

116TH CONGRESS
2D SESSION

H. R. 8974

To increase the principal obligation limits for mortgage insurance under the National Housing Act for residences in eligible metropolitan cities and urban counties.

IN THE HOUSE OF REPRESENTATIVES

DECEMBER 16, 2020

Mr. AGUILAR introduced the following bill; which was referred to the
Committee on Financial Services

A BILL

To increase the principal obligation limits for mortgage insurance under the National Housing Act for residences in eligible metropolitan cities and urban counties.

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 “FHA Fairness Act”.

5 **SEC. 2. FHA PRINCIPAL OBLIGATION LIMITS FOR RESI-**
6 **DENCES IN ELIGIBLE CITIES AND COUNTIES.**

7 Section 203(b) of the National Housing Act (12
8 U.S.C. 1709) is amended by adding at the end of para-
9 graph (2) the following undesignated paragraph:

1 “Notwithstanding any other provision of this
2 paragraph, in the case of a residence located in an
3 eligible city or county, clause (i) and (ii) of subpara-
4 graph (A) shall be considered to require that a mort-
5 gage shall involve a principal obligation in an
6 amount that does not exceed in the case of a 1-fam-
7 ily residence, 125 percent of the median 1-family
8 house price in the eligible city or county in which the
9 residence is located, as defined by the Secretary; in
10 the case of a 2-family residence, 125 percent of the
11 median 2-family house price in the eligible city or
12 county in which the residence is located, as defined
13 by the Secretary; in the case of a 3-family residence,
14 125 percent of the median 3-family house price in
15 the eligible city or county in which the residence is
16 located, as defined by the Secretary; and in the case
17 of a 4-family residence, 125 percent of the median
18 4-family house price in the eligible city or county in
19 which the residence is located, as defined by the Sec-
20 retary. For the purposes of the preceding sentence,
21 the term ‘eligible city or county’ means a metropoli-
22 tan city or urban county (as such terms are defined
23 in section 102 of the Housing and Community De-
24 velopment Act of 1974 (42 U.S.C. 5302)) that has
25 a median 1-family home price that exceeds the

1 amount determined under subparagraph (A)(ii) of
2 this paragraph for the area (as the term is defined
3 in the first sentence after subparagraph (B)) within
4 which such city or county is located and is located
5 in an area that, as determined by the Secretary, ex-
6 perienceed a decrease in maximum principal obliga-
7 tion amount under this paragraph for 1-family resi-
8 dences equal to or in excess of 20 percent between
9 January 1, 2013, and January 1, 2014.”.

10 **SEC. 3. EFFECTIVE DATE.**

11 The amendment made by this Act shall apply only
12 to mortgages for which the mortgagee has issued credit
13 approval for the borrower on or after January 1, 2021.

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