

AMENDMENT NO. _____ Calendar No. _____

Purpose: To provide a complete substitute.

IN THE SENATE OF THE UNITED STATES—111th Cong., 1st Sess.

S. 896

To prevent mortgage foreclosures and enhance mortgage
credit availability.

Referred to the Committee on _____ and
ordered to be printed

Ordered to lie on the table and to be printed

AMENDMENT IN THE NATURE OF A SUBSTITUTE intended
to be proposed by _____

Viz:

1 Strike all after the enacting clause and insert the fol-
2 lowing:

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Helping Families Save Their Homes Act of 2009”.

6 (b) TABLE OF CONTENTS.—The table of contents of
7 this Act is the following:

Sec. 1. Short title; table of contents.

TITLE I—PREVENTION OF MORTGAGE FORECLOSURES

Sec. 101. Guaranteed rural housing loans.

Sec. 102. Modification of housing loans guaranteed by the Department of Vet-
erans Affairs.

- Sec. 103. Additional funding for HUD programs to assist individuals to better withstand the current mortgage crisis.
- Sec. 104. Mortgage modification data collecting and reporting.

TITLE II—FORECLOSURE MITIGATION AND CREDIT
AVAILABILITY

- Sec. 201. Servicer safe harbor for mortgage loan modifications.
- Sec. 202. Changes to HOPE for Homeowners Program.
- Sec. 203. Requirements for FHA-approved mortgagees.
- Sec. 204. Enhancement of liquidity and stability of insured depository institutions to ensure availability of credit and reduction of foreclosures.
- Sec. 205. Application of GSE conforming loan limit to mortgages assisted with TARP funds.
- Sec. 206. Mortgages on certain homes on leased land.
- Sec. 207. Sense of Congress regarding mortgage revenue bond purchases.

TITLE III—MORTGAGE FRAUD TASK FORCE

- Sec. 301. Sense of the Congress on establishment of a Nationwide Mortgage Fraud Task Force.

TITLE IV—FORECLOSURE MORATORIUM PROVISIONS

- Sec. 401. Sense of the Congress on foreclosures.

1 **TITLE I—PREVENTION OF**
2 **MORTGAGE FORECLOSURES**

3 **SEC. 101. GUARANTEED RURAL HOUSING LOANS.**

4 (a) GUARANTEED RURAL HOUSING LOANS.—Section
5 502(h) of the Housing Act of 1949 (42 U.S.C. 1472(h))
6 is amended—

7 (1) by redesignating paragraphs (13) and (14)
8 as paragraphs (16) and (17), respectively; and

9 (2) by inserting after paragraph (12) the fol-
10 lowing new paragraphs:

11 “(13) LOSS MITIGATION.—Upon default or im-
12 minent default of any mortgage guaranteed under
13 this subsection, mortgagees shall engage in loss miti-
14 gation actions for the purpose of providing an alter-

1 native to foreclosure (including actions such as spe-
2 cial forbearance, loan modification, pre-foreclosure
3 sale, deed in lieu of foreclosure, as required, support
4 for borrower housing counseling, subordinate lien
5 resolution, and borrower relocation), as provided for
6 by the Secretary.

7 “(14) PAYMENT OF PARTIAL CLAIMS AND
8 MORTGAGE MODIFICATIONS.—The Secretary may
9 authorize the modification of mortgages, and estab-
10 lish a program for payment of a partial claim to a
11 mortgagee that agrees to apply the claim amount to
12 payment of a mortgage on a 1- to 4-family resi-
13 dence, for mortgages that are in default or face im-
14 minent default, as defined by the Secretary. Any
15 payment under such program directed to the mort-
16 gagee shall be made at the sole discretion of the Sec-
17 retary and on terms and conditions acceptable to the
18 Secretary, except that—

19 “(A) the amount of the partial claim pay-
20 ment shall be in an amount determined by the
21 Secretary, and shall not exceed an amount
22 equivalent to 30 percent of the unpaid principal
23 balance of the mortgage and any costs that are
24 approved by the Secretary;

1 “(B) the amount of the partial claim pay-
2 ment shall be applied first to any outstanding
3 indebtedness on the mortgage, including any ar-
4 rearage, but may also include principal reduc-
5 tion;

