

107TH CONGRESS  
1ST SESSION

# H. R. 3358

To provide mortgage assistance to firefighters.

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## IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 28, 2001

Mr. PASCRELL (for himself, Mrs. EMERSON, Mr. WELDON of Pennsylvania, Mr. SKELTON, Mr. GRUCCI, Ms. ESHOO, Mr. BACA, Ms. LOFGREN, Mr. FALEOMAVAEGA, Mr. BRADY of Pennsylvania, Mr. TOWNS, Ms. KILPATRICK, Mr. KING, Mr. TOM DAVIS of Virginia, Mr. MCGOVERN, Mr. PALLONE, Mr. HINCHEY, Mr. SHIMKUS, Mrs. CUBIN, Mr. MEEHAN, Mr. FOLEY, Mr. KENNEDY of Rhode Island, Mr. REYES, Mr. DAVIS of Illinois, Mr. SOUDER, Mr. MENENDEZ, Mr. GILMAN, Mr. ROTHMAN, Ms. MILLENDER-MCDONALD, Mr. WU, Mr. SANDERS, Mr. PAYNE, Mr. HILL, Mr. HOLDEN, Mr. STUPAK, Mr. BALDACCI, Mr. BORSKI, Mr. KANJORSKI, Mr. DOYLE, and Mr. ANDREWS) introduced the following bill; which was referred to the Committee on Financial Services

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## A BILL

To provide mortgage assistance to firefighters.

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 “Firefighters Affordable  
5 Housing Act”.

1 **SEC. 2. MORTGAGE ASSISTANCE FOR VOLUNTEER FIRE-**  
2 **FIGHTERS.**

3 (a) IN GENERAL.—The Secretary of Housing and  
4 Urban Development may make mortgage assistance pay-  
5 ments under this section on behalf of volunteer firefighters  
6 to reduce the interest rates on eligible mortgage loans  
7 under subsection (b) for such firefighters.

8 (b) ELIGIBLE MORTGAGES.—Assistance may be pro-  
9 vided under this section only for a mortgage loan that  
10 meets the following requirements:

11 (1) FIREFIGHTER MORTGAGOR.—The mort-  
12 gator under the loan is a volunteer firefighter.

13 (2) PRINCIPAL RESIDENCE.—The residence  
14 subject to the mortgage is a single family residence  
15 that is the principal residence of the mortgagor.

16 (3) MAXIMUM MORTGAGE AMOUNT.—The prin-  
17 cipal obligation of the mortgage loan does not exceed  
18 the principal amount eligible for insurance with re-  
19 spect to the property under the National Housing  
20 Act.

21 (4) RESPONSIBLE MORTGAGEE.—The mortgage  
22 has been made to, and is held by, a mortgagee that  
23 is federally insured or that is otherwise approved by  
24 the Secretary as responsible and able to service the  
25 mortgage properly.

1 (c) INTEREST RATE BUYDOWNS.—Mortgage assist-  
2 ance under this section shall be provided only in the form  
3 of a payment or payments to the mortgagee in amounts  
4 sufficient to decrease by 2 percent the annual rate of in-  
5 terest payable on the mortgage by the eligible volunteer  
6 firefighter who is the mortgagor. Such payments may be  
7 made on an up-front basis or an ongoing monthly basis,  
8 as the Secretary considers appropriate.

9 (d) TERMS OF ASSISTANCE.—

10 (1) TERMINATION.—The Secretary shall estab-  
11 lish limitations on mortgage assistance payments  
12 under this section to ensure that a mortgagor may  
13 not receive the benefit of a reduced mortgage inter-  
14 est from such payments for any portion of the term  
15 of a mortgage remaining after the occurrence of ei-  
16 ther of the following:

17 (A) FAILURE TO USE AS PRINCIPAL RESI-  
18 DENCE.—The mortgagor ceases to comply with  
19 the requirement under subsection (b)(2).

20 (B) TERMINATION OF DUTIES AS FIRE-  
21 FIGHTER.—During the 10-year period begin-  
22 ning upon the execution of the mortgage, the  
23 mortgagor ceases to comply with the require-  
24 ment under subsection (b)(1).

1       The Secretary may carry out his paragraph by ter-  
2       minating any ongoing assistance payments under  
3       this section or by recapturing from the mortgagor  
4       the amount of any assistance payment made on an  
5       up-front basis that the Secretary determines is at-  
6       tributable to reducing the interest rate for the por-  
7       tion of the mortgage term remaining after an occur-  
8       rence described in subparagraph (A) or (B).

9               (2) ONE-TIME ASSISTANCE.—The Secretary  
10       may make assistance payments under this subsection  
11       with respect only to a single mortgage loan of an eli-  
12       gible volunteer firefighter.

