

[DISCUSSION DRAFT]

112TH CONGRESS
1ST SESSION

H. R. _____

To

IN THE HOUSE OF REPRESENTATIVES

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

A BILL

To

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 AND TABLE OF CONTENTS.**

4 (a) **SHORT TITLE.**—This Act may be cited as the
5 “FHA-Rural Regulatory Improvement Act of 2011”.

6 (b) **TABLE OF CONTENTS.**—The table of contents for
7 this Act is as follows:

- Sec. 1. Short title and table of contents.
- Sec. 2. Required capital ratios for General and Special Risk Insurance Funds.
- Sec. 3. FHA downpayment requirement of 5 percent and prohibition of financ-
ing of closing costs.
- Sec. 4. FHA mortgage limits.
- Sec. 5. FHA annual mortgage insurance premiums.
- Sec. 6. Indemnification by FHA mortgagees.

- Sec. 7. Delegation of FHA insuring authority.
- Sec. 8. Authority to terminate FHA mortgagee origination and underwriting approval.
- Sec. 9. Authorization to participate in the origination of FHA-insured loans.
- Sec. 10. Deputy Assistant Secretary of FHA for Risk Management and Regulatory Affairs.
- Sec. 11. Report on streamlining FHA programs.
- Sec. 12. Establishment of Chief Financial Officer for GNMA.
- Sec. 13. HUD management of rural housing programs.

1 **SEC. 2. REQUIRED CAPITAL RATIOS FOR GENERAL AND**
 2 **SPECIAL RISK INSURANCE FUNDS.**

3 (a) SPECIAL RISK INSURANCE FUND.—Subsection
 4 (b) of section 238 of the National Housing Act (12 U.S.C.
 5 1715z-3(b)) is amended—

- 6 (1) by inserting “(1)” after “(b)”; and
- 7 (2) by adding at the end the following new
 8 paragraph:

9 “(2)(A) The Secretary shall ensure that the Special
 10 Risk Insurance Fund attains a capital ratio of not less
 11 than 1.25 percent within 24 months after the date of the
 12 enactment of this paragraph, and maintains such ratio
 13 thereafter, subject to subparagraph (B).

14 “(B) The Secretary shall ensure that the Special Risk
 15 Insurance Fund attains a capital ratio of not less than
 16 2.0 percent within 5 years after the date of the enactment of
 17 this paragraph, and shall ensure that the Fund maintains
 18 at least such capital ratio at all times thereafter.

19 “(C) Upon the expiration of the 24-month period be-
 20 ginning on the date of the enactment of this paragraph,
 21 the Secretary shall submit to the Congress a report de-

1 scribing the actions the Secretary will take to ensure that
2 the Special Risk Insurance Fund attains the capital ratios
3 required under subparagraph (B).

4 “(D) For purposes of this paragraph, the following
5 definitions shall apply:

6 “(i) The term ‘capital’ means the economic net
7 worth of the Special Risk Insurance Fund, as deter-
8 mined by the Secretary under the annual audit re-
9 quired under section 538.

10 “(ii) The term ‘capital ratio’ means the ratio of
11 capital to unamortized insurance-in-force on out-
12 standing mortgages that are obligations of the Spe-
13 cial Risk Insurance Fund.

14 “(iii) The term ‘economic net worth’ means the
15 current cash available to the Special Risk Insurance
16 Fund, plus the net present value of all future cash
17 inflows and outflows expected to result from the out-
18 standing mortgages in the Fund.

19 “(iv) The term ‘unamortized insurance-in-force’
20 means the remaining obligation on outstanding
21 mortgages that are obligations of the Special Risk
22 Insurance Fund, as estimated by the Secretary.”.

23 (b) GENERAL RISK INSURANCE FUND.—Section 519
24 of the National Housing Act (12 U.S.C. 1735c) is amend-
25 ed by adding at the end the following new subsection:

1 “(g) REQUIRED CAPITAL RATIO.—

2 “(1) TRANSITION RATIO.—The Secretary shall
3 ensure that the General Insurance Fund attains a
4 capital ratio of not less than 1.25 percent within 24
5 months after the date of the enactment of this sub-
6 section, and maintains such ratio thereafter, subject
7 to paragraph (2).

