

105TH CONGRESS
2D SESSION

S. 1877

To remove barriers to the provision of affordable housing for all Americans.

IN THE SENATE OF THE UNITED STATES

MARCH 27, 1998

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

A BILL

To remove barriers to the provision of affordable housing
for all Americans.

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 “Affordable Housing
5 Barrier Removal Act of 1998”.

6 **SEC. 2. CONGRESSIONAL FINDINGS.**

7 Congress finds that—

8 (1) homeownership has become a challenge for
9 Americans of moderate and low income levels;

1 (2) decent housing has become unaffordable for
2 many working families, and according to the Depart-
3 ment of Housing and Urban Development, the me-
4 dian family income nationwide is \$43,500 and the
5 median price of a single family home is \$124,000,
6 leading to an “affordability gap” that makes it vir-
7 tually impossible for many people, especially young
8 families, to obtain all the benefits of home owner-
9 ship;

10 (3) housing comprises 12 percent of the econ-
11 omy of the United States;

12 (4) housing construction and remodeling employ
13 approximately 2,000,000 people each year;

14 (5) new housing construction accounts for a
15 third of the growth of the Nation’s economy during
16 recovery periods;

17 (6) homeowners have more than
18 \$4,500,000,000,000 in equity in their homes, and
19 this equity is the single largest source of savings and
20 wealth for most families;

21 (7) the lack of a broad, effective, local dialog
22 among interested parties about the possible tradeoffs
23 between housing costs and other valued priorities
24 and policies can be a significant factor in raising
25 housing costs;

1 (8) in fact, an increase of \$1,000 in the pur-
2 chase price of a median-priced home can force more
3 than 21,000 potential buyers out of the market; and

4 (9) removing barriers to affordable housing is
5 an important public policy goal.

6 **SEC. 3. CONFERENCE ON BARRIERS TO AFFORDABLE**
7 **HOUSING.**

8 (a) **AUTHORITY TO CALL CONFERENCE.**—Beginning
9 not later than 1 year after the date of enactment of this
10 Act, the Department of Housing and Urban Development
11 shall sponsor a conference on barriers to affordable hous-
12 ing (referred to in this section as the “Conference”) to
13 be held biennially to discuss and develop strategies and
14 programs to eliminate barriers to affordable housing.

15 (b) **PLANNING AND DIRECTION.**—The Conference
16 shall be planned and conducted under the direction of the
17 Secretary of Housing and Urban Development (referred
18 to in this section as the “Secretary”) in cooperation with
19 the heads of such other Federal departments and agencies
20 as are appropriate. The Secretary shall provide such as-
21 sistance from the Department of Housing and Urban De-
22 velopment as may be necessary to conduct the Conference,
23 which may include the assignment of personnel.

24 (c) **PURPOSES.**—The purposes of the Conference
25 shall be—

1 (1) to increase public awareness of the existence
2 of barriers to affordable housing;

3 (2) to identify existing and potential barriers to
4 affordable housing;

5 (3) to develop such specific and comprehensive
6 recommendations for executive and legislative action
7 at all levels of government as may be appropriate to
8 achieving the removal of barriers to affordable hous-
9 ing;

10 (4) to develop and implement recommendations
11 for the coordination of Federal, State, and local poli-
12 cies on eliminating barriers to affordable housing;
13 and

14 (5) to review the status of the recommendations
15 of past Conferences, if any.

16 (d) PARTICIPANTS.—In order to carry out the pur-
17 poses of this title, the Conference shall bring together rep-
18 resentatives of—

19 (1) persons living or to be living in low-income
20 housing;

21 (2) the Federal Government;

22 (3) State and local governments;

23 (4) public interest groups;

24 (5) builders and other persons active in the
25 field of housing; and

1 (6) the general public.

2 (e) COOPERATION WITH STATE AND LOCAL AGEN-
3 CIES.—The Secretary shall furnish all reasonable assist-
4 ance to State and local agencies to enable them to organize
5 and conduct conferences and other activities in conjunc-
6 tion with the Conference, including activities in advance
7 of the Conference, as part of the process of planning for
8 the Conference, and subsequent to the Conference in con-
9 nection with the dissemination, discussion, and implemen-
10 tation of the recommendations of the Conference.

11 (f) REPORT.—Not later than 90 days after the com-
12 pletion of the Conference, the Secretary shall submit a re-
13 port to the Congress describing the results of the Con-
14 ference and setting forth any recommendations of the
15 Conference for statutory or regulatory reform.