6 “(C) the mortgagor shall agree to repay
7 the amount of the partial claim to the Secretary
8 upon terms and conditions acceptable to the
9 Secretary;

10 “(D) expenses related to a partial claim or
11 modification are not to be charged to the bor-
12 rower;

13 “(E) the Secretary may authorize com-
14 pensation to the mortgagee for lost income on
15 monthly mortgage payments due to interest
16 rate reduction;

17 “(F) the Secretary may reimburse the
18 mortgagee from the appropriate guaranty fund
19 in connection with any activities that the mort-
20 gagee is required to undertake concerning re-
21 payment by the mortgagor of the amount owed
22 to the Secretary;

23 “(G) the Secretary may authorize pay-
24 ments to the mortgagee on behalf of the bor-
25 rower, under such terms and conditions as are

1 defined by the Secretary, based on successful
2 performance under the terms of the mortgage
3 modification, which shall be used to reduce the
4 principal obligation under the modified mort-
5 gage; and

6 “(H) the Secretary may authorize the
7 modification of mortgages with terms extended
8 up to 40 years from the date of modification.

9 “(15) ASSIGNMENT.—

10 “(A) PROGRAM AUTHORITY.—The Sec-
11 retary may establish a program for assignment
12 to the Secretary, upon request of the mort-
13 gagee, of a mortgage on a 1- to 4-family resi-
14 dence guaranteed under this chapter.

15 “(B) PROGRAM REQUIREMENTS.—

16 “(i) IN GENERAL.—The Secretary
17 may encourage loan modifications for eligi-
18 ble delinquent mortgages or mortgages fac-
19 ing imminent default, as defined by the
20 Secretary, through the payment of the
21 guaranty and assignment of the mortgage
22 to the Secretary and the subsequent modi-
23 fication of the terms of the mortgage ac-
24 cording to a loan modification approved
25 under this section.

1 “(ii) ACCEPTANCE OF ASSIGNMENT.—

2 The Secretary may accept assignment of a
3 mortgage under a program under this sub-
4 section only if—

5 “(I) the mortgage is in default or
6 facing imminent default;

7 “(II) the mortgagee has modified
8 the mortgage or qualified the mort-
9 gage for modification sufficient to
10 cure the default and provide for mort-
11 gage payments the mortgagor is rea-
12 sonably able to pay, at interest rates
13 not exceeding current market interest
14 rates; and

15 “(III) the Secretary arranges for
16 servicing of the assigned mortgage by
17 a mortgagee (which may include the
18 assigning mortgagee) through proce-
19 dures that the Secretary has deter-
20 mined to be in the best interests of
21 the appropriate guaranty fund.

22 “(C) PAYMENT OF GUARANTY.—Under the
23 program under this paragraph, the Secretary
24 may pay the guaranty for a mortgage, in the
25 amount determined in accordance with para-

1 graph (2), without reduction for any amounts
2 modified, but only upon the assignment, trans-
3 fer, and delivery to the Secretary of all rights,
4 interest, claims, evidence, and records with re-
5 spect to the mortgage, as defined by the Sec-
6 retary.

7 “(D) DISPOSITION.—After modification of
8 a mortgage pursuant to this paragraph, and as-
9 signment of the mortgage, the Secretary may
10 provide guarantees under this subsection for the
11 mortgage. The Secretary may subsequently—

12 “(i) re-assign the mortgage to the
13 mortgagee under terms and conditions as
14 are agreed to by the mortgagee and the
15 Secretary;

16 “(ii) act as a Government National
17 Mortgage Association issuer, or contract
18 with an entity for such purpose, in order
19 to pool the mortgage into a Government
20 National Mortgage Association security; or

21 “(iii) re-sell the mortgage in accord-
22 ance with any program that has been es-
23 tablished for purchase by the Federal Gov-
24 ernment of mortgages insured under this
25 title, and the Secretary may coordinate

1 standards for interest rate reductions
2 available for loan modification with inter-
3 est rates established for such purchase.

