

**Side-by-Side Comparison of Biggert and Waters FHA Bills**

<b><u>Section Title</u></b>	<b><u>Biggert “FHA-Rural Regulatory Improvement Act of 2011”</u></b>	<b><u>Waters “FHA Reform Act of 2011” HR 1997</u></b>
Required capital ratios for GI and SRI funds	Sec. 2. Requires a 2% capital ratio for both the SRI and GI funds within 5 years of enactment of law.	n/a
FHA Downpayment Requirement of 5% and Prohibition of Financing Closing Costs	Sec. 3. Raises downpayment from 3.5% to 5% and prohibits the financing of closing costs	n/a
FHA Mortgage Limits	Sec. 4. Reduces loan limits in much of the country and eliminates the “floor” that no limit went below. Individual county limits would apply in low-cost areas	n/a
FHA Annual Mortgage Insurance Premiums	Sec. 5. Imposes a minimum of 55bps and removes the 150bps cap	n/a
Indemnification by FHA Mortgagees	Sec. 6. Ensures that mortgage lenders are liable to indemnify the Secretary for loss on loans they originate or underwrite. The Secretary may require indemnification if a mortgage approved by the Secretary under the direct endorsement program or insured by a mortgagee pursuant to delegation of authority under section 256 was not originated or underwritten in accordance with FHA requirements and FHA pays an insurance claim within a reasonable period specified by the Secretary. If fraud or misrepresentation was involved in connection with the origination or underwriting, the Secretary may require the mortgagee to indemnify the Secretary for the loss regardless of when an insurance claim is paid.	Sec. 2. Same language

Delegation of Insurance Authority	Sec. 7. This section strikes subsection (c) of section 256 of the entitled "Enforcement of Insurance Requirements" that formerly provided the authority for the Secretary to address situations in which mortgages were not originated in accordance with requirements established by the Secretary, or where fraud or misrepresentation was involved. Sec. 256 is where the Lender Insurance authority resides.	Sec. 3. Same language
Authority to Terminate FHA Mortgage Origination and Underwriting Approval	Sec. 8. Gives FHA enhanced ability to review mortgagee performance and, if a mortgagee is found to have an excessive rate of early defaults or claims, to terminate the approval of the mortgagee to originate or underwrite single family mortgages in a specified area or areas, or on a nationwide basis.	Sec. 4. Same language
Authorization to Participate in the Origination of FHA-Insured Loans	Sec. 9. Amends the National Housing Act to allow third party loan originators (formerly loan correspondents) to close FHA insured loans in their own names.	Sec. 10. Same language
DAS for RMRA	Sec. 10. Creates a DAS for Risk Management within FHA, abolishing the Chief Risk Officer	Sec. 5. Same language
Report on Streamlining FHA Operations	Sec. 11. Requires HUD to submit report regarding simplifying programs, reducing them, methods of streamlining.	n/a
Establishment of CFO for GNMA	Sec. 12. Requires a CFO in GNMA and must be a career appointee	n/a
HUD Management of Rural Housing Programs	Sec. 13. Transfer all RHS programs, single family and multi-family, to HUD along with their personnel. Creates a DAS for Rural Housing within Housing.	n/a
Guarantee Fees for Rural MF Loans	Sec. 14. Sets guarantee fees for MF loans at 1% upfront, 50bps annual	n/a

Review of Mortgagee Performance	n/a	Sec. 6. Instructs the Secretary to conduct a review of mortgagees that originate or underwrite FHA mortgages to identify the rate of early defaults and insurance claims and make a report to Congress with information and conclusions pursuant to this review
Coordination with State Regulatory Agencies	n/a	Sec. 7. HUD must share information with State regulators regarding actions taken against a mortgagee and coordinate enforcement actions. (Note: Most likely this came from CSBS.)
Reporting of Mortgagee Actions Taken Against Mortgagees	n/a	Sec. 8. Authorizes the Secretary to require mortgagees, as a condition of FHA mortgagee-approval, to report to FHA within 15 days any adverse actions against corresponding lenders or any other originators based on a report, determination or evidence of fraud or misrepresentation in connection with the origination of loans that were purchased from that entity.
Review of Downpayment Requirements	n/a	Sec. 9. Requires that if the Secretary increases the downpayment requirement after falling below the mandated amount of capital reserves, that once the reserves return to a level above the mandated amount, that he re-evaluate the downpayment requirement. Further, after the reserves are restored, if the Secretary determines that the reserve amount can be met with a lower downpayment, that the downpayment be decreased
Default and Origination Information by Servicer	n/a	Sec. 11. Amends the FHA reporting requirements of section 540(b) of the National Housing Act to require the Secretary to track

		mortgage performance by both servicer and originator
Third Party Servicer Outreach	n/a	Sec. 12. Provides authority to reimburse servicers of for the costs of obtaining the serves of qualified third parties to make contact with FHA mortgagors whose payments are 60 or more days past due in order to provide information on available counseling, loan modification, refinance and assistance programs.
Maximum Mortgage Amount for MF Housing	n/a	Sec. 13. Increases loan limits for the construction or rehabilitation of multifamily housing with elevators including rentals, cooperatives, and condominiums to ensure that they represent today's construction costs. Would create an 'extremely high cost area' category for FHA Multifamily Insurance for those areas, similar to those in Alaska, Guam, Hawaii, and the Virgin Islands. This provision is identical to a language that passed the House separately passed the House as a freestanding measure last year
Mortgage Insurance Premium Refunds	n/a	Sec. 14. Authorizes appropriations to provide refunds for unearned SF mortgage insurance premiums for loans closed on or before Dec. 8, 2004. (Note: Congress itself stopped the practice of allowing us to refund unearned upfront premiums on that date.)