

109TH CONGRESS
2D SESSION

H. R. 4804

IN THE SENATE OF THE UNITED STATES

JULY 26, 2006

Received; read twice and referred to the Committee on Banking, Housing, and
Urban Affairs

AN ACT

To modernize the manufactured housing loan insurance
program under title I of the National Housing Act.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

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
19 the lending void by providing stability until the pri-
20 vate markets could recover;

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

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

1 (7) the loan limits for title I manufactured
2 housing loans have not been adjusted for inflation
3 since 1992; and

4 (8) these problems with the title I program
5 have resulted in an atrophied market for manufac-
6 tured housing loans, leaving American families who
7 have the most difficulty achieving homeownership
8 without adequate financing options for home-only
9 manufactured home purchases.

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

11 (1) to provide adequate funding for FHA-in-
12 sured manufactured housing loans for low- and mod-
13 erate-income homebuyers during all economic cycles
14 in the manufactured housing industry;

15 (2) to modernize the FHA title I insurance pro-
16 gram for manufactured housing loans to enhance
17 participation by Ginnie Mae and the private lending
18 markets; and

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

1 **SEC. 3. EXCEPTION TO LIMITATION ON FINANCIAL INSTI-**
2 **TUTION PORTFOLIO.**

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

5 (1) by striking “In no case” and inserting
6 “Other than in connection with a manufactured
7 home or a lot on which to place such a home (or
8 both), in no case”; and

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

11 **SEC. 4. INSURANCE BENEFITS.**

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

15 “(8) INSURANCE BENEFITS FOR MANUFAC-
16 TURED HOUSING LOANS.—Any contract of insurance
17 with respect to loans, advances of credit, or pur-
18 chases in connection with a manufactured home or
19 a lot on which to place a manufactured home (or
20 both) for a financial institution that is executed
21 under this title after the date of the enactment of
22 the FHA Manufactured Housing Loan Moderniza-
23 tion Act of 2006 by the Secretary shall be conclusive
24 evidence of the eligibility of such financial institution
25 for insurance, and the validity of any contract of in-
26 surance so executed shall be incontestable in the

1 hands of the bearer from the date of the execution
2 of such contract, except for fraud or misrepresenta-
3 tion on the part of such institution.”.

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

8 **SEC. 5. MAXIMUM LOAN LIMITS.**

9 (a) DOLLAR AMOUNTS.—Paragraph (1) of section
10 2(b) of the National Housing Act (12 U.S.C. 1703(b)(1))
11 is amended—

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

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

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

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

20 (5) by realigning subparagraphs (C), (D), and
21 (E) 2 ems to the left so that the left margins of
22 such subparagraphs are aligned with the margins of
23 subparagraphs (A) and (B).

24 (b) ANNUAL INDEXING.—Subsection (b) of section 2
25 of the National Housing Act (12 U.S.C. 1703(b)), as

1 amended by the preceding provisions of this Act, is further
2 amended by adding at the end the following new para-
3 graph:

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

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

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

21 (2) by adding after and below subparagraph
22 (G) the following:

23 “The Secretary shall, by regulation, annually increase
24 the dollar amount limitations in subparagraphs (A)(ii),
25 (C), (D), and (E) (as such limitations may have been pre-

1 viously adjusted under this sentence) in accordance with
2 the index established pursuant to paragraph (9).”.

3 **SEC. 6. INSURANCE PREMIUMS.**

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

6 (1) by inserting “(1) PREMIUM CHARGES.—”
7 after “(f)”; and

8 (2) by adding at the end the following new
9 paragraph:

10 “(2) MANUFACTURED HOME LOANS.—Notwith-
11 standing paragraph (1), in the case of a loan, advance of
12 credit, or purchase in connection with a manufactured
13 home or a lot on which to place such a home (or both),
14 the premium charge for the insurance granted under this
15 section shall be paid by the borrower under the loan or
16 advance of credit, as follows:

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

21 “(B) In addition to the premium under sub-
22 paragraph (A), annual premium payments during
23 the term of the loan, advance, or obligation pur-
24 chased in an amount not exceeding 1.0 percent of
25 the remaining insured principal balance (excluding

1 the portion of the remaining balance attributable to
2 the premium collected under subparagraph (A) and
3 without taking into account delinquent payments or
4 prepayments).

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

15 “(D) The Secretary may increase the limita-
16 tions on premium payments to percentages above
17 those set forth in subparagraphs (A) and (B), but
18 only if necessary, and not in excess of the minimum
19 increase necessary, to maintain a negative credit
20 subsidy as described in subparagraph (C).”.

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

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

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

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

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

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

7 “(1) AUTHORITY OF SECRETARY.—Notwith-
8 standing any other provision of law, the Secretary
9 may—

10 “(A) deal with, complete, rent, renovate,
11 modernize, insure, or assign or sell at public or
12 private sale, or otherwise dispose of, for cash or
13 credit in the Secretary’s discretion, and upon
14 such terms and conditions and for such consid-
15 eration as the Secretary shall determine to be
16 reasonable, any real or personal property con-
17 veyed to or otherwise acquired by the Secretary,
18 in connection with the payment of insurance
19 heretofore or hereafter granted under this title,
20 including any evidence of debt, contract, claim,
21 personal property, or security assigned to or
22 held by him in connection with the payment of
23 insurance heretofore or hereafter granted under
24 this section; and

1 “(B) pursue to final collection, by way of
2 compromise or otherwise, all claims assigned to
3 or held by the Secretary and all legal or equi-
4 table rights accruing to the Secretary in con-
5 nection with the payment of such insurance, in-
6 cluding unpaid insurance premiums owed in
7 connection with insurance made available by
8 this title.

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

15 “(3) DELEGATION OF AUTHORITY.—The power
16 to convey and to execute in the name of the Sec-
17 retary, deeds of conveyance, deeds of release, assign-
18 ments and satisfactions of mortgages, and any other
19 written instrument relating to real or personal prop-
20 erty or any interest therein heretofore or hereafter
21 acquired by the Secretary pursuant to the provisions
22 of this title may be exercised by an officer appointed
23 by the Secretary without the execution of any ex-
24 press delegation of power or power of attorney.
25 Nothing in this subsection shall be construed to pre-

1 vent the Secretary from delegating such power by
2 order or by power of attorney, in the Secretary's dis-
3 cretion, to any officer or agent the Secretary may
4 appoint.”.

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

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

10 “(10) FINANCIAL SOUNDNESS OF MANUFAC-
11 TURED HOUSING PROGRAM.—The Secretary shall es-
12 tablish such underwriting criteria for loans and ad-
13 vances of credit in connection with a manufactured
14 home or a lot on which to place a manufactured
15 home (or both), including such loans and advances
16 represented by obligations purchased by financial in-
17 stitutions, as may be necessary to ensure that the
18 program under this title for insurance for financial
19 institutions against losses from such loans, advances
20 of credit, and purchases is financially sound.”.

21 (b) TIMING.—Not later than the expiration of the 6-
22 month period beginning on the date of the enactment of
23 this Act, the Secretary of Housing and Urban Develop-
24 ment shall revise the existing underwriting criteria for the
25 program referred to in paragraph (10) of section 2(b) of

1 the National Housing Act (as added by subsection (a) of
 2 this section) in accordance with the requirements of such
 3 paragraph.

Passed the House of Representatives July 25, 2006.

Attest:

KAREN L. HAAS,

Clerk.