4 “(E) LOAN SERVICING.—In carrying out
5 the program under this subsection, the Sec-
6 retary may require the existing servicer of a
7 mortgage assigned to the Secretary under the
8 program to continue servicing the mortgage as
9 an agent of the Secretary during the period
10 that the Secretary acquires and holds the mort-
11 gage for the purpose of modifying the terms of
12 the mortgage. If the mortgage is resold pursu-
13 ant to subparagraph (D)(iii), the Secretary may
14 provide for the existing servicer to continue to
15 service the mortgage or may engage another en-
16 tity to service the mortgage.”.

17 (b) TECHNICAL AMENDMENTS.—Subsection (h) of
18 section 502 of the Housing Act of 1949 (42 U.S.C.
19 1472(h)) is amended—

20 (1) in paragraph (5)(A), by striking “(as de-
21 fined in paragraph (13))” and inserting “(as defined
22 in paragraph (17))”; and

23 (2) in paragraph (18)(E)(as so redesignated by
24 subsection (a)(2)), by—

1 (A) striking “paragraphs (3), (6), (7)(A),
2 (8), and (10)” and inserting “paragraphs (3),
3 (6), (7)(A), (8), (10), (13), and (14)”; and

4 (B) striking “paragraphs (2) through
5 (13)” and inserting “paragraphs (2) through
6 (15)”.

7 (c) PROCEDURE.—

8 (1) IN GENERAL.—The promulgation of regula-
9 tions necessitated and the administration actions re-
10 quired by the amendments made by this section shall
11 be made without regard to—

12 (A) the notice and comment provisions of
13 section 553 of title 5, United States Code;

14 (B) the Statement of Policy of the Sec-
15 retary of Agriculture effective July 24, 1971
16 (36 Fed. Reg. 13804), relating to notices of
17 proposed rulemaking and public participation in
18 rulemaking; and

19 (C) chapter 35 of title 44, United States
20 Code (commonly known as the “Paperwork Re-
21 duction Act”).

22 (2) CONGRESSIONAL REVIEW OF AGENCY RULE-
23 MAKING.—In carrying out this section, and the
24 amendments made by this section, the Secretary

1 shall use the authority provided under section 808 of
2 title 5, United States Code.

3 **SEC. 102. MODIFICATION OF HOUSING LOANS GUARAN-**
4 **TEED BY THE DEPARTMENT OF VETERANS**
5 **AFFAIRS.**

6 (a) MATURITY OF HOUSING LOANS.—Section
7 3703(d)(1) of title 38, United States Code, is amended
8 by inserting “at the time of origination” after “loan”.

9 (b) IMPLEMENTATION.—The Secretary of Veterans
10 Affairs may implement the amendments made by this sec-
11 tion through notice, procedure notice, or administrative
12 notice.

13 **SEC. 103. ADDITIONAL FUNDING FOR HUD PROGRAMS TO**
14 **ASSIST INDIVIDUALS TO BETTER WITHSTAND**
15 **THE CURRENT MORTGAGE CRISIS.**

16 (a) ADDITIONAL APPROPRIATIONS FOR ADVERTISING
17 TO INCREASE PUBLIC AWARENESS OF MORTGAGE SCAMS
18 AND COUNSELING ASSISTANCE.—In addition to any
19 amounts that may be appropriated for each of the fiscal
20 years 2010 and 2011 for such purpose, there is authorized
21 to be appropriated to the Secretary of Housing and Urban
22 Development, to remain available until expended,
23 \$10,000,000 for each of the fiscal years 2010 and 2011
24 for purposes of providing additional resources to be used
25 for advertising to raise awareness of mortgage fraud and

1 to support HUD programs and approved counseling agen-
2 cies, provided that such amounts are used to advertise in
3 the 100 metropolitan statistical areas with the highest
4 rate of home foreclosures, and provided, further that up
5 to \$5,000,000 of such amounts are used for advertise-
6 ments designed to reach and inform broad segments of
7 the community.

