

107TH CONGRESS  
1ST SESSION

# S. 607

To amend the National Housing Act to require partial rebates of FHA mortgage insurance premiums to certain mortgagors upon payment of their FHA-insured mortgages.

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## IN THE SENATE OF THE UNITED STATES

MARCH 23, 2001

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

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## A BILL

To amend the National Housing Act to require partial rebates of FHA mortgage insurance premiums to certain mortgagors upon payment of their FHA-insured mortgages.

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 “Homeowners Rebate  
5 Act of 2001”.

1 **SEC. 2. PAYMENT OF DISTRIBUTIVE SHARES FROM MU-**  
2 **TUAL MORTGAGE INSURANCE FUND RE-**  
3 **SERVES.**

4 (a) IN GENERAL.—Section 205(c) of the National  
5 Housing Act (12 U.S.C. 1711(c)) is amended to read as  
6 follows:

7 “(c) DISTRIBUTION OF RESERVES.—Upon termi-  
8 nation of an insurance obligation of the Mutual Mortgage  
9 Insurance Fund by payment of the mortgage insured  
10 thereunder, if the Secretary determines (in accordance  
11 with subsection (e)) that there is a surplus for distribution  
12 under this section to mortgagors, the Participating Re-  
13 serve Account shall be subject to distribution as follows:

14 “(1) REQUIRED DISTRIBUTION.—In the case of  
15 a mortgage paid after November 5, 1990, and in-  
16 sured for 7 years or more before such termination,  
17 the Secretary shall distribute to the mortgagor a  
18 share of such Account in such manner and amount  
19 as the Secretary shall determine to be equitable and  
20 in accordance with sound actuarial and accounting  
21 practice, subject to paragraphs (3) and (4).

22 “(2) DISCRETIONARY DISTRIBUTION.—In the  
23 case of a mortgage not described in paragraph (1),  
24 the Secretary is authorized to distribute to the mort-  
25 gagor a share of such Account in such manner and  
26 amount as the Secretary shall determine to be equi-

1 table and in accordance with sound actuarial and ac-  
2 counting practice, subject to paragraphs (3) and (4).

3 “(3) LIMITATION ON AMOUNT.—In no event  
4 shall the amount of any such distributable share ex-  
5 ceed the aggregate scheduled annual premiums of  
6 the mortgagor to the year of termination of the in-  
7 surance.

8 “(4) APPLICATION REQUIREMENT.—The Sec-  
9 retary shall not distribute any share of an eligible  
10 mortgagor under this subsection beginning on the  
11 date which is 6 years after the date that the Sec-  
12 retary first transmitted written notification of eligi-  
13 bility to the last known address of the mortgagor,  
14 unless the mortgagor has applied in accordance with  
15 procedures prescribed by the Secretary for payment  
16 of the share within the 6-year period. The Secretary  
17 shall transfer from the Participating Reserve Ac-  
18 count to the General Surplus Account any amounts  
19 that, pursuant to the preceding sentence, are no  
20 longer eligible for distribution.”.

21 (b) DETERMINATION OF SURPLUS.—Section 205(e)  
22 of the National Housing Act (12 U.S.C. 1711(e)) is  
23 amended by adding at the end the following: “Notwith-  
24 standing any other provision of this section, if, at the time  
25 of such a determination, the capital ratio (as defined in

1 subsection (f)) for the Fund is 3.0 percent or greater, the  
2 Secretary shall determine that there is a surplus for dis-  
3 tribution under this section to mortgagors.”.

4 (c) RETROACTIVE PAYMENTS.—

5 (1) TIMING.—Not later than 3 months after the  
6 date of enactment of this Act, the Secretary of  
7 Housing and Urban Development shall determine  
8 the amount of each distributable share for each  
9 mortgage described in paragraph (2) to be paid and  
10 shall make payment of such share.

11 (2) MORTGAGES COVERED.—A mortgage de-  
12 scribed in this paragraph is a mortgage for which—

13 (A) the insurance obligation of the Mutual  
14 Mortgage Insurance Fund was terminated by  
15 payment of the mortgage before the date of en-  
16 actment of this Act;

17 (B) a distributable share is required to be  
18 paid to the mortgagor under section 205(c)(1)  
19 of the National Housing Act (12 U.S.C.  
20 1711(c)(1)), as amended by subsection (a) of  
21 this section; and

22 (C) no distributable share was paid pursu-  
23 ant to section 205(c) of the National Housing

- 1 Act upon termination of the insurance obliga-
- 2 tion of such Fund.

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