

117TH CONGRESS
1ST SESSION

H. R. 5915

To increase the principal obligation limits for mortgage insurance under the National Housing Act for residences in eligible metropolitan cities and urban counties, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 9, 2021

Mr. AGUILAR (for himself and Mr. AMODEI) introduced the following bill;
which was referred to the Committee on Financial Services

A BILL

To increase the principal obligation limits for mortgage insurance under the National Housing Act for residences in eligible metropolitan cities and urban counties, and for other purposes.

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 Fairness Act”.

5 **SEC. 2. FHA PRINCIPAL OBLIGATION LIMITS FOR RESI-**
6 **DENCES IN ELIGIBLE CITIES AND COUNTIES.**

7 (a) IN GENERAL.—Section 203(b) of the National
8 Housing Act (12 U.S.C. 1709) is amended—

1 (1) by striking paragraph (2) and inserting the
2 following:

3 “(2) Involve a principal obligation (including
4 such initial service charges, appraisal, inspection,
5 and other fees as the Secretary shall approve) in an
6 amount—

7 “(A) not to exceed the lesser of—

8 “(i) in the case of a 1-family resi-
9 dence, the greater of 115 percent of the
10 median 1-family house price in the area, as
11 determined by the Secretary, or, in the
12 case of a residence located in an eligible
13 city or county, 125 percent of the median
14 1-family house price in the eligible city or
15 county, as determined by the Secretary;
16 and, in the case of a 2-, 3-, or 4-family
17 residence, the greater of the percentage of
18 such median price that bears the same
19 ratio to such median price as the dollar
20 amount limitation determined under the
21 sixth sentence of section 1454(a)(2) of this
22 title for a 2-, 3-, or 4-family residence, re-
23 spectively, bears to the dollar amount limi-
24 tation determined under such section for a
25 1-family residence as determined by the

Secretary, or, the 125 percent of the median 2-, 3-, or 4-family house price, as applicable, in the eligible city or county in which the residence is located, as defined by the Secretary; or

“(ii) 150 percent of the dollar amount limitation determined under the sixth sentence of such section 1454(a)(2) for a residence of applicable size; except that the dollar amount limitation in effect under this subparagraph for any size residence for any area may not be less than the greater of—

“(I) the dollar amount limitation in effect under this section for the area on October 21, 1998; or

“(II) 65 percent of the dollar amount limitation determined under the sixth sentence of such section 1454(a)(2) for a residence of the applicable size; and

“(B) not to exceed 100 percent of the appraised value of the property.

For purposes of the preceding sentence, the term ‘area’ means a metropolitan statistical area as estab-

1 lished by the Office of Management and Budget; and
2 the median 1-family house price for an area shall be
3 equal to the median 1-family house price of the
4 county within the area that has the highest such me-
5 dian price.

6 Notwithstanding any other provision of this para-
7 graph, the amount which may be insured under this
8 section may be increased by up to 20 percent if such
9 increase is necessary to account for the increased
10 cost of the residence due to the installation of a
11 solar energy system (as defined in subparagraph (3)
12 of the last paragraph of section 2(a) of this Act)
13 therein.

14 Notwithstanding any other provision of this para-
15 graph, the Secretary may not insure, or enter into
16 a commitment to insure, a mortgage under this sec-
17 tion that is executed by a first-time homebuyer and
18 that involves a principal obligation (including such
19 initial service charges, appraisal, inspection, and
20 other fees as the Secretary shall approve) in excess
21 of 97 percent of the appraised value of the property
22 unless the mortgagor has completed a program of
23 counseling with respect to the responsibilities and fi-
24 nancial management involved in homeownership that
25 is approved by the Secretary; except that the Sec-

1 retary may, in the discretion of the Secretary, waive
2 the applicability of this requirement.”; and

3 (2) by adding at the end the following:

4 “(10) DEFINITIONS.—For the purposes of this
5 subsection:

6 “(A) ELIGIBLE CITY OR COUNTY.—The
7 term ‘eligible city or county’ means a metropoli-
8 tan city or urban county (as such terms are de-
9 fined in section 102 of the Housing and Com-
10 munity Development Act of 1974 (42 U.S.C.
11 5302)) that has a median 1-family home price
12 that exceeds 115 percent of the median 1-fam-
13 ily home price for the area within which such
14 city or county is located and is located in an
15 area that, as determined by the Secretary, expe-
16 rienced a decrease in maximum principal obliga-
17 tion amount under this paragraph for 1-family
18 residences equal to or in excess of 20 percent
19 between January 1, 2013, and January 1,
20 2014.

21 “(B) AREA.—The term ‘area’ means a
22 metropolitan statistical area as established by
23 the Office of Management and Budget.”.

1 **SEC. 3. EFFECTIVE DATE.**

2 The amendment made by this Act shall apply only
3 to mortgages with respect to which the Commissioner as-
4 signs a case number on or after January 1, 2023.

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