8 (b) ADDITIONAL APPROPRIATIONS FOR THE HOUS-
9 ING COUNSELING ASSISTANCE PROGRAM.—In addition to
10 any amounts that may be appropriated for each of the
11 fiscal years 2010 and 2011 for such purpose, there is au-
12 thorized to be appropriated to the Secretary of Housing
13 and Urban Development, to remain available until ex-
14 pended, \$50,000,000 for each of the fiscal years 2010 and
15 2011 to carry out the Housing Counseling Assistance Pro-
16 gram established within the Department of Housing and
17 Urban Development, provided that such amounts are used
18 to fund HUD-certified housing-counseling agencies lo-
19 cated in the 100 metropolitan statistical areas with the
20 highest rate of home foreclosures for the purpose of assist-
21 ing homeowners with inquiries regarding mortgage-modi-
22 fication assistance and mortgage scams.

23 (c) ADDITIONAL APPROPRIATIONS FOR PERSONNEL
24 AT THE OFFICE OF FAIR HOUSING AND EQUAL OPPOR-
25 TUNITY.—In addition to any amounts that may be appro-

1 priated for each of the fiscal years 2010 and 2011 for
2 such purpose, there is authorized to be appropriated to
3 the Secretary of Housing and Urban Development, to re-
4 main available until expended, \$5,000,000 for each of the
5 fiscal years 2010 and 2011 for purposes of hiring addi-
6 tional personnel at the Office of Fair Housing and Equal
7 Opportunity within the Department of Housing and
8 Urban Development, provided that such amounts are used
9 to hire personnel at the local branches of such Office lo-
10 cated in the 100 metropolitan statistical areas with the
11 highest rate of home foreclosures.

12 **SEC. 104. MORTGAGE MODIFICATION DATA COLLECTING**
13 **AND REPORTING.**

14 (a) **REPORTING REQUIREMENTS.**—Not later than
15 120 days after the date of the enactment of this Act, and
16 quarterly thereafter, the Comptroller of the Currency and
17 the Director of the Office of Thrift Supervision, shall
18 jointly submit a report to the Committee on Banking,
19 Housing, and Urban Affairs of the Senate, the Committee
20 on Financial Services of the House of Representatives on
21 the volume of mortgage modifications reported to the Of-
22 fice of the Comptroller of the Currency and the Office of
23 Thrift Supervision, under the mortgage metrics program
24 of each such Office, during the previous quarter, including
25 the following:

1 (1) A copy of the data collection instrument
2 currently used by the Office of the Comptroller of
3 the Currency and the Office of Thrift Supervision to
4 collect data on loan modifications.

5 (2) The total number of mortgage modifications
6 resulting in each of the following:

7 (A) Additions of delinquent payments and
8 fees to loan balances.

9 (B) Interest rate reductions and freezes.

10 (C) Term extensions.

11 (D) Reductions of principal.

12 (E) Deferrals of principal.

13 (F) Combinations of modifications de-
14 scribed in subparagraph (A), (B), (C), (D), or
15 (E).

16 (3) The total number of mortgage modifications
17 in which the total monthly principal and interest
18 payment resulted in the following:

19 (A) An increase.

20 (B) Remained the same.

21 (C) Decreased less than 10 percent.

22 (D) Decreased between 10 percent and 20
23 percent.

24 (E) Decreased 20 percent or more.

1 (4) The total number of loans that have been
2 modified and then entered into default, where the
3 loan modification resulted in—

4 (A) higher monthly payments by the home-
5 owner;

6 (B) equivalent monthly payments by the
7 homeowner;

8 (C) lower monthly payments by the home-
9 owner of up to 10 percent;

10 (D) lower monthly payments by the home-
11 owner of between 10 percent to 20 percent; or

12 (E) lower monthly payments by the home-
13 owner of more than 20 percent.

14 (b) DATA COLLECTION.—

15 (1) REQUIRED.—

16 (A) IN GENERAL.—Not later than 60 days
17 after the date of the enactment of this Act, the
18 Comptroller of the Currency and the Director
19 of the Office of Thrift Supervision, shall issue
20 mortgage modification data collection and re-
21 porting requirements to institutions covered
22 under the reporting requirement of the mort-
23 gage metrics program of the Comptroller or the
24 Director.

1 (B) INCLUSIVENESS OF COLLECTIONS.—

2 The requirements under subparagraph (A) shall
3 provide for the collection of all mortgage modi-
4 fication data needed by the Comptroller of the
5 Currency and the Director of the Office of
6 Thrift Supervision to fulfill the reporting re-
7 quirements under subsection (a).

