

MOTION TO RECOMMIT THE BILL, H.R. 5072
WITH INSTRUCTIONS

M____. _____ moves to recommit the bill, H.R. 5072, to the Committee on Financial Services with instructions to report the same back to the House forthwith with the following amendment:

At the end of the bill, add the following new sections:

1 **SEC. 16. PROHIBITION OF MORTGAGE INSURANCE FOR**
2 **BORROWERS WITH STRATEGIC DEFAULTS.**

3 Section 203 of the National Housing Act (12 U.S.C.
4 1709), as amended by the preceding provisions of this Act,
5 is further amended by adding at the end the following new
6 subsection:

7 “(z) PROHIBITION OF MORTGAGE INSURANCE FOR
8 BORROWERS WITH STRATEGIC DEFAULTS.—

9 “(1) PROHIBITION.—The Secretary may not
10 newly insure any mortgage under this title that is
11 secured by a 1- to 4-family dwelling unless the mort-
12 gagee has determined, in accordance with such
13 standards and requirements established by the Sec-
14 retary, that the mortgagor under such mortgage has

1 not previously engaged in any strategic default with
2 respect to any residential mortgage loan.

3 “(2) STRATEGIC DEFAULT.—For purposes of
4 this subsection, the term ‘strategic default’ means,
5 with respect to a residential mortgage loan, an in-
6 tentional default having such characteristics or
7 under such circumstances as the Secretary shall, by
8 regulation, provide.”.

9 **SEC. 17. PROHIBITION ON TAXPAYER BAILOUT OF FHA**
10 **PROGRAM.**

11 Section 205 of the National Housing Act (12 U.S.C.
12 1711), as amended by the preceding provisions of this Act,
13 is further amended by adding at the end the following new
14 subsection:

15 “(h) TAXPAYER PROTECTION.—The Secretary shall
16 use all available actions and methods authorized under law
17 to ensure compliance with subsection (f)(2) and to protect
18 the taxpayers of the United States from financial responsi-
19 bility for any obligations of the Fund, including authority
20 to increase insurance premiums charged under this title
21 for mortgages that are obligations of the Fund, authority
22 to establish more stringent underwriting standards for
23 such mortgages, and authority to increase the amount of

- 1 cash or its equivalent required to be paid on account of
- 2 the property subject to such a mortgage.”.