8 “(2) PERMANENT RATIO.—The Secretary shall
9 ensure that the General Insurance Fund attains a
10 capital ratio of not less than 2.0 percent within 5
11 years after the date of the enactment of this subsection,
12 and shall ensure that the Fund maintains at least
13 such capital ratio at all times thereafter.

14 “(3) REPORT.—Upon the expiration of the 24-
15 month period beginning on the date of the enact-
16 ment of this subsection, the Secretary shall submit
17 to the Congress a report describing the actions the
18 Secretary will take to ensure that the General Insur-
19 ance Fund attains the capital ratios required under
20 paragraph (2).

21 “(4) DEFINITIONS.—For purposes of this para-
22 graph, the following definitions shall apply:

23 “(A) The term ‘capital’ means the eco-
24 nomic net worth of the General Insurance

1 Fund, as determined by the Secretary under
2 the annual audit required under section 538.

3 “(B) The term ‘capital ratio’ means the
4 ratio of capital to unamortized insurance-in-
5 force on outstanding mortgages that are obliga-
6 tions of the General Insurance Fund.

7 “(C) The term ‘economic net worth’ means
8 the current cash available to the General Insur-
9 ance Fund, plus the net present value of all fu-
10 ture cash inflows and outflows expected to re-
11 sult from the outstanding mortgages in the
12 Fund.

13 “(D) The term ‘unamortized insurance-in-
14 force’ means the remaining obligation on out-
15 standing mortgages that are obligations of the
16 General Insurance Fund, as estimated by the
17 Secretary.”.

18 **SEC. 3. FHA DOWNPAYMENT REQUIREMENT OF 5 PERCENT**
19 **AND PROHIBITION OF FINANCING OF CLOS-**
20 **ING COSTS.**

21 Section 203 of the National Housing Act (12 U.S.C.
22 1709) is amended—

23 (1) in subsection (b)(9)(A), by striking “3.5
24 percent” and inserting “5.0 percent”; and

1 (2) in subsections (b)(2) and (k)(3)(A); by
2 striking “(including such initial service charges, ap-
3 praisal, inspection, and other fees as the Secretary
4 shall approve)” each place such term appears and
5 inserting “(which may not include any initial service
6 charges, appraisal, inspection, or other fees or clos-
7 ing costs as the Secretary shall prohibit)”.

8 **SEC. 4. FHA MORTGAGE LIMITS.**

9 (a) IN GENERAL.—Paragraph (2) of section 203(b)
10 of the National Housing Act (12 U.S.C. 1709(b)(2)) is
11 amended—

12 (1) by striking subparagraph (A) and inserting
13 the following:

14 “(A) not to exceed the lesser of—

15 “(i) in the case of a 1-family resi-
16 dence, 125 percent of the median 1-family
17 house price in the county in which the
18 property subject to the mortgage is lo-
19 cated, as determined by the Secretary, and
20 in the case of a 2-, 3-, or 4-family resi-
21 dence, such percentage of such median
22 price as the Secretary shall by regulation
23 establish; and

24 “(ii) 150 percent of the dollar amount
25 limitation specified in the sixth sentence of

1 section 305(a)(2) of the Federal Home
2 Loan Mortgage Corporation (12 U.S.C.
3 1454(a)(2)) for a residence of the applica-
4 ble size, without regard to any annual ad-
5 justment provided for in such sentence;
6 and”;

7 (2) in the matter following subparagraph (B),
8 by striking “For purposes of the preceding sen-
9 tence” and all that follows through “highest such
10 median price.”.

11 (b) EFFECTIVE DATE.—The amendments made by
12 subsection (a) take effect upon the expiration of the 6-
13 month period beginning on the date of the enactment of
14 this Act.

15 **SEC. 5. FHA ANNUAL MORTGAGE INSURANCE PREMIUMS.**

16 (a) IN GENERAL.—Subparagraph (B) of section
17 203(c)(2) of the National Housing Act (12 U.S.C.
18 1709(c)(2)(B)) is amended in the matter preceding clause
19 (i)—

20 (1) by striking “may” and inserting “shall”;

21 (2) by striking “not exceeding 1.5 percent” and
22 inserting “not less than 0.55 percent”; and

23 (3) by inserting “and not exceeding 1.5 percent
24 of such remaining insured principal balance” before
25 “for the following periods:”.

