.....

(Original Signature of Member)

119TH CONGRESS
2D SESSION

# H. R. _____

To amend the National Housing Act to allow for discharge of partial claim interests in certain circumstances, and for other purposes.

---

IN THE HOUSE OF REPRESENTATIVES

Mrs. KIM introduced the following bill; which was referred to the Committee on _____

---

# A BILL

To amend the National Housing Act to allow for discharge of partial claim interests in certain circumstances, and for other purposes.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

**SECTION 1. SHORT TITLE.**

This Act may be cited as the ''Housing Process Parity Act''.

**SEC. 2. PARTIAL CLAIM PROGRAM OF THE DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT.**

Section 230(b) of the National Housing Act (1715u U.S.C. 12) is amended by inserting at the end the following:

''(4) DISCHARGE FROM PARTIAL CLAIM INTEREST.—

''(A) IN GENERAL.—Notwithstanding section 2410 of title 28, United States Code, a non-judicial sale of real property to satisfy a loan insured under this title shall automatically discharge the property from a partial claim interest held by the Secretary if—

''(i) the non-judicial foreclosure sale is conducted; and

''(ii) the proceeds from such non-judicial sale, if any, are distributed in accordance with the State or local law that applies to the area in which the property is situated.

''(5) AUTOMATIC DISCHARGE.—The discharge under this paragraph shall occur by operation of law and shall not require any further action by the Secretary.''.

**SEC. 3. GAO STUDY.**

The Comptroller General of the United States shall, not later than 1 year after the date of the enactment of this section, submit a report to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs on the feasibility of making mortgage insurance offered by the Federal Housing Administration under title II of the National Housing Act available to borrowers who do not put down any down payment that—

(1) evaluates any expected changes to default risk, and specifically evaluates if borrowers would be more likely to become 30 days delinquent, 60 days delinquent, and 90 days delinquent;

(2) estimates any change to the loss-severity rate, considering potential increases in liquidation claims, including short-sales, deeds-in-lieu of foreclosures, and foreclosures;

(3) determines the amount premiums would need to be adjusted by to maintain actuarial soundness, based on claim data and an analysis of the performance of comparable loans with high loan-to-value ratios;

(4) assess compensating-factor structures, credit score thresholds, debt-to-income thresholds, documented rental payment history, minimum reserve re-

quirements, and first-time-homebuyer and single-unit property limitations, that could offset the added risk of default the elimination of a down payment requirement;

(5) projects the impacts that offering such insurance to such borrowers would have on renter-to-owner transition rates, equity accumulation timelines, and home price dynamics, with attention to whether expanded access would shift existing demand or create new demand; and

(6) includes recommendations with respect to recommended eligibility criteria, premium structures, and any statutory or regulatory changes that would be needed for implementation.