

AMENDMENT NO. **11**

Calendar No. _____

Purpose: To make further improvements to the HECM program.

IN THE SENATE OF THE UNITED STATES—113th Cong., 1st Sess.

S. 1376

To improve the Federal Housing Administration and to ensure the solvency of the Mutual Mortgage Insurance Fund, and for other purposes.

Referred to the Committee on _____ and
ordered to be printed

Ordered to lie on the table and to be printed

AMENDMENTS intended to be proposed by Mr. KIRK (for himself, Mr. CORKER, Mr. TOOMEY, and Mr. VITTER)

Viz:

- 1 On page 58, line 6, strike “and”.

- 2 On page 58, strike lines 7 through 12, and insert the
- 3 following:

- 4 (B) by inserting “the establishment of es-
- 5 crow accounts or set-asides, the limiting of
- 6 amounts of any payment made available under
- 7 the mortgage,” after “payment of taxes”;

- 8 (C) by striking “may” and inserting
- 9 “shall”; and

1 (D) by inserting “, including matters that
2 set forth the terms and provisions for per-
3 forming financial assessments” before the semi-
4 colon; and

5 On page 58, line 20, strike “any” and all that follows
6 through “requirements” on line 21, and insert “require-
7 ments pertaining to escrow accounts or set-asides, finan-
8 cial assessments, or limiting the amount of any payment
9 made available under the mortgage, as authorized under
10 subsection (d)(8),”.

11 On page 58, line 22, strike “necessary” and all that
12 follows through “section,” on line 24, and insert “deter-
13 mines are necessary to improve the fiscal safety and
14 soundness of the program authorized by this section,”.

15 On page 59, line 2, strike the second period and in-
16 sert “; and”.

17 On page 59, between lines 2 and 3, insert the fol-
18 lowing:

19 (3) by adding at the end the following:

20 “(s) ESCROW ACCOUNTS OR SET-ASIDES.—In car-
21 rying out the program authorized under this section, the

1 Secretary shall require the establishment of an escrow ac-
2 count or set-aside in any instance where the Secretary de-
3 termines, after a financial assessment of the mortgagor
4 has been completed, that such an account or set-aside
5 would mitigate the risk of loss to the mortgagee, the mort-
6 gator, the program, or the Mutual Mortgage Insurance
7 Fund.”.

8 (b) LIMITATION ON AUTHORITY.—The authority of
9 the Secretary of Housing and Urban Development to issue
10 any notice or mortgagee letter pursuant to section
11 255(h)(3) of the National Housing Act, as added by sub-
12 section (a), shall expire not later than 24 months after
13 the date of enactment of this Act.

14 On page 59, line 3, strike “(b)” and insert “(c)”.

15 On page 60, after line 21, insert the following:

16 (d) ADDITIONAL RULEMAKING RELATING TO FIXED-
17 RATE FULL DRAW PRODUCTS.—Not later than 1 year
18 after the date of enactment of this Act, the Secretary of
19 Housing and Urban Development shall issue a notice of
20 proposed rulemaking that—

21 (1) eliminates the use, issuance, or establish-
22 ment of any standard fixed-rate full draw product
23 offered under the home equity conversion mortgage

1 program authorized by section 255 of the National
2 Housing Act (12 U.S.C. 1715z-20); and

3 (2) requires any other fixed-rate full draw prod-
4 uct offered under the home equity conversion mort-
5 gage program authorized by section 255 of the Na-
6 tional Housing Act not subject to elimination under
7 paragraph (1) to be based on a financial assessment
8 of the mortgagor.

9 (e) REPORT.—

10 (1) IN GENERAL.—The Secretary of Housing
11 and Urban Development, on a quarterly basis, shall
12 report to the Committee on Banking, Housing, and
13 Urban Affairs of the Senate and the Committee on
14 Financial Services of the House of Representatives
15 on the status and financial condition of each distinct
16 product offered under the home equity conversion
17 mortgage program authorized by section 255 of the
18 National Housing Act, including the HECM Stand-
19 ard Adjustable, HECM Saver Fixed, and HECM
20 Saver Adjustable products.

21 (2) CONTENTS OF REPORT.—The report re-
22 quired under paragraph (1) shall set forth, for each
23 product the—

24 (A) default rates under the product;

1 (B) rate of foreclosure on loans insured
2 pursuant to each product; and

3 (C) severity and extent of losses incurred
4 on loans insured pursuant to each product.

5 (3) FURTHER STUDY.—Upon review of the in-
6 formation collected pursuant to this subsection, if
7 the Secretary of Housing and Urban Development
8 determines that any individual product has a default
9 rate measurably higher than the default rates occur-
10 ring in any other product or is experiencing losses
11 measurably higher than losses incurred in any other
12 product, the Secretary shall further study the prod-
13 uct and include in the next quarterly report due
14 under paragraph (1)—

15 (A) information identifying and enumer-
16 ating the causes of such higher default rates
17 and severity of losses; and

18 (B) a detailed description of the actions to
19 be taken by the Secretary to correct such ineffi-
20 ciencies.