1 (b) EFFECTIVE DATE.—The amendments made by
2 subsection (a) take effect upon the expiration of the 6-
3 month period beginning on the date of the enactment of
4 this Act.

5 **SEC. 6. INDEMNIFICATION BY FHA MORTGAGEES.**

6 Section 202 of the National Housing Act (12 U.S.C.
7 1708) is amended by adding at the end the following new
8 subsection:

9 “(i) INDEMNIFICATION BY MORTGAGEES.—

10 “(1) IN GENERAL.—If the Secretary determines
11 that a mortgage executed by a mortgagee approved
12 by the Secretary under the direct endorsement pro-
13 gram or insured by a mortgagee pursuant to the del-
14 egation of authority under section 256 was not origi-
15 nated or underwritten in accordance with the re-
16 quirements established by the Secretary, and the
17 Secretary pays an insurance claim with respect to
18 the mortgage within a reasonable period specified by
19 the Secretary, the Secretary may require the mort-
20 gagee approved by the Secretary under the direct en-
21 dorsement program or the mortgagee delegated au-
22 thority under section 256 to indemnify the Secretary
23 for the loss.

24 “(2) FRAUD OR MISREPRESENTATION.—If
25 fraud or misrepresentation was involved in connec-

1 tion with the origination or underwriting, the Sec-
2 retary may require the mortgagee approved by the
3 Secretary under the direct endorsement program or
4 the mortgagee delegated authority under section 256
5 to indemnify the Secretary for the loss regardless of
6 when an insurance claim is paid.

7 “(3) REQUIREMENTS AND PROCEDURES.—The
8 Secretary shall issue regulations establishing appro-
9 priate requirements and procedures governing the
10 indemnification of the Secretary by the mortgagee.”.

11 **SEC. 7. DELEGATION OF FHA INSURING AUTHORITY.**

12 Section 256 of the National Housing Act (12 U.S.C.
13 1715z-21) is amended—

14 (1) by striking subsection (c);

15 (2) in subsection (e), by striking “, including”
16 and all that follows through “by the mortgagee”;
17 and

18 (3) by redesignating subsections (d) and (e) as
19 subsections (c) and (d), respectively.

20 **SEC. 8. AUTHORITY TO TERMINATE FHA MORTGAGEE**
21 **ORIGINATION AND UNDERWRITING AP-**
22 **PROVAL.**

23 Section 533 of the National Housing Act (12 U.S.C.
24 1735f-11) is amended—

1 (1) in the first sentence of subsection (b), by in-
2 serting “or areas or on a nationwide basis” after
3 “area” each place such term appears; and

4 (2) in subsection (c), by striking “(c)” and all
5 that follows through “The Secretary” in the first
6 sentence of paragraph (2) and inserting the fol-
7 lowing:

8 “(c) TERMINATION OF MORTGAGEE ORIGINATION
9 AND UNDERWRITING APPROVAL.—

10 “(1) TERMINATION AUTHORITY.—If the Sec-
11 retary determines, under the comparison provided in
12 subsection (b), that a mortgagee has a rate of early
13 defaults and claims that is excessive, the Secretary
14 may terminate the approval of the mortgagee to
15 originate or underwrite single family mortgages for
16 any area, or areas, or on a nationwide basis, not-
17 withstanding section 202(c) of this Act.

18 “(2) PROCEDURE.—The Secretary”.

19 **SEC. 9. AUTHORIZATION TO PARTICIPATE IN THE ORIGINA-**
20 **TION OF FHA-INSURED LOANS.**

21 (a) SINGLE FAMILY MORTGAGES.—Section 203(b) of
22 the National Housing Act (12 U.S.C. 1709(b)) is amended
23 by striking paragraph (1) and inserting the following new
24 paragraph:

1 retary for Risk Management and Regulatory Affairs, who
2 shall be appointed by the Secretary and shall be respon-
3 sible to the Federal Housing Commissioner for all matters
4 relating to managing and mitigating risk to the mortgage
5 insurance funds of the Department and ensuring the per-
6 formance of mortgages insured by the Department.”.