8 (2) REPORT.—The Comptroller of the Currency
9 shall report all requirements established under para-
10 graph (1) to each committee receiving the report re-
11 quired under subsection (a).

12 **TITLE II—FORECLOSURE MITI-**
13 **GATION AND CREDIT AVAIL-**
14 **ABILITY**

15 **SEC. 201. SERVICER SAFE HARBOR FOR MORTGAGE LOAN**
16 **MODIFICATIONS.**

17 (a) CONGRESSIONAL FINDINGS.—Congress finds the
18 following:

19 (1) Increasing numbers of mortgage fore-
20 closures are not only depriving many Americans of
21 their homes, but are also destabilizing property val-
22 ues and negatively affecting State and local econo-
23 mies as well as the national economy.

24 (2) In order to reduce the number of fore-
25 closures and to stabilize property values, local econo-

1 mies, and the national economy, servicers must be
2 given—

3 (A) authorization to—

4 (i) modify mortgage loans and engage
5 in other loss mitigation activities consistent
6 with applicable guidelines issued by the
7 Secretary of the Treasury or his designee
8 under the Emergency Economic Stabiliza-
9 tion Act of 2008; and

10 (ii) refinance mortgage loans under
11 the Hope for Homeowners program; and

12 (B) a safe harbor to enable such servicers
13 to exercise these authorities.

14 (b) SAFE HARBOR.—Section 129A of the Truth in
15 Lending Act (15 U.S.C. 1639a) is amended to read as
16 follows:

17 **“SEC. 129. DUTY OF SERVICERS OF RESIDENTIAL MORT-**
18 **GAGES.**

19 “(a) IN GENERAL.—Notwithstanding any other pro-
20 vision of law, whenever a servicer of residential mortgages
21 agrees to enter into a qualified loss mitigation plan with
22 respect to 1 or more residential mortgages originated be-
23 fore the date of enactment of the Helping Families Save
24 Their Homes Act of 2009, including mortgages held in
25 a securitization or other investment vehicle—

1 “(1) to the extent that the servicer owes a duty
2 to investors or other parties to maximize the net
3 present value of such mortgages, the duty shall be
4 construed to apply to all such investors and parties,
5 and not to any individual party or group of parties;
6 and

7 “(2) the servicer shall be deemed to have satis-
8 fied the duty set forth in paragraph (1) if, before
9 December 31, 2012, the servicer implements a quali-
10 fied loss mitigation plan that meets the following cri-
11 teria:

12 “(A) Default on the payment of such mort-
13 gage has occurred, is imminent, or is reason-
14 ably foreseeable, as such terms are defined by
15 guidelines issued by the Secretary of the Treas-
16 ury or his designee under the Emergency Eco-
17 nomic Stabilization Act of 2008.

18 “(B) The mortgagor occupies the property
19 securing the mortgage as his or her principal
20 residence.

21 “(C) The servicer reasonably determined,
22 consistent with the guidelines issued by the Sec-
23 retary of the Treasury or his designee, that the
24 application of such qualified loss mitigation
25 plan to a mortgage or class of mortgages will

1 likely provide an anticipated recovery on the
2 outstanding principal mortgage debt that will
3 exceed the anticipated recovery through fore-
4 closures.

5 “(b) NO LIABILITY.—A servicer that is deemed to be
6 acting in the best interests of all investors or other parties
7 under this section shall not be liable to any party who is
8 owed a duty under subsection (a)(1), and shall not be sub-
9 ject to any injunction, stay, or other equitable relief to
10 such party, based solely upon the implementation by the
11 servicer of a qualified loss mitigation plan.

12 “(c) STANDARD INDUSTRY PRACTICE.—The quali-
13 fied loss mitigation plan guidelines issued by the Secretary
14 of the Treasury under the Emergency Economic Stabiliza-
15 tion Act of 2008 shall constitute standard industry prac-
16 tice for purposes of all Federal and State laws.

17 “(d) SCOPE OF SAFE HARBOR.—Any person, includ-
18 ing a trustee, issuer, and loan originator, shall not be lia-
19 ble for monetary damages or be subject to an injunction,
20 stay, or other equitable relief, based solely upon the co-
21 operation of such person with a servicer when such co-
22 operation is necessary for the servicer to implement a
23 qualified loss mitigation plan that meets the requirements
24 of subsection (a).

