

REVISED #7

**AMENDMENT TO H.R. 1852, AS REPORTED  
OFFERED BY MR. FRANK OF MASSACHUSETTS,  
MR. GARY G. MILLER OF CALIFORNIA, AND  
MR. CARDOZA OF CALIFORNIA**

Strike line 19 on page 4 and all that follows through page 5, line 22, and insert the following:

**1 SEC. 3. MAXIMUM PRINCIPAL LOAN OBLIGATION.**

2 Section 203(b)(2) of the National Housing Act (12  
3 U.S.C. 1709(b)(2)(A)) is amended by striking subpara-  
4 graph (A) and inserting the following new subparagraph:

5 “(A) not to exceed the lesser of—

6 “(i) in the case of a 1-family resi-  
7 dence, 125 percent of the median 1-family  
8 house price in the area, as determined by  
9 the Secretary; and in the case of a 2-, 3-  
10 , or 4-family residence, the percentage of  
11 such median price that bears the same  
12 ratio to such median price as the dollar  
13 amount limitation in effect for 2007 under  
14 section 305(a)(2) of the Federal Home  
15 Loan Mortgage Corporation Act (12  
16 U.S.C. 1454(a)(2)) for a 2-, 3-, or 4-family  
17 residence, respectively, bears to the dollar

1 amount limitation in effect for 2007 under  
2 such section for a 1-family residence; or

3 “(ii) 175 percent of the dollar amount  
4 limitation in effect for 2007 under such  
5 section 305(a)(2) for a residence of the ap-  
6 plicable size (without regard to any author-  
7 ity to increase such limitations with re-  
8 spect to properties located in Alaska,  
9 Guam, Hawaii, or the Virgin Islands), ex-  
10 cept that each such maximum dollar  
11 amount shall be adjusted effective January  
12 1 of each year beginning with 2008, by  
13 adding to or subtracting from each such  
14 amount (as it may have been previously  
15 adjusted) a percentage thereof equal to the  
16 percentage increase or decrease, during the  
17 most recently completed 12-month or 4-  
18 quarter period ending before the time of  
19 determining such annual adjustment, in an  
20 housing price index developed or selected  
21 by the Secretary for purposes of adjust-  
22 ments under this clause;

23 except that the dollar amount limitation in ef-  
24 fect under this subparagraph for any size resi-  
25 dence for any area may not be less than the

1 greater of (I) the dollar amount limitation in ef-  
2 fect under this section for the area on October  
3 21, 1998, or (II) 65 percent of the dollar  
4 amount limitation in effect for 2007 under such  
5 section 305(a)(2) for a residence of the applica-  
6 ble size, as such limitation is adjusted by any  
7 subsequent percentage adjustments determined  
8 under clause (ii) of this subparagraph; and ex-  
9 cept that, if the Secretary determines that mar-  
10 ket conditions warrant such an increase, the  
11 Secretary may, for such period as the Secretary  
12 considers appropriate, increase the maximum  
13 dollar amount limitation determined pursuant  
14 to the preceding provisions of this subpara-  
15 graph with respect to any particular size or  
16 sizes of residences, or with respect to residences  
17 located in any particular area or areas, to an  
18 amount that does not exceed the maximum dol-  
19 lar amount then otherwise in effect pursuant to  
20 the preceding provisions of this subparagraph  
21 for such size residence, or for such area (if ap-  
22 plicable), by not more than \$100,000; and”.