7 (b) **TERMINATION.**—Upon the appointment and con-
8 firmation of the initial Deputy Assistant Secretary for
9 Risk Management and Regulatory Affairs pursuant to sec-
10 tion 4(b)(2) of the Department of Housing and Urban De-
11 velopment Act, as amended by subsection (a) of this sec-
12 tion, the position of chief risk officer within the Federal
13 Housing Administration, filled by appointment by the
14 Federal Housing Commissioner, is abolished.

15 **SEC. 11. REPORT ON STREAMLINING FHA PROGRAMS.**

16 (a) **EXAMINATION.**—The Secretary of Housing and
17 Urban Development shall conduct an examination of the
18 mortgage insurance and any other programs of the Fed-
19 eral Housing Administration to identify—

20 (1) the level of use and need for such programs;

21 (2) any such programs that are unused or
22 underused; and

23 (3) methods for streamlining, consolidating,
24 simplifying, increasing the efficiency of, and reduc-
25 ing the number of such programs.

1 (b) REPORT.—Not later than the expiration of the
2 12-month period that begins upon the date of the enact-
3 ment of this Act, the Secretary shall submit a report to
4 the Congress on the results of the examination conducted
5 pursuant to subsection (a), including recommendations for
6 any administrative and legislative actions to streamline,
7 consolidate, simplify, increase the efficiency of, and reduce
8 the number of such programs.

9 **SEC. 12. ESTABLISHMENT OF CHIEF FINANCIAL OFFICER**
10 **FOR GNMA.**

11 Section 4 of the Department of Housing and Urban
12 Development Act (42 U.S.C. 3533) is amended by adding
13 after subsection (g), as added by section 1442 of the Dodd
14 Frank Wall Street Reform and Consumer Protection Act
15 (Public Law 111–203; 124 Stat. 2163), the following new
16 subsection:

17 “(h) There shall be in the Department a Chief Finan-
18 cial Office for the Government National Mortgage Asso-
19 ciation, who shall—

20 “(1) be designated by the Secretary;

21 “(2) have the same authority, responsibilities,
22 and functions with respect to such Association as a
23 Chief Financial Officer of an agency referred to in
24 subsection 901(b)(2) of title 31, United States Code,

1 has under section 902 of such title with respect to
2 such agency;

3 “(3) be in the competitive service or the senior
4 executive service;

5 “(4) be a career appointee;

6 “(5) be designated from among individuals who
7 possess demonstrated ability in general management
8 of, and knowledge of and extensive practical experi-
9 ence in financial management practices in large gov-
10 ernmental or business entities;

11 “(6) shall not be required to obtain the prior
12 approval, comment, or review of any officer or agen-
13 cy of the United States before submitting to the
14 Congress, or any committee or subcommittee
15 thereof, any reports, recommendations, testimony, or
16 comments if such submission include a statement in-
17 dicating that the views expressed therein are those
18 of the Chief Financial Officer of the Government
19 National Mortgage Association and do not
20 necessarily represent the views of the Secretary.”.

21 **SEC. 13. HUD MANAGEMENT OF RURAL HOUSING PRO-**
22 **GRAMS.**

23 (a) **DEFINITIONS.**—For purposes of this section, the
24 following definitions shall apply:

1 (1) DEPARTMENT.—The term “Department”
2 means the Department of Housing and Urban De-
3 velopment.

4 (2) SERVICE.—The term “Service” means the
5 Rural Housing Service of the Department of Agri-
6 culture, including any office, organizational unit,
7 program, and function of such Service.

8 (3) SECRETARY.—The term “Secretary” means
9 the Secretary of Housing and Urban Development.

10 (4) TRANSITION PERIOD.—The term “transi-
11 tion period” means the 18-month period beginning
12 on the date of the enactment of this Act.

