

AMENDMENT TO H.R. 4264
OFFERED BY MR. WESTMORELAND OF GEORGIA
[FHA Emergency Fiscal Solvency Act]

After section 4 (relating to early period delinquencies), insert the following new section (and redesignate succeeding sections accordingly):

1 **SEC. 5. TAXPAYER PROTECTION.**

2 Section 205 of the National Housing Act (12 U.S.C.
3 1711) is amended by adding at the end the following new
4 subsection:

5 “(g) TAXPAYER PROTECTION.—

6 “(1) IN GENERAL.—To protect the taxpayers of
7 the United States from financial responsibility for
8 any obligations of the Mutual Mortgage Insurance
9 Fund (in this subsection referred to as the ‘Fund’),
10 the Secretary shall take all available actions and use
11 all available methods authorized under law to ensure
12 that, not later than 2 years after the date of the en-
13 actment of this subsection, the Fund attains the
14 capital ratio required under subsection (f)(2) and to
15 ensure that the Fund maintains a capital ratio that
16 is not less than the capital ratio required under sub-
17 section (f)(2) thereafter, including—

1 “(A) the authority to increase insurance
2 premiums charged under this title for mort-
3 gages that are obligations of the Fund;

4 “(B) the authority to establish more strin-
5 gent underwriting standards for mortgages de-
6 scribed in subparagraph (A); and

7 “(C) the authority to increase the amount
8 of cash or its equivalent required to be paid on
9 account of the property subject to a mortgage
10 described in subparagraph (A).

11 “(2) USE OF AUTHORITY TO PREVENT BAILOUT
12 OF FUND.—

13 “(A) CONDITIONS.—The Secretary shall
14 take the actions required under subparagraph
15 (B) if the Fund fails to—

16 “(i) attain a capital ratio of 2 percent
17 by the date specified in paragraph (1); or

18 “(ii) maintain such capital ratio after
19 the date specified in paragraph (1).

20 “(B) REQUIRED ACTIONS.—The actions
21 required under this subparagraph are—

22 “(i) increasing the annual insurance
23 premiums for mortgages that are obliga-
24 tions of the Fund to the maximum extent
25 otherwise permitted under law, until the

1 date on which the Fund achieves a capital
2 ratio of 2 percent; and

3 “(ii) until the date on which the Fund
4 achieves a capital ratio of 2 percent, charg-
5 ing an additional risk-based annual insur-
6 ance premium for mortgages that are obli-
7 gations of the Fund having a loan-to-value
8 ratio that is 95 percent or greater, in an
9 amount that is—

10 “(I) proportionate to the risk the
11 mortgages pose to the Fund; and

12 “(II) consistent with the amount
13 of insurance premiums charged by the
14 private sector with respect to similar
15 mortgages.”.