16 (g) DEFINITION.—For purposes of this section, the
17 term “barriers to affordable housing” means public poli-
18 cies (including policies of State and local governments and
19 policies embodied in statutes, ordinances, regulations, and
20 administrative procedures and processes) that increase the
21 cost of housing or adversely affect incentives to developing,
22 maintaining, or improving affordable housing.

23 **SEC. 4. HOUSING IMPACT ANALYSIS.**

24 (a) APPLICABILITY.—

1 (1) IN GENERAL.—The requirements of this
2 section shall apply with respect to—

3 (A) any proposed rule, unless the head of
4 the agency promulgating the rule—

5 (i) has certified that the proposed rule
6 will not, if given force or effect as a final
7 rule, have a significant deleterious impact
8 on the availability of affordable housing;
9 and

10 (ii) has caused such certification to be
11 published in the Federal Register at the
12 time of publication of general notice of
13 proposed rulemaking for the rule, together
14 with a statement providing the factual
15 basis for the certification; and

16 (B) any final rule, unless the head of the
17 agency promulgating the rule—

18 (i) has certified that the rule will not,
19 if given force or effect, have a significant
20 deleterious impact on the availability of af-
21 fordable housing; and

22 (ii) has caused such certification to be
23 published in the Federal Register at the
24 time of publication of the final rule, to-

1 gether with a statement providing the fac-
2 tual basis for the certification.

3 (2) COPY OF CERTIFICATION TO SECRETARY.—

4 Any agency making a certification under this sub-
5 section shall provide a copy of such certification and
6 the statement providing the factual basis for the cer-
7 tification to the Secretary of Housing and Urban
8 Development.

9 (b) STATEMENT OF PROPOSED RULEMAKING.—

10 Whenever an agency publishes general notice of proposed
11 rulemaking for any proposed rule, the agency shall—

12 (1) in the notice of proposed rulemaking—

13 (A) state with particularity the text of the
14 proposed rule; and

15 (B) request any interested persons to sub-
16 mit to the agency any written data, views, and
17 arguments, and any specific alternatives to the
18 proposed rule that—

19 (i) accomplish the stated objectives of
20 the applicable statutes;

21 (ii) result in costs to the Federal Gov-
22 ernment that are not more than 5 percent
23 higher than such costs resulting from the
24 proposed rule; and

1 (iii) result in a quantity of affordable
2 housing that is 5 or more percent greater
3 than the quantity resulting from the pro-
4 posed rule;

5 (2) provide an opportunity for interested per-
6 sons to take the actions specified under paragraph
7 (1)(B) before promulgation of the final rule; and

8 (3) prepare and make available for public com-
9 ment an initial housing impact analysis in accord-
10 ance with the requirements of subsection (c).

11 (c) INITIAL HOUSING IMPACT ANALYSIS.—

12 (1) REQUIREMENTS.—Each initial housing im-
13 pact analysis shall describe the impact of the pro-
14 posed rule on the availability of affordable housing.
15 The initial housing impact analysis, or a summary
16 thereof, shall be published in the Federal Register at
17 the same time as, and together with, the publication
18 of the general notice of proposed rulemaking for the
19 rule. The agency shall transmit a copy of the initial
20 housing impact analysis to the Secretary of Housing
21 and Urban Development.

22 (2) CONTENTS.—Each initial housing impact
23 analysis required under this subsection shall con-
24 tain—

1 (A) a description of the reasons why action
2 by the agency is being considered;

3 (B) a succinct statement of the objectives
4 of, and legal basis for, the proposed rule;

5 (C) a description of and, where feasible, an
6 estimate of the extent to which the proposed
7 rule would impact the cost or supply of housing
8 or land;

9 (D) an evaluation regarding whether the
10 proposed rule would eliminate or create barriers
11 to affordable housing; and

12 (E) an identification, to the extent prac-
13 ticable, of all relevant Federal rules which may
14 duplicate, overlap, or conflict with the proposed
15 rule.

16 (d) PROPOSAL OF LESS DELETERIOUS ALTERNATIVE
17 RULE.—

18 (1) ANALYSIS.—The agency publishing a gen-
19 eral notice of proposed rulemaking shall analyze any
20 specific alternatives to the proposed rule which have
21 been submitted to the agency pursuant to subsection
22 (b)(2) to determine whether any alternative to the
23 proposed rule—

24 (A) accomplishes the stated objectives of
25 the applicable statutes;

1 (B) results in costs to the Federal Govern-
2 ment that are not more than 5 percent higher
3 than such costs resulting from the proposed
4 rule; and

5 (C) results in a quantity of affordable
6 housing that is 5 or more percent greater than
7 the quantity resulting from the proposed rule.