13 (b) ESTABLISHMENT OF DEPUTY ASSISTANT SEC-
14 RETARY FOR RURAL HOUSING.—Section 4 of the Depart-
15 ment of Housing and Urban Development Act (42 U.S.C.
16 3533), as amended by the preceding provisions of this Act,
17 is further amended by adding at the end the following new
18 subsection:

19 “(i) There shall be in the Department a Deputy As-
20 sistant Secretary for Rural Housing, who shall be des-
21 ignated by the Secretary, shall be located within the Office
22 of Housing, and shall administer, under the supervision
23 and direction of the Secretary and the Assistant Secretary
24 responsible for housing, all departmental programs relat-
25 ing to rural housing, including all programs transferred to

1 the Department by section 7 of the FHA-Rural Regu-
2 latory Improvement Act of 2011.”.

3 (c) TRANSFER OF FUNCTIONS.—Not later than the
4 expiration of the transition period and in accordance with
5 this section, there shall be transferred to the Secretary
6 of Housing and Urban Development all functions, per-
7 sonnel, assets, and liabilities of the Rural Housing Service
8 of the Department of Agriculture, including all functions
9 of the Secretary of Agriculture relating thereto and all
10 functions of the Secretary of Agriculture under the fol-
11 lowing provisions of law:

12 (1) Title V of the Housing Act of 1949 (42
13 U.S.C. 1471 et seq.).

14 (2) Section 925(b) of the Housing and Commu-
15 nity Development Act of 1992 (42 U.S.C. 1471
16 note).

17 (3) Section 632 of the Rural Development, Ag-
18 riculture and Related Agencies Appropriations Act,
19 1988 (42 U.S.C. 1479 note).

20 (4) Section 562 of the Housing and Community
21 Development Act of 1987 (42 U.S.C. 3608a).

22 (d) TRANSFER PLAN.—

23 (1) SUBMISSION OF PLAN.—Not later than 60
24 days after the date of the enactment of this Act, the
25 Secretary of Housing and Urban Development shall

1 transmit to the Congress a reorganization plan re-
2 garding the following:

3 (A) The transfer of the Service pursuant
4 to subsection (c).

5 (B) Any consolidation, reorganization, or
6 streamlining of the Service transferred to the
7 Department of Housing and Urban Develop-
8 ment pursuant to this subsection (c).

9 (2) PLAN ELEMENTS.—The plan transmitted
10 under paragraph (1) shall contain such elements as
11 the Secretary deems appropriate, including the fol-
12 lowing:

13 (A) Identification of any functions of the
14 Service transferred to the Department pursuant
15 to this section that will not be transferred to
16 the Department under the plan.

17 (B) Specification of the actions to be taken
18 by the Secretary to organize the offices, organi-
19 zational units, programs, and functions of the
20 Service within the Department of Housing and
21 Urban Development, including the delegation
22 or assignment of functions transferred to the
23 Department among officers of the Department
24 in order to permit the Department to carry out
25 the functions transferred under the plan.

1 (C) Specification of the funds available to
2 the Service that will be transferred to the De-
3 partment as a result of transfers under the
4 plan.

5 (D) Specification of the proposed alloca-
6 tions within the Department of unexpended
7 funds transferred in connection with transfers
8 under the plan.

9 (E) Specification of any proposed disposi-
10 tion of property, facilities, contracts, records,
11 and other assets and obligations of the Service
12 transferred under the plan.

13 (F) Specification of the proposed alloca-
14 tions within the Department of the functions of
15 the Service that are not related directly to rural
16 housing assistance.

17 (3) MODIFICATION OF PLAN.—The President
18 may, on the basis of consultations with the appro-
19 priate congressional committees, modify or revise
20 any part of the plan under this subsection until that
21 part of the plan takes effect in accordance with
22 paragraph (4).

23 (4) EFFECTIVE DATE.—

24 (A) IN GENERAL.—The reorganization
25 plan described in this subsection, including any

1 modifications or revisions of the plan pursuant
2 to paragraph (3), shall become effective for the
3 Service on the earlier of—

4 (i) the date specified in the plan (or
5 the plan as modified pursuant to para-
6 graph (3)), except that such date may not
7 be earlier than 90 days after the date the
8 President has transmitted the reorganiza-
9 tion plan to the appropriate congressional
10 committees pursuant to paragraph (1); or

11 (ii) the end of the transition period.

