 “(10) FINANCIAL SOUNDNESS OF MANUFAC-
22 TURED HOUSING PROGRAM.—The Secretary shall es-
23 tablish such underwriting criteria for loans and ad-
24 vances of credit in connection with a manufactured
25 home or a lot on which to place a manufactured



1 home (or both), including such loans and advances
2 represented by obligations purchased by financial in-
3 stitutions, as may be necessary to ensure that the
4 program under this title for insurance for financial
5 institutions against losses from such loans, advances
6 of credit, and purchases is financially sound.”.

7 (b) TIMING.—Not later than the expiration of the 6-
8 month period beginning on the date of the enactment of
9 this Act, the Secretary of Housing and Urban Develop-
10 ment shall revise the existing underwriting criteria for the
11 program referred to in paragraph (10) of section 2(b) of
12 the National Housing Act (as added by subsection (a) of
13 this section) in accordance with the requirements of such
14 paragraph.