8 (2) NEW NOTICE OF PROPOSED RULE-
9 MAKING.—If the agency determines that an alter-
10 native to the proposed rule meets the requirements
11 under subparagraphs (A) through (C) of paragraph
12 (1), the agency shall publish a general notice of pro-
13 posed rulemaking for a proposed rule that accom-
14 plishes the stated objectives of the applicable stat-
15 utes, the text of which is based upon such alter-
16 native to the original proposed rule. In any case in
17 which the agency determines that more than 1 alter-
18 native to the proposed rule meet such requirements,
19 the new proposed rule contained in the general no-
20 tice of proposed rulemaking shall be based upon the
21 alternative that the agency determines is most ap-
22 propriate after considering the costs, effects on af-
23 fordable housing, and effectiveness in accomplishing
24 the objective of the rule of such alternatives. The

1 rulemaking for the new proposed rule shall be sub-
2 ject to the requirements under subsection (b).

3 (e) FINAL HOUSING IMPACT ANALYSIS.—

4 (1) REQUIREMENT.—Whenever an agency pro-
5 mulgates a final rule after publication of a general
6 notice of proposed rulemaking, the agency shall pre-
7 pare a final housing impact analysis.

8 (2) CONTENTS.—Each final housing impact
9 analysis required by paragraph (1) shall contain—

10 (A) a succinct statement of the need for,
11 and objectives of, the rule;

12 (B) a summary of the significant issues
13 raised by the public comments in response to
14 the initial housing impact analysis, a summary
15 of the assessment of the agency of such issues,
16 and a statement of any changes made in the
17 proposed rule as a result of such comments;
18 and

19 (C) a description of and an estimate of the
20 extent to which the rule will impact the avail-
21 ability of affordable housing or an explanation
22 of why no such estimate is available.

23 (3) AVAILABILITY.—The agency shall make
24 copies of the final housing impact analysis required
25 by this subsection available to members of the pub-

1 lic, and shall publish in the Federal Register such
2 analysis or a summary thereof.

3 (f) AVOIDANCE OF DUPLICATIVE OR UNNECESSARY
4 ANALYSES.—

5 (1) DUPLICATION.—Any Federal agency may
6 perform the analyses required by subsections (c) and
7 (e) in conjunction with or as a part of any other
8 agenda or analysis required by any other law if such
9 other analysis satisfies the provisions of such sub-
10 sections.

11 (2) JOINDER.—In order to avoid duplicative ac-
12 tion, an agency may consider a series of closely re-
13 lated rules as one rule for the purposes of sub-
14 sections (c) and (e).

15 (g) PREPARATION OF ANALYSES.—In complying with
16 the provisions of subsections (c) and (e), an agency may
17 provide either a quantifiable or numerical description of
18 the effects of a proposed rule or alternatives to the pro-
19 posed rule, or more general descriptive statements, if
20 quantification is not practicable or reliable.

21 (h) EFFECT ON OTHER LAW.—The requirements of
22 subsections (c) and (e) do not alter in any manner stand-
23 ards otherwise applicable by law to agency action.

24 (i) PROCEDURE FOR WAIVER OR DELAY OF COMPLE-
25 TION.—

1 (1) INITIAL HOUSING IMPACT ANALYSIS.—An
2 agency head may waive or delay the completion of
3 some or all of the requirements of subsection (c) by
4 publishing in the Federal Register, not later than
5 the date of publication of the final rule at issue, a
6 written finding, with reasons therefor, that the final
7 rule is being promulgated in response to an emer-
8 gency that makes compliance or timely compliance
9 with the provisions of subsection (a) impracticable.

10 (2) FINAL HOUSING IMPACT ANALYSIS.—An
11 agency head may not waive the requirements of sub-
12 section (e). An agency head may delay the comple-
13 tion of the requirements of subsection (e) for a pe-
14 riod of not more than 180 days after the date of
15 publication in the Federal Register of a final rule by
16 publishing in the Federal Register, not later than
17 such date of publication, a written finding, with rea-
18 sons therefor, that the final rule is being promul-
19 gated in response to an emergency that makes time-
20 ly compliance with the provisions of subsection (e)
21 impracticable. If the agency has not prepared a final
22 housing impact analysis pursuant to subsection (e)
23 within 180 days after the date of publication of the
24 final rule, such rule shall lapse and have no force or
25 effect. Such rule shall not be repromulgated until a

1 final housing impact analysis has been completed by
2 the agency.