12 (B) RULE OF CONSTRUCTION.—Nothing in
13 this paragraph may be construed to require the
14 transfer of functions, personnel, records, bal-
15 ances of appropriations, or other assets of the
16 service on a single date.

17 (C) INAPPLICABILITY OF EXECUTIVE REOR-
18 GANIZATION PROVISION.—Subparagraph (A)
19 shall apply notwithstanding section 905(b) of
20 title 5, United States Code.

21 (e) TRANSITIONAL AUTHORITIES.—

22 (1) PROVISION OF ASSISTANCE BY OFFI-
23 CIALS.—Until the transfer of the Service to the De-
24 partment, any official having authority over or func-
25 tions relating to the Service immediately before the

1 effective date of this section shall provide to the Sec-
2 retary such assistance, including the use of per-
3 sonnel and assets, as the Secretary may request in
4 preparing for the transfer and integration of the
5 Service into the Department.

6 (2) SERVICES AND PERSONNEL.—During the
7 transition period, upon the request of the Secretary,
8 the head of any executive agency may, on a reim-
9 bursable basis, provide services or detail personnel to
10 assist with the transition.

11 (3) ACTING OFFICIALS.—Nothing in this sec-
12 tion shall be construed to require the advice and
13 consent of the Senate to the appointment by the
14 President to a position in the Department of any of-
15 ficer of the Service and whose duties following such
16 transfer are germane to those performed before such
17 transfer.

18 (4) TRANSFER OF PERSONNEL, ASSETS, OBLI-
19 GATIONS, AND FUNCTIONS.—Upon the transfer of
20 the Service to the Department—

21 (A) the personnel, assets, and obligations
22 held by or available in connection with the
23 Service shall be transferred to the Secretary
24 for appropriate allocation, subject to the ap-
25 proval of the Director of the Office of Manage-

1 ment and Budget and in accordance with the
2 provisions of section 1531(a)(2) of title 31,
3 United States Code; and

4 (B) the Secretary shall have all functions
5 relating to the Service that any other official
6 could by law exercise in relation to the Service
7 immediately before such transfer, and shall
8 have in addition all functions vested in the Sec-
9 retary by this section or other law.

10 (f) SAVINGS PROVISIONS.—

11 (1) COMPLETED ADMINISTRATIVE ACTIONS.—

12 (A) IN GENERAL.—Completed administra-
13 tive actions of the Service shall not be affected
14 by the enactment of this section or the transfer
15 of the service to the Department, but shall con-
16 tinue in effect according to their terms until
17 amended, modified, superseded, terminated, set
18 aside, or revoked in accordance with law by an
19 officer of the United States or a court of com-
20 petent jurisdiction, or by operation of law.

21 (B) DEFINITION.—For purposes of sub-
22 paragraph (A), the term “completed adminis-
23 trative action’ ” includes orders, determinations,
24 rules, regulations, personnel actions, permits,

1 agreements, grants, contracts, certificates, li-
2 censes, registrations, and privileges.

3 (2) PENDING PROCEEDINGS.—Subject to the
4 authority of the Secretary under this section and
5 other law—

6 (A) pending proceedings in the Service, in-
7 cluding notices of proposed rulemaking, and ap-
8 plications for licenses, permits, certificates,
9 grants, and financial assistance, shall continue
10 notwithstanding the enactment of this section
11 or the transfer of the Service to the Depart-
12 ment, unless discontinued or modified under the
13 same terms and conditions and to the same ex-
14 tent that such discontinuance could have oc-
15 curred if such enactment or transfer had not
16 occurred; and

17 (B) orders issued in such proceedings, and
18 appeals therefrom, and payments made pursu-
19 ant to such orders, shall issue in the same man-
20 ner and on the same terms as if this section
21 had not been enacted or the Service had not
22 been transferred, and any such orders shall con-
23 tinue in effect until amended, modified, super-
24 seded, terminated, set aside, or revoked by an

1 officer of the United States or a court of com-
2 petent jurisdiction, or by operation of law.

