AMENDMENT IN THE NATURE OF A SUBSTITUTE
TO H.R. 5931
OFFERED BY MR. CLAY

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the “Improving FHA Support for Small Dollar Mortgages Act of 2020”.

SEC. 2. REVIEW OF FHA SMALL-DOLLAR MORTGAGE PRACTICES.

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

(1) affordable homeownership opportunities are being hindered due to the lack of financing available for home purchases under $70,000;

(2) according to the Urban Institute, small-dollar mortgage loan applications in 2017 were denied by lenders at double the rate of denial for large mortgage loans, and this difference in denial rates cannot be fully explained by differences in the applicants’ credit profiles;

(3) according to data compiled by Attom Data solutions, small-dollar mortgage originations have
decreased 38 percent since 2009, while there has been a 65 percent increase in origination of mortgages for more than $150,000;

(4) the FHA’s mission is to serve creditworthy borrowers who are underserved and, according to the Urban Institute, the FHA serves 24 percent of the overall market, but only 19 percent of the small-dollar mortgage market; and

(5) the causes behind these variations are not fully understood, but merit study that could assist in furthering the Department of Housing and Urban Development’s mission, including meeting the housing needs of borrowers the program is designed to serve and reducing barriers to homeownership, while protecting the solvency of the Mutual Mortgage Insurance Fund.

(b) REVIEW.—The Secretary of Housing and Urban Development shall conduct a review of its FHA single-family mortgage insurance policies, practices, and products to identify any barriers or impediments to supporting, facilitating, and making available mortgage insurance for mortgages having an original principal obligation of $70,000 or less. Not later than the expiration of the 12-month period beginning on the date of the enactment of this Act, the Secretary shall submit a report to the Con-
gress describing the findings of such review and the actions that the Secretary will take, without adversely affecting the solvency of the Mutual Mortgage Insurance Fund, to remove such barriers and impediments to providing mortgage insurance for such mortgages.