1 “(e) REPORTING.—Each servicer that engages in
2 qualified loss mitigation plans under this section shall reg-
3 ularly report to the Secretary of the Treasury the extent,
4 scope, and results of the servicer’s modification activities.
5 The Secretary of the Treasury shall prescribe regulations
6 or guidance specifying the form, content, and timing of
7 such reports.

8 “(f) DEFINITIONS.—As used in this section—

9 “(1) the term ‘qualified loss mitigation plan’
10 means—

11 “(A) a residential loan modification, work-
12 out, or other loss mitigation plan, including to
13 the extent that the Secretary of the Treasury
14 determines appropriate, a loan sale, real prop-
15 erty disposition, trial modification, pre-fore-
16 closure sale, and deed in lieu of foreclosure,
17 that is described or authorized in guidelines
18 issued by the Secretary of the Treasury or his
19 designee under the Emergency Economic Sta-
20 bilization Act of 2008; and

21 “(B) a refinancing of a mortgage under
22 the Hope for Homeowners program;

23 “(2) the term ‘servicer’ means the person re-
24 sponsible for the servicing for others of residential

1 mortgage loans(including of a pool of residential
2 mortgage loans); and

3 “(3) the term ‘securitization vehicle’ means a
4 trust, special purpose entity, or other legal structure
5 that is used to facilitate the issuing of securities,
6 participation certificates, or similar instruments
7 backed by or referring to a pool of assets that in-
8 cludes residential mortgages (or instruments that
9 are related to residential mortgages such as credit-
10 linked notes).”.

11 **SEC. 202. CHANGES TO HOPE FOR HOMEOWNERS PRO-**
12 **GRAM.**

13 (a) PROGRAM CHANGES.—Section 257 of the Na-
14 tional Housing Act (12 U.S.C. 1715z–23) is amended—

15 (1) in subsection (c)—

16 (A) in the heading for paragraph (1), by
17 striking “THE BOARD” and inserting “SEC-
18 RETARY”;

19 (B) in paragraph (1), by striking “Board”
20 inserting “Secretary, after consultation with the
21 Board,”;

22 (C) in paragraph (1)(A), by inserting
23 “consistent with section 203(b) to the max-
24 imum extent possible” before the semicolon;
25 and

1 (D) by adding after paragraph (2) the fol-
2 lowing:

3 “(3) DUTIES OF BOARD.—The Board shall ad-
4 vise the Secretary regarding the establishment and
5 implementation of the HOPE for Homeowners Pro-
6 gram.”;

7 (2) by striking “Board” each place such term
8 appears in subsections (e), (h)(1), (h)(3), (j), (l),
9 (n), (s)(3), and (v) and inserting “Secretary”;

10 (3) in subsection (e)—

11 (A) by striking paragraph (1) and insert-
12 ing the following:

13 “(1) BORROWER CERTIFICATION.—

14 “(A) NO INTENTIONAL DEFAULT OR
15 FALSE INFORMATION.—The mortgagor shall
16 provide a certification to the Secretary that the
17 mortgagor has not intentionally defaulted on
18 the existing mortgage or mortgages or any
19 other substantial debt within the last 5 years
20 and has not knowingly, or willfully and with ac-
21 tual knowledge, furnished material information
22 known to be false for the purpose of obtaining
23 the eligible mortgage to be insured and has not
24 been convicted under Federal or State law for
25 fraud during the 10-year period ending upon

1 the insurance of the mortgage under this sec-
2 tion.

3 “(B) LIABILITY FOR REPAYMENT.—The
4 mortgagor shall agree in writing that the mort-
5 gagor shall be liable to repay to the Secretary
6 any direct financial benefit achieved from the
7 reduction of indebtedness on the existing mort-
8 gage or mortgages on the residence refinanced
9 under this section derived from misrepresenta-
10 tions made by the mortgagor in the certifi-
11 cations and documentation required under this
12 paragraph, subject to the discretion of the Sec-
13 retary.