3 (3) PENDING CIVIL ACTIONS.—Subject to the
4 authority of the Secretary under this section and
5 other law, pending civil actions shall continue not-
6 withstanding the enactment of this section or the
7 transfer of the Service to the Department, and in
8 such civil actions, proceedings shall be had, appeals
9 taken, and judgments rendered and enforced in the
10 same manner and with the same effect as if such en-
11 actment or transfer had not occurred.

12 (4) REFERENCES.—References relating to the
13 Service in statutes, Executive orders, rules, regula-
14 tions, directives, or delegations of authority that pre-
15 cede such transfer or the effective date of this sec-
16 tion shall be deemed to refer, as appropriate, to the
17 Department, to its officers, employees, or agents, or
18 to its corresponding organizational units or func-
19 tions. Statutory reporting requirements that applied
20 in relation to the Service immediately before the ef-
21 fective date of this section shall continue to apply
22 following such transfer if such requirements refer to
23 the Service by name.

24 (5) EMPLOYMENT PROVISIONS.—

1 (A) AUTHORITY OF SECRETARY.—Notwith-
2 standing the generality of the foregoing (includ-
3 ing paragraphs (1) and (4)), in and for the De-
4 partment the Secretary may, in regulations pre-
5 scribed jointly with the Director of the Office of
6 Personnel Management, adopt the rules, proce-
7 dures, terms, and conditions, established by
8 statute, rule, or regulation before the effective
9 date of this section, relating to employment in
10 the Service.

11 (B) TERMS OF EMPLOYMENT.—Except as
12 otherwise provided in this section, or under au-
13 thority granted by this section, the transfer
14 pursuant to this section of personnel shall not
15 alter the terms and conditions of employment,
16 including compensation, of any employee so
17 transferred.

18 (g) TERMINATIONS.—Except as otherwise provided in
19 this section, whenever all the functions vested by or pursu-
20 ant to law in the Service have been transferred pursuant
21 to this section, each position and office the incumbent of
22 which was authorized to receive compensation at the rates
23 prescribed for an office or position at level II, III, IV, or
24 V, of the Executive Schedule, shall terminate.

1 (h) CONTINUITY OF INSPECTOR GENERAL OVER-
2 SIGHT.—Upon the transfer of the Service to the Depart-
3 ment pursuant to this section, the Inspector General for
4 the Department of Housing and Urban Development shall
5 assume oversight of the Service.

6 (i) INCIDENTAL TRANSFERS.—The Director of the
7 Office of Management and Budget, in consultation with
8 the Secretary of Housing and Urban Development, is au-
9 thorized and directed to make such additional incidental
10 dispositions of personnel, assets, and liabilities held, used,
11 arising from, available, or to be made available, in connec-
12 tion with the functions transferred by this section, as the
13 Director may determine necessary to accomplish the pur-
14 poses of this section.

15 (j) REFERENCE.—With respect to any function
16 transferred by this section (a) and exercised on or after
17 the effective date of this section, reference in any other
18 Federal law to the Department of Agriculture or the Rural
19 Housing Service or Farmers Home Administration), or to
20 the Secretary of Agriculture or any officer the functions
21 of which are so transferred shall be deemed to refer to
22 the Department of Housing and Urban Development, or
23 to the Secretary of Housing and Urban Development or
24 other official to which such function is so transferred.

1 **SEC. 14. GUARANTEE FEES FOR RURAL MULTIFAMILY**
2 **RENTAL HOUSING LOANS.**

3 Subsection (g) of section 538 of the Housing Act of
4 1949 (42 U.S.C. 1490p-2(g)) is amended to read as fol-
5 lows:

6 “(g) **GUARANTEE FEES.**—With respect to each loan
7 guaranteed under this section, the Secretary shall collect
8 from the lender—

9 “(1) at the time of issuance of the guarantee,
10 a fee equal to 1 percent of the principal obligation
11 of the loan; and

12 “(2) during the term of the loan, an annual fee
13 equal to 0.5 percent of the outstanding principal ob-
14 ligation of the loan or, if such amount is not suffi-
15 cient to cover the costs (as such term is defined in
16 section 502 of the Federal Credit Reform Act of
17 1990 (2 U.S.C. 661a)) of loan guarantees under this
18 section, such other amount as the Secretary deter-
19 mines is sufficient to cover such costs.”.