3 (j) DEFINITIONS.—For purposes of this section, the
4 following definitions shall apply:

5 (1) AFFORDABLE HOUSING.—The term “afford-
6 able housing” means housing that is affordable to
7 any family having an income that does not exceed
8 150 percent of the median income of families in the
9 area in which the housing is located, with adjust-
10 ments for smaller and larger families. For purposes
11 of this paragraph, area, median family income for an
12 area, and adjustments for family size shall be deter-
13 mined in the same manner as such factors are deter-
14 mined for purposes of section 3(b)(2) of the United
15 States Housing Act of 1937.

16 (2) AGENCY.—The term “agency” means each
17 authority of the Government of the United States,
18 whether or not it is within or subject to review by
19 another agency, but does not include—

20 (A) the Congress;

21 (B) the courts of the United States;

22 (C) the governments of the territories or
23 possessions of the United States;

24 (D) the government of the District of Co-
25 lumbia;

1 (E) agencies composed of representatives
2 of the parties or of representatives of organiza-
3 tions of the parties to the disputes determined
4 by them;

5 (F) courts-martial and military commis-
6 sions;

7 (G) military authority exercised in the field
8 in time of war or in occupied territory; or

9 (H) functions conferred by—

10 (i) sections 603, 604, 608, and 609 of
11 the National Housing Act;

12 (ii) the Contract Settlement Act of
13 1944; or

14 (iii) subchapter II of chapter 471 of
15 title 49, United States Code;

16 (3) FAMILIES.—The term “families” has the
17 meaning given such term in section 3 of the United
18 States Housing Act of 1937.

19 (4) RULE.—The term “rule”—

20 (A) means any rule for which the agency
21 publishes a general notice of proposed rule-
22 making pursuant to section 553(b) of title 5,
23 United States Code, or any other law, including
24 any rule of general applicability governing
25 grants by an agency to State and local govern-

1 ments for which the agency provides an oppor-
2 tunity for notice and public comment; and

3 (B) does not include a rule of particular
4 applicability relating to rates, wages, corporate
5 or financial structures or reorganizations there-
6 of, prices, facilities, appliances, services, or al-
7 lowances therefor or to valuations, costs or ac-
8 counting, or practices relating to such rates,
9 wages, structures, prices, appliances, services,
10 or allowances.

11 (5) SIGNIFICANT.—The term “significant”
12 means, with respect to an impact on the availability
13 of affordable housing, a difference in quantity of 5
14 percent or more.

15 (k) DEVELOPMENT.—Not later than 120 days after
16 the date of enactment of this Act, the Secretary of Hous-
17 ing and Urban Development shall develop model initial
18 and final housing impact analyses under this section and
19 shall cause such model analyses to be published in the
20 Federal Register. The model analyses shall be designed
21 to provide examples to other agencies of how to carry out
22 and develop the analyses required under subsections (a)
23 and (c).

1 **SEC. 5. GRANTS FOR REGULATORY BARRIER REMOVAL**
2 **STRATEGIES.**

3 (a) **AUTHORIZATION OF APPROPRIATIONS.**—Section
4 1204(a) of the Housing and Community Development Act
5 of 1992 (42 U.S.C. 12705c(a)) is amended to read as fol-
6 lows:

7 “(a) **FUNDING.**—There is authorized to be appro-
8 priated for grants under subsections (b) and (c)
9 \$15,000,000 for fiscal year 1999, and each fiscal year
10 thereafter through fiscal year 2003.”.

11 (b) **APPLICATION AND SELECTION.**—Section 1204(e)
12 of the Housing and Community Development Act of 1992
13 (42 U.S.C. 12705c(e)) is amended in the last sentence by
14 inserting before the period at the end the following: “, and
15 such criteria shall require that grant amounts be used in
16 a manner consistent with the strategy contained in the
17 comprehensive housing affordability strategy for the juris-
18 diction pursuant to section 105(b)(4) of the Cranston-
19 Gonzalez National Affordable Housing Act”.

20 (c) **TECHNICAL AMENDMENTS.**—Section 107(a)(1) of
21 the Housing and Community Development Act of 1974
22 (42 U.S.C. 5307(a)(1)) is amended—

23 (1) in subparagraph (G), by inserting “and”
24 after the semicolon at the end;

25 (2) by striking subparagraph (H); and

1 (3) by redesignating subparagraph (I) as sub-
2 paragraph (H).