13       (e) APPLICATIONS.—The Secretary shall provide for  
14       volunteer firefighters to submit applications for mortgage  
15       assistance under this section and for review of such appli-  
16       cations to determine eligibility for such assistance. Assist-  
17       ance shall be made available on a first-come, first-served  
18       basis for applications eligible for such assistance.

19       (f) REPORT.—The Secretary shall submit to the Con-  
20       gress, not later than 2 years after the date of the enact-  
21       ment of this Act, a report containing a description of the  
22       activities of the Secretary under the mortgage assistance  
23       program under this section and an analysis of the effec-  
24       tiveness of such program in assisting home buyers that  
25       are eligible volunteer firefighters.

1 (g) DEFINITIONS.—For purposes of this section, the  
2 following definitions shall apply:

3 (1) PUBLIC AGENCY.—The term “public agen-  
4 cy” means the United States, any State of the  
5 United States, the District of Columbia, the Com-  
6 monwealth of Puerto Rico, the Commonwealth of the  
7 Northern Mariana Islands, Guam, the Virgin Is-  
8 lands, American Samoa, and any other territory or  
9 possession of the United States, or any unit of gen-  
10 eral local government, department, agency, or in-  
11 strumentality of any entity referred to in this para-  
12 graph.

13 (2) PUBLIC FIRE SERVICE.—The term “public  
14 fire service” means a public agency consisting of  
15 personnel, apparatus, and equipment which has as  
16 its primary purpose the provision of services to pro-  
17 tect property and maintaining the safety and welfare  
18 of the public from the dangers of fire, regardless of  
19 whether the personnel of any such organization in-  
20 clude paid employees. Such term includes a public  
21 agency that also provides ambulance services or res-  
22 cue services.

23 (3) SECRETARY.—The term “Secretary” means  
24 the Secretary of Housing and Urban Development.

1           (4) SINGLE FAMILY RESIDENCE.—The term  
2 “single family residence” means a 1- to 4-family res-  
3 idence. Such term includes a unit in a cooperative.

4           (5) VOLUNTEER FIREFIGHTER.—

5           (A) IN GENERAL.—The term “volunteer  
6 firefighter” means an individual who—

7           (i)(I) carries out duties for a public  
8 fire service that consist primarily of work  
9 directly connected with—

10           (aa) the control and extinguish-  
11 ment of fires or the maintenance and  
12 use of firefighting apparatus and  
13 equipment; or

14           (bb) if the public fire service for  
15 which the individual carries out duties  
16 provides ambulance or rescue services,  
17 the provision of ambulance or rescue  
18 services or the maintenance of ambu-  
19 lance or rescue apparatus or equip-  
20 ment; and

21           (II) does not receive any remuneration  
22 in the form of pay, salary, or wages for  
23 conducting the duties referred to in sub-  
24 clause (I); or

1                   (ii) otherwise serves on a volunteer  
2                   basis as a firefighter, as determined by the  
3                   Secretary.

4                   (B) ALLOWABLE BENEFITS.—An indi-  
5                   vidual described in subparagraph (A) shall not  
6                   be excluded from treatment under this section  
7                   as a volunteer firefighter because such indi-  
8                   vidual is provided, in connection with the duties  
9                   referred to in subparagraph (A)—

10                   (i) reimbursement or allowance for ex-  
11                   penses actually incurred;

12                   (ii) insurance coverage for injuries  
13                   proximately caused by such duties;

14                   (iii) food and lodging while on service  
15                   for such duties; or

16                   (iv) any other benefits that the Sec-  
17                   retary determines are appropriate for pur-  
18                   poses of this section.

19                   (h) REGULATIONS.—The Secretary shall issue any  
20                   regulations necessary to carry out this section.

21                   (i) AUTHORIZATION OF APPROPRIATIONS.—There  
22                   are authorized to be appropriated for assistance payments  
23                   under this section \$20,000,000 for each of fiscal years  
24                   2002, 2003, 2004, 2005, and 2006.

