

113TH CONGRESS
2^D SESSION

H. R. 5506

To amend title I of the National Housing Act to, for financing alterations, repairs, and improvements to, or conversion of, existing structures, modify premium charges and the dollar amount limitation on loans, including energy efficiency home improvements.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 17, 2014

Mr. HUFFMAN (for himself and Mr. HECK of Washington) introduced the following bill; which was referred to the Committee on Financial Services

A BILL

To amend title I of the National Housing Act to, for financing alterations, repairs, and improvements to, or conversion of, existing structures, modify premium charges and the dollar amount limitation on loans, including energy efficiency home improvements.

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 “Home Improvement
5 Loan Modernization Act of 2014”.

1 **SEC. 2. MODIFICATION TO PREMIUM CHARGES ON FINANC-**
2 **ING CERTAIN ALTERATIONS, REPAIRS, AND**
3 **IMPROVEMENTS TO, OR CONVERSIONS OF,**
4 **EXISTING STRUCTURES.**

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

7 (1) in paragraph (2), by striking “paragraph
8 (1)” and inserting “paragraphs (1) and (3)”; and

9 (2) by inserting at the end the following new
10 paragraph:

11 “(3) FINANCING ALTERATIONS, REPAIRS, IM-
12 PROVEMENTS, OR CONVERSIONS.—Notwithstanding
13 paragraphs (1) and (2), in the case of a loan, ad-
14 vance of credit, or purchase in connection with in-
15 surance granted under subparagraph (A)(i) or sub-
16 paragraph (B) of paragraph (1), the premium
17 charge for such insurance shall be paid by the finan-
18 cial institution providing the loan or advance of
19 credit, as follows:

20 “(A) At the time of the making of the
21 loan, advance of credit, or purchase, a single
22 premium payment in an amount not to exceed
23 2.75 percent of the amount of the original in-
24 sured principal obligation.

25 “(B) In addition to the premium under
26 subparagraph (A), annual premium payments

1 during the term of the loan, advance, or obliga-
2 tion purchased in an amount not exceeding 1.5
3 percent of the remaining insured principal bal-
4 ance (excluding the portion of the remaining
5 balance attributable to the premium collected
6 under subparagraph (A) and without taking
7 into account delinquent payments or prepay-
8 ments).

9 “(C) Premium charges under this para-
10 graph shall be established in amounts that are
11 sufficient, but do not exceed the minimum
12 amounts necessary (as determined based upon
13 risk to the Federal Government under existing
14 underwriting requirements) to maintain a nega-
15 tive credit subsidy for the program under this
16 section for insurance of loans, advances of cred-
17 it, or purchases in connection with—

18 “(i) financing alterations, repairs, and
19 improvements for single-family structures;
20 and

21 “(ii) financing alterations, repairs, im-
22 provements, or conversions of an existing
23 structure used or to be used as an apart-
24 ment house or a dwelling for two or more
25 families.

1 “(D) The Secretary may increase the limi-
2 tations on premium payments to percentages
3 above those set forth in subparagraphs (A) and
4 (B), but only if necessary, and not in excess of
5 the minimum increase necessary, to maintain a
6 negative credit subsidy as described in subpara-
7 graph (C).”.

8 **SEC. 3. MODIFICATION TO LOAN LIMITATION FOR FINANC-**
9 **ING CERTAIN ALTERATIONS, REPAIRS, AND**
10 **IMPROVEMENTS TO, OR CONVERSIONS OF,**
11 **EXISTING STRUCTURES.**

12 Subsection (b) of section 2 of the National Housing
13 Act (12 U.S.C. 1703(b)) is amended—

14 (1) in paragraph (1)—

15 (A) in subparagraph (A)(i), by striking
16 “\$25,000” and inserting “\$42,000”;

17 (B) in subparagraph (B)—

18 (i) by striking “\$60,000” and insert-
19 ing “\$101,888”; and

20 (ii) by striking “\$12,000” and insert-
21 ing “\$20,378”; and

22 (C) in the matter after and below subpara-
23 graph (G), by adding at the end the following:

24 “The Secretary shall, by notice, annually in-
25 crease the dollar amount limitation in subpara-

1 graph (A)(i) and subparagraph (B) (as such
2 limitations may have been previously adjusted
3 under this sentence) in accordance with the
4 index established pursuant to paragraph (12).”;
5 and

6 (2) by adding at the end the following new
7 paragraph:

8 “(12) ANNUAL INDEXING OF LOANS FOR FI-
9 NANCING ALTERATIONS, REPAIRS, AND IMPROVE-
10 MENTS TO, OR CONVERSIONS OF, EXISTING STRUC-
11 TURES.—Not later than 1 year after the date of en-
12 actment of the Home Improvement Loan Moderniza-
13 tion Act of 2014, the Secretary shall develop a meth-
14 od of indexing to annually increase the dollar
15 amount limitations established in subparagraph
16 (A)(i) and subparagraph (B) of paragraph (1). Such
17 index shall be based on the Consumer Price Index
18 for all urban consumers (CPI-U) computed by the
19 Bureau of Labor Statistics.”.

20 **SEC. 4. MODIFICATION TO LOAN LIMITATION FOR ENERGY**
21 **EFFICIENCY HOME IMPROVEMENTS.**

22 Subsection (b) of section 2 of the National Housing
23 Act (12 U.S.C. 1703(b)), as amended by section 2 of this
24 Act, is further amended by adding at the end the following
25 new paragraph:

1 “(13) The dollar amount limitations otherwise
2 applicable under subparagraph (A)(i) and subpara-
3 graph (B) of paragraph (1) (as adjusted by para-
4 graph (12)) may be increased up to 150 percent of
5 such limitation if at least half of the amount will be
6 used for energy conserving improvements or the in-
7 stallation of solar energy systems (as defined in the
8 last paragraph of section 2(a) of this Act).”.

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