

117TH CONGRESS
1ST SESSION

S. 2131

To require a review of the effects of FHA mortgage insurance policies, practices, and products on small-dollar mortgage lending, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JUNE 17, 2021

Mr. TESTER (for himself and Ms. LUMMIS) introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

A BILL

To require a review of the effects of FHA mortgage insurance policies, practices, and products on small-dollar mortgage lending, and for other purposes.

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 “Improving FHA Sup-
5 port for Small-Dollar Mortgages Act of 2021”.

6 **SEC. 2. REVIEW OF FHA SMALL-DOLLAR MORTGAGE PRAC-**
7 **TICES.**

8 (a) CONGRESSIONAL FINDINGS.—The Congress finds
9 that—

1 (1) affordable homeownership opportunities are
2 being hindered due to the lack of financing available
3 for home purchases under \$100,000;

4 (2) according to the Urban Institute, small-dol-
5 lar mortgage loan applications in 2019 were signifi-
6 cantly more likely to be denied by lenders than large
7 mortgage loans, and this difference in denial rates
8 cannot be fully explained by differences in the appli-
9 cants' credit profiles;

10 (3) according to data compiled by Attom Data
11 solutions, mortgage originations for loans of \$70,000
12 or less have decreased 38 percent since 2009, while
13 there has been a 65-percent increase in origination
14 of mortgages for more than \$150,000;

15 (4) the mission of the Federal Housing Admin-
16 istration (referred to in this section as the "FHA")
17 is to serve creditworthy borrowers who are under-
18 served and disproportionately serve borrowers with
19 lower incomes, but, according to the Urban Insti-
20 tute, the FHA serves a smaller share of borrowers
21 seeking small-dollar mortgage loans than borrowers
22 seeking larger loans at every income level; and

23 (5) the causes behind these variations are not
24 fully understood but merit study that could assist in
25 furthering the Department of Housing and Urban

1 Development’s mission, including meeting the hous-
2 ing needs of borrowers the program is designed to
3 serve and reducing barriers to homeownership, while
4 protecting the solvency of the Mutual Mortgage In-
5 surance Fund.

6 (b) REVIEW.—The Secretary of Housing and Urban
7 Development (referred to in this section as the “Sec-
8 retary”) shall conduct a review of its FHA single-family
9 mortgage insurance policies, practices, and products to
10 identify any barriers or impediments to supporting, facili-
11 tating, and making available mortgage insurance for mort-
12 gages having an original principal obligation of \$100,000
13 or less. Not later than the expiration of the 12-month pe-
14 riod beginning on the date of the enactment of this Act,
15 the Secretary shall submit a report to the Congress de-
16 scribing the findings of such review and the actions that
17 the Secretary will take, without adversely affecting the sol-
18 vency of the Mutual Mortgage Insurance Fund.

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