3 **SEC. 6. ELIGIBILITY FOR COMMUNITY DEVELOPMENT**
4 **BLOCK GRANTS; BARRIERS TO HOMEOWNER-**
5 **SHIP AND HOUSING AFFORDABILITY.**

6 (a) ELIGIBILITY FOR CDBG.—Section 104(c)(1) of
7 the Housing and Community Development Act of 1974
8 (42 U.S.C. 5304(c)(1)) is amended by inserting after the
9 comma the following: “which shall include making a good
10 faith effort to carry out the strategy established under
11 subsection (b)(4) of that section (which may be shown by
12 the establishment of a Council of the type described in
13 section 6(b) of the Affordable Housing Barrier Removal
14 Act of 1998) by the unit of general local government to
15 remove barriers to affordable housing;”.

16 (b) BARRIERS TO HOMEOWNERSHIP AND HOUSING
17 AFFORDABILITY COUNCILS.—

18 (1) SENSE OF CONGRESS ON ESTABLISHMENT
19 OF COUNCILS.—It is the sense of the Congress that
20 each recipient of a community development block
21 grant under the Housing and Community Develop-
22 ment Act of 1974, should establish a Barriers to
23 Homeownership and Housing Affordability Council
24 (hereafter in this section referred to as a “Council”)
25 in accordance with this section.

1 (2) MEMBERSHIP.—A Council should be com-
2 prised of 10 members, of whom—

3 (A) 1 member should be an individual who
4 is actively engaged in the residential single fam-
5 ily homebuilding industry;

6 (B) 1 member should be an individual who
7 is actively engaged in the residential multifam-
8 ily homebuilding industry;

9 (C) 1 member should be an individual who
10 is actively engaged in the lending industry;

11 (D) 1 member should be an individual who
12 is a representative of those areas of labor en-
13 gaged in homebuilding;

14 (E) 2 members should be individuals with
15 experience in housing issues who are designated
16 as advocates for underserved populations;

17 (F) 1 member should be an individual who
18 is a real estate professional; and

19 (G) 3 members should be appointed, as de-
20 termined by the local government.

21 (3) FUNCTIONS OF COUNCIL.—Each Council
22 should analyze the local housing situation and make
23 recommendations to the local government on incen-
24 tives for the production of affordable housing.

1 **SEC. 7. REGULATORY BARRIERS CLEARINGHOUSE.**

2 Section 1205 of the Housing and Community Devel-
3 opment Act of 1992 (42 U.S.C. 12705d) is amended—

4 (1) in subsection (a)—

5 (A) in the matter preceding paragraph (1),
6 by striking “receive, collect, process, and assem-
7 ble” and inserting “serve as a national reposi-
8 tory to receive, collect, process, assemble, and
9 disseminate”;

10 (B) in paragraph (1)—

11 (i) by striking “, including” and in-
12 serting “(including”;

13 (ii) by inserting before the semicolon
14 at the end the following: “), and the preva-
15 lence and effects on affordable housing of
16 such laws, regulations, and policies”;

17 (C) in paragraph (2), by inserting before
18 the semicolon the following: “, including par-
19 ticularly innovative or successful activities,
20 strategies, and plans”;

21 (D) in paragraph (3), by inserting before
22 the period at the end the following: “, including
23 particularly innovative or successful strategies,
24 activities, and plans”;

25 (2) in subsection (b)—

1 (A) in paragraph (1), by striking “and” at
2 the end;

3 (B) in paragraph (2), by striking the pe-
4 riod at the end and inserting “; and”; and

5 (C) by adding at the end the following new
6 paragraph:

7 “(3) provide, to each housing agency of a unit
8 of general local government that serves an area hav-
9 ing a population greater than 100,000, an index of
10 all State and local strategies and plans submitted
11 under subsection (a) to the clearinghouse (which
12 shall be updated to include any new strategy or plan
13 submitted not later than 30 days after such submis-
14 sion), which shall describe the types of barriers to
15 affordable housing that the strategy or plan was de-
16 signed to ameliorate or remove.”; and

17 (3) by adding at the end the following new sub-
18 sections:

19 “(c) ORGANIZATION.—The clearinghouse under this
20 section shall be established within the Office of Policy De-
21 velopment of the Department of Housing and Urban De-
22 velopment, and shall be under the direction of the Assist-
23 ant Secretary for Policy Development and Research.

