



(Original Signature of Member)

119TH CONGRESS
1ST SESSION

H. R. _____

To amend the Housing and Urban Development Act of 1968 to provide reforms to housing counseling and financial literacy programs.

IN THE HOUSE OF REPRESENTATIVES

Mr. DAVID SCOTT of Georgia introduced the following bill; which was referred to the Committee on _____

A BILL

To amend the Housing and Urban Development Act of 1968 to provide reforms to housing counseling and financial literacy programs.

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. REFORMS TO HOUSING COUNSELING AND FI-**
4 **NANCIAL LITERACY PROGRAMS.**

5 (a) IN GENERAL.—Section 106 of the Housing and
6 Urban Development Act of 1968 (12 U.S.C. 1701x) is
7 amended—

1 (1) in subsection (a)(4)(C), by striking “ade-
2 quate distribution” and all that follows through
3 “foreclosure rates” and inserting “that the recipi-
4 ents are geographically diverse and include organiza-
5 tions that serve urban or rural areas”;

6 (2) in subsection (e), by adding at the end the
7 following:

8 “(6) PERFORMANCE REVIEW.—The Secretary—

9 “(A) may conduct periodic on-site reviews;
10 and

11 “(B) shall conduct performance reviews of
12 all participating agencies that—

13 “(i) consist of a review of the partici-
14 pating agency’s compliance with all pro-
15 gram requirements; and

16 “(ii) may take into account the agen-
17 cy’s aggregate counselor performance
18 under paragraph (7)(B).

19 “(7) CONSIDERATIONS.—

20 “(A) COVERED MORTGAGE LOAN DE-
21 FINED.—In this paragraph, the term ‘covered
22 mortgage loan’ means any loan which is secured
23 by a first or subordinate lien on residential real
24 property (including individual units of con-
25 dominiums and cooperatives) designed prin-

1 cipally for the occupancy of between 1 and 4
2 families that is—

3 “(i) insured by the Federal Housing
4 Administration under title II of the Na-
5 tional Housing Act (12 U.S.C. 1707 et
6 seq.); or

7 “(ii) guaranteed under section 184 or
8 184A of the Housing and Community De-
9 velopment Act of 1992 (12 U.S.C. 1715z–
10 13a, 1715z–13b).

11 “(B) COMPARISON.—For each counselor
12 employed by an organization receiving assist-
13 ance under this section for pre-purchase hous-
14 ing counseling, the Secretary may consider the
15 performance of the counselor compared to the
16 default rate of all counseled borrowers of a cov-
17 ered mortgage loan in comparable markets and
18 such other factors as the Secretary determines
19 appropriate to further the purposes of this sec-
20 tion.

21 “(8) CERTIFICATION.—If, based on the com-
22 parison required under paragraph (7)(B), the Sec-
23 retary determines that a counselor lacks competence
24 to provide counseling in the areas described in sub-
25 section (e)(2) and such action will not create a sig-

1 nificant loss of capacity for housing counseling serv-
2 ices in the service area, the Secretary may—

3 “(A) require continued education coupled
4 with successful completion of a probationary pe-
5 riod;

6 “(B) require retesting if the counselor con-
7 tinues to demonstrate a lack of competence
8 under paragraph (7)(B); and

9 “(C) permanently suspend an individual
10 certification if a counselor fails to demonstrate
11 competence after not fewer than 2 retesting op-
12 portunities under subparagraph (B).”;

13 (3) in subsection (i)—

14 (A) by redesignating paragraph (3) as
15 paragraph (4); and

16 (B) by inserting after paragraph (2) the
17 following:

18 “(3) TERMINATION OF ASSISTANCE.—

19 “(A) IN GENERAL.—The Secretary may
20 deny renewal of covered assistance to an organi-
21 zation or entity receiving covered assistance if
22 the Secretary determines that the organization
23 or entity, or the individual through which the
24 organization or entity provides counseling, is
25 not in compliance with program requirements—

1 “(i) based on the performance review
2 described in subsection (e)(6); and

3 “(ii) in accordance with regulations
4 issued by the Secretary.

5 “(B) NOTICE.—The Secretary shall give
6 an organization or entity receiving covered as-
7 sistance not less than 60 days prior written no-
8 tice of any denial of renewal under this para-
9 graph, and the determination of renewal shall
10 not be finalized until the end of that notice pe-
11 riod.

12 “(C) INFORMAL CONFERENCE.—If re-
13 quested in writing by the organization or entity
14 within the notice period described in subpara-
15 graph (B), the organization or entity shall be
16 entitled to an informal conference with the Dep-
17 uty Assistant Secretary of Housing Counseling
18 on behalf of the Secretary at which the organi-
19 zation or entity may present for consideration
20 specific factors that the organization or entity
21 believes were beyond the control of the organi-
22 zation or entity and that caused the failure to
23 comply with program requirements, such as a
24 lack of lender or servicer coordination or com-

1 munication with housing counseling agencies
2 and individual counselors.”; and

3 (4) by adding at the end the following:

4 “(j) OFFERING FORECLOSURE MITIGATION COUN-
5 SELING.—

6 “(1) COVERED MORTGAGE LOAN DEFINED.—In
7 this subsection, the term ‘covered mortgage loan’
8 means any loan which is secured by a first or subor-
9 dinate lien on residential real property (including in-
10 dividual units of condominiums and housing co-
11 operatives) or stock or membership in a cooperative
12 ownership housing corporation designed principally
13 for the occupancy of between 1 and 4 families that
14 is—

15 “(A) insured by the Federal Housing Ad-
16 ministration under title II of the National
17 Housing Act (12 U.S.C. 1707 et seq.);

18 “(B) guaranteed under section 184 or
19 184A of the Housing and Community Develop-
20 ment Act of 1992 (12 U.S.C. 1715z–13a,
21 1715z–13b);

22 “(C) made, guaranteed, or insured by the
23 Department of Veterans Affairs; or

24 “(D) made, guaranteed, or insured by the
25 Department of Agriculture.

1 “(2) OPPORTUNITY FOR BORROWERS.—A bor-
2 rower with respect to a covered mortgage loan who
3 is 30 days or more delinquent on payments for the
4 covered mortgage loan shall be given an opportunity
5 to participate in available housing counseling.

6 “(3) COST.—If the requirements of sections
7 202(a)(3) and 205(f) of the National Housing Act
8 (12 U.S.C. 1708(a)(3), 1711(f)) are met, the fair
9 market rate cost of counseling for delinquent bor-
10 rowers described in paragraph (2) with respect to a
11 covered mortgage loan described in paragraph
12 (1)(A) shall be paid for by the Mutual Mortgage In-
13 surance Fund, as authorized under section 203(r)(4)
14 of the National Housing Act (12 U.S.C.
15 1709(r)(4)).”.