

[Committee Print]

JUNE 8, 2006

TEXT OF H.R. 4804

[As ordered reported by the Subcommittee on Housing and
Community Opportunity on June 8,2006

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
15 a severe contraction of traditional sources of private
16 lending for manufactured home purchases;

17 (4) during past downturns the FHA title I in-
18 surance program for manufactured homes has filled



1 the lending void by providing stability until the pri-
2 vate markets could recover;

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

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

8 (7) the loan limits for title I manufactured
9 housing loans have not been adjusted for inflation
10 since 1992; and

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

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

18 (1) to provide adequate funding for FHA-in-
19 sured manufactured housing loans for low- and mod-
20 erate-income homebuyers during all economic cycles
21 in the manufactured housing industry;

22 (2) to modernize the FHA title I insurance pro-
23 gram for manufactured housing loans to enhance
24 participation by Ginnie Mae and the private lending
25 markets; and



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

5 **SEC. 3. EXCEPTION TO LIMITATION ON FINANCIAL INSTI-**
6 **TUTION PORTFOLIO.**

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

9 (1) by striking “In no case” and inserting
10 “Other than in connection with a manufactured
11 home or a lot on which to place such a home (or
12 both), in no case”; and

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

15 **SEC. 4. INSURANCE BENEFITS.**

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

19 “(8) INSURANCE BENEFITS FOR MANUFAC-
20 TURED HOUSING LOANS.—Any contract of insurance
21 with respect to loans, advances of credit, or pur-
22 chases in connection with a manufactured home or
23 a lot on which to place a manufactured home (or
24 both) for a financial institution that is executed
25 under this title after the date of the enactment of



1 the FHA Manufactured Housing Loan Moderniza-
2 tion Act of 2006 by the Secretary shall be conclusive
3 evidence of the eligibility of such financial institution
4 for insurance, and the validity of any contract of in-
5 surance so executed shall be incontestable in the
6 hands of the bearer from the date of the execution
7 of such contract, except for fraud or misrepresenta-
8 tion on the part of such institution.”.

9 (b) APPLICABILITY.—The amendment made by sub-
10 section (a) shall only apply to loans that are registered
11 or endorsed for insurance after the date of the enactment
12 of this Act.

13 **SEC. 5. MAXIMUM LOAN LIMITS.**

14 (a) DOLLAR AMOUNTS.—Paragraph (1) of section
15 2(b) of the National Housing Act (12 U.S.C. 1703(b)(1))
16 is amended—

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

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

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

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



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

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

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

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



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

4 (2) by adding after and below subparagraph
5 (G) the following:

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

11 **SEC. 6. INSURANCE PREMIUMS.**

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

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

15 (2) by adding at the end the following new
16 paragraph:

17 “(2) MANUFACTURED HOME LOANS.—Notwith-
18 standing paragraph (1), in the case of a loan, advance of
19 credit, or purchase in connection with a manufactured
20 home or a lot on which to place such a home (or both),
21 the premium charge for the insurance granted under this
22 section shall be paid by the borrower under the loan or
23 advance of credit, as follows:

24 “(A) At the time of the making of the loan, ad-
25 vance of credit, or purchase, a single premium pay-



1 ment in an amount not to exceed 2.25 percent of the
2 amount of the original insured principal obligation.

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

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

22 “(D) The Secretary may increase the limita-
23 tions on premium payments to percentages above
24 those set forth in subparagraphs (A) and (B), but
25 only if necessary, and not in excess of the minimum



1 increase necessary, to maintain a negative credit
2 subsidy as described in subparagraph (C).”.

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

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

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

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

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

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

14 “(1) AUTHORITY OF SECRETARY.—Notwith-
15 standing any other provision of law, the Secretary
16 may—

17 “(A) deal with, complete, rent, renovate,
18 modernize, insure, or assign or sell at public or
19 private sale, or otherwise dispose of, for cash or
20 credit in the Secretary’s discretion, and upon
21 such terms and conditions and for such consid-
22 eration as the Secretary shall determine to be
23 reasonable, any real or personal property con-
24 veyed to or otherwise acquired by the Secretary,
25 in connection with the payment of insurance



1 heretofore or hereafter granted under this title,
2 including any evidence of debt, contract, claim,
3 personal property, or security assigned to or
4 held by him in connection with the payment of
5 insurance heretofore or hereafter granted under
6 this section; and

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

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

21 “(3) DELEGATION OF AUTHORITY.—The power
22 to convey and to execute in the name of the Sec-
23 retary, deeds of conveyance, deeds of release, assign-
24 ments and satisfactions of mortgages, and any other
25 written instrument relating to real or personal prop-



1 erty or any interest therein heretofore or hereafter
2 acquired by the Secretary pursuant to the provisions
3 of this title may be exercised by an officer appointed
4 by the Secretary without the execution of any ex-
5 press delegation of power or power of attorney.
6 Nothing in this subsection shall be construed to pre-
7 vent the Secretary from delegating such power by
8 order or by power of attorney, in the Secretary's dis-
9 cretion, to any officer or agent the Secretary may
10 appoint.”.

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

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

16 “(10) FINANCIAL SOUNDNESS OF MANUFAC-
17 TURED HOUSING PROGRAM.—The Secretary shall es-
18 tablish such underwriting criteria for loans and ad-
19 vances of credit in connection with a manufactured
20 home or a lot on which to place a manufactured
21 home (or both), including such loans and advances
22 represented by obligations purchased by financial in-
23 stitutions, as may be necessary to ensure that the
24 program under this title for insurance for financial



1 institutions against losses from such loans, advances
2 of credit, and purchases is financially sound.”.

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