24 “(d) TIMING.—The clearinghouse under this section
25 shall be established and commence carrying out the func-

1 tions of the clearinghouse under this section not later than
 2 1 year after the date of enactment of the Affordable Hous-
 3 ing Barrier Removal Act of 1998. The Secretary of Hous-
 4 ing and Urban Development may comply with the require-
 5 ments of this section by reestablishing the clearinghouse
 6 that was established before the date of enactment of the
 7 Affordable Housing Barrier Removal Act of 1998 to com-
 8 ply with this section and updating and improving such
 9 clearinghouse to the extent necessary to comply with the
 10 requirements of this section as in effect pursuant to the
 11 enactment of that Act.”.

12 **SEC. 8. REMOVING BARRIERS TO USE OF FHA SINGLE FAM-**
 13 **ILY HOUSING MORTGAGE INSURANCE PRO-**
 14 **GRAM.**

15 (a) REPEAL OF OWNER-OCCUPANCY REQUIRE-
 16 MENT.—Section 203(g) of the National Housing Act (12
 17 U.S.C. 1709(g)) is amended to read as follows:

18 “(g) [Reserved.]

19 (b) REPEAL OF REQUIREMENTS FOR APPROVAL FOR
 20 INSURANCE PRIOR TO START OF CONSTRUCTION.—The
 21 National Housing Act is amended—

22 (1) in section 203 (12 U.S.C. 1709)—

23 (A) in subsection (b)(2), in the first undes-
 24 ignated paragraph following subparagraph (B),
 25 by striking the fourth sentence; and

1 (B) in subsection (i), by striking “(or, in
2 any case” and all that follows through “90 per
3 centum)””; and

4 (2) in section 220(d)(3)(A)(i) (12 U.S.C.
5 1715k(d)(3)(A)(i)), by striking “(but, in any case”
6 and all that follows through “90 per centum)”.

7 (c) DEFINITION OF AREA.—Section 203(b)(2) of the
8 National Housing Act (12 U.S.C. 1709(b)(2)) is amended
9 by striking the first sentence that follows subparagraph
10 (B) and inserting the following: “For purposes of the pre-
11 ceding sentence, the term ‘area’ means a geographical
12 area, as the Secretary considers appropriate to maximize
13 the availability of housing finance and carry out the pur-
14 poses of this title.”.

15 (d) SIMPLIFICATION OF DOWNPAYMENT PROCE-
16 DURES.—Section 203(b)(2) of the National Housing Act
17 (12 U.S.C. 1709(b)(2)) is amended—

18 (1) by striking subparagraph (B) and inserting
19 the following new subparagraph:

20 “(B) except as otherwise provided in this
21 paragraph, not to exceed—

22 “(i) in the case of a mortgage for a
23 property with an appraised value equal to
24 or less than \$50,000, 98.75 percent of the
25 appraised value of the property;

1 “(ii) in the case of a mortgage for a
2 property with an appraised value in excess
3 of \$50,000 but not in excess of \$125,000,
4 97.65 percent of the appraised value of the
5 property;

6 “(iii) in the case of a mortgage for a
7 property with an appraised value in excess
8 of \$125,000, 97.15 percent of the ap-
9 praised value of the property; or

10 “(iv) notwithstanding clauses (ii) and
11 (iii), in the case of a mortgage for a prop-
12 erty with an appraised value in excess of
13 \$50,000 and which is located in a State for
14 which the average closing cost exceeds 2.10
15 percent of the average, for the State, of
16 the sale price of properties located in the
17 State for which mortgages have been exe-
18 cuted, 97.75 percent of the appraised value
19 of the property,

20 plus the amount of the mortgage insurance pre-
21 mium paid at the time the mortgage is in-
22 sured.”;

23 (2) in the first sentence of the matter following
24 subparagraph (B), as amended by subsection (c) of
25 this section, by inserting before the period at the

1 end the following: “, and the term ‘average closing
2 cost’ means, with respect to a State, the average, for
3 mortgages executed for properties that are located
4 within the State, of the total amounts (as deter-
5 mined by the Secretary) of initial service charges,
6 appraisal, inspection, and other fees (as the Sec-
7 retary shall approve) that are paid in connection
8 with such mortgages”;

9 (3) by striking the second sentence of the mat-
10 ter following subparagraph (B); and

11 (4) in the penultimate undesignated para-
12 graph—

13 (A) in the second sentence, by striking
14 “the preceding sentence” and inserting “this
15 subsection”; and

16 (B) by striking the first sentence.

○