1 **SEC. 3. REDUCED FHA DOWNPAYMENT REQUIREMENTS**  
2 **FOR LOANS FOR PROFESSIONAL FIRE-**  
3 **FIGHTERS.**

4 (a) IN GENERAL.—Section 203(b) of the National  
5 Housing Act (12 U.S.C. 1709(b)) is amended by adding  
6 at the end the following new paragraph:

7 “(11) REDUCED DOWNPAYMENT REQUIRE-  
8 MENTS FOR PROFESSIONAL FIREFIGHTERS.—

9 “(A) IN GENERAL.—Notwithstanding para-  
10 graph (2), in the case of a mortgage described  
11 in subparagraph (B)—

12 “(i) the mortgage shall involve a prin-  
13 cipal obligation in an amount that does not  
14 exceed the sum of 99 percent of the ap-  
15 praised value of the property and the total  
16 amount of initial service charges, ap-  
17 praisal, inspection, and other fees (as the  
18 Secretary shall approve) paid in connection  
19 with the mortgage;

20 “(ii) no other provision of this sub-  
21 section limiting the principal obligation of  
22 the mortgage based upon a percentage of  
23 the appraised value of the property subject  
24 to the mortgage shall apply; and

25 “(iii) the matter in paragraph (9) that  
26 precedes the first proviso shall not apply

1 and the mortgage shall be executed by a  
2 mortgagor who shall have paid on account  
3 of the property at least 1 percent of the  
4 cost of acquisition (as determined by the  
5 Secretary) in cash or its equivalent.

6 “(B) MORTGAGES COVERED.—A mortgage  
7 described in this subparagraph is a mortgage—

8 “(i) under which the mortgagor—

9 “(I) is a firefighter; and

10 “(II) has not, during the 12-

11 month period ending upon the insur-

12 ance of the mortgage, had any present

13 ownership interest in a principal resi-

14 dence located in the jurisdiction de-

15 scribed in clause (ii); and

16 “(ii) made for a property that is lo-

17 cated within the jurisdiction served by the

18 public fire service or rescue or ambulance

19 agency that employs the mortgagor.

20 “(C) DEFINITIONS.—For purposes of this  
21 paragraph, the following definitions shall apply:

22 “(i) FIREFIGHTER.—The term ‘fire-  
23 fighter’ means an individual—

1           “(I) who is employed on a full-  
2           time basis by a public fire service or  
3           a private firefighting brigade; and

4           “(II) the duties of whose position  
5           are primarily to perform work directly  
6           connected with (aa) the control and  
7           extinguishment of fires or the mainte-  
8           nance and use of firefighting appa-  
9           ratus and equipment, or (bb) if the  
10          public fire service or private fire-  
11          fighting brigade employing the indi-  
12          vidual provides ambulance or rescue  
13          services, the provision of ambulance or  
14          rescue services or the maintenance of  
15          ambulance or rescue apparatus or  
16          equipment.

17          “(ii) PUBLIC AGENCY.—The term  
18          ‘public agency’ means the United States,  
19          any State of the United States, the Dis-  
20          trict of Columbia, the Commonwealth of  
21          Puerto Rico, the Commonwealth of the  
22          Northern Mariana Islands, Guam, the Vir-  
23          gin Islands, American Samoa, and any  
24          other territory or possession of the United  
25          States, or any unit of general local govern-

1           ment, department, agency, or instrumen-  
2           tality of any entity referred to in this sub-  
3           paragraph.

4           “(iii) PUBLIC FIRE SERVICE.—The  
5           term ‘public fire service’ means a public  
6           agency consisting of personnel, apparatus,  
7           and equipment which has as its primary  
8           purpose the provision of services to protect  
9           property and maintaining the safety and  
10          welfare of the public from the dangers of  
11          fire. Such term includes a public agency  
12          that also provides ambulance service or  
13          rescue services.”.

14          (b) DEFERRAL AND REDUCTION OF UP-FRONT PRE-  
15          MIUM.—Section 203(c) of the National Housing Act (12  
16          U.S.C. 1709(c)) is amended—

17                 (1) in paragraph (2), in the matter preceding  
18                 subparagraph (A), by striking “Notwithstanding”  
19                 and inserting “Except as provided in paragraph (3)  
20                 and notwithstanding”; and

21                 (2) by adding at the end the following new  
22                 paragraph:

23                 “(3) DEFERRAL AND REDUCTION OF UP-FRONT PRE-  
24          MIUM.—In the case of any mortgage described in sub-  
25          section (b)(11)(B):

1           “(A) Paragraph (2)(A) of this subsection (relat-  
2           ing to collection of up-front premium payments)  
3           shall not apply.

4           “(B) If, at any time during the 5-year period  
5           beginning on the date of the insurance of the mort-  
6           gage, the mortgagor ceases to be a firefighter (as  
7           such term is defined in subsection (b)(11)(C)) or  
8           pays the principal obligation of the mortgage in full,  
9           the Secretary shall at such time collect a single pre-  
10          mium payment in an amount equal to the amount  
11          of the single premium payment that, but for this  
12          paragraph, would have been required under para-  
13          graph (2)(A) of this subsection with respect to the  
14          mortgage, as reduced by 20 percent of such amount  
15          for each successive 12-month period completed dur-  
16          ing such 5-year period before such cessation or pre-  
17          payment occurs.”.

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