14 “(C) CURRENT BORROWER DEBT-TO-IN-
15 COME RATIO.—As of the date of application for
16 a commitment to insure or insurance under this
17 section, the mortgagor shall have had, or there-
18 after is likely to have, due to the terms of the
19 mortgage being reset, a ratio of mortgage debt
20 to income, taking into consideration all existing
21 mortgages of that mortgagor at such time,
22 greater than 31 percent (or such higher amount
23 as the Secretary determines appropriate).”;

24 (B) in paragraph (4)—

1 (i) in subparagraph (A), by striking “,
2 subject to standards established by the
3 Board under subparagraph (B),”; and

4 (ii) in subparagraph (B)(i), by strik-
5 ing “shall” and inserting “may”; and

6 (C) in paragraph (7), by striking “; and
7 provided that” and all that follows through
8 “new second lien”;

9 (D) in paragraph (9)—

10 (i) by striking “by procuring (A) an
11 income tax return transcript of the income
12 tax return of the mortgagor, or (B)” and
13 inserting “in accordance with procedures
14 and standards that the Secretary shall es-
15 tablish (provided that such procedures and
16 standards are consistent with section
17 203(b) to the maximum extent possible)
18 which may include requiring the mortgagee
19 to procure”; and

20 (ii) by striking “and by any other
21 method, in accordance with procedures and
22 standards that the Board shall establish”;

23 (E) in paragraph (10)—

24 (i) by striking “The mortgagor shall
25 not” and inserting the following:

1 “(A) PROHIBITION.—The mortgagor shall
2 not”; and

3 (ii) by adding at the end the fol-
4 lowing:

5 “(B) DUTY OF MORTGAGEE.—The duty of
6 the mortgagee to ensure that the mortgagor is
7 in compliance with the prohibition under sub-
8 paragraph (A) shall be satisfied if the mort-
9 gagee makes a good faith effort to determine
10 that the mortgagor has not been convicted
11 under Federal or State law for fraud during the
12 period described in subparagraph (A).”;

13 (F) in paragraph (11), by inserting before
14 the period at the end the following: “, except
15 that the Secretary may provide exceptions to
16 such latter requirement (relating to present
17 ownership interest) for any mortgagor who has
18 inherited a property”; and

19 (G) by adding at the end:

20 “(12) BAN ON MILLIONAIRES.—The mortgagor
21 shall not have a net worth, as of the date the mort-
22 gagor first applies for a mortgage to be insured
23 under the Program under this section, that exceeds
24 \$1,000,000.”;

1 (4) in subsection (h)(2), by striking “The
2 Board shall prohibit the Secretary from paying” and
3 inserting “The Secretary shall not pay”; and

4 (5) in subsection (i)—

5 (A) by redesignating paragraphs (1) and
6 (2) as subparagraphs (A) and (B), respectively,
7 and adjusting the margins accordingly;

8 (B) in the matter preceding subparagraph
9 (A), as redesignated by this paragraph, by
10 striking “For each” and inserting the following:

11 “(1) PREMIUMS.—For each”;

12 (C) in subparagraph (A), as redesignated
13 by this paragraph, by striking “equal to 3 per-
14 cent” and inserting “not more than 3 percent”;
15 and

16 (D) in subparagraph (B), as redesignated
17 by this paragraph, by striking “equal to 1.5
18 percent” and inserting “not more than 1.5 per-
19 cent”;

20 (E) by adding at the end the following:

21 “(2) CONSIDERATIONS.—In setting the pre-
22 mium under this subsection, the Secretary shall con-
23 sider—

24 “(A) the financial integrity of the HOPE
25 for Homeowners Program; and

1 “(B) the purposes of the HOPE for Home-
2 owners Program described in subsection (b).”;

3 (6) in subsection (k)—

4 (A) by striking the subsection heading and
5 inserting “EXIT FEE”;

6 (B) in paragraph (1), in the matter pre-
7 ceding subparagraph (A), by striking “such sale
8 or refinancing” and inserting “the mortgage
9 being insured under this section”; and

10 (C) in paragraph (2), by striking “and the
11 mortgagor” and all that follows through the
12 end and inserting “may, upon any sale or dis-
13 position of the property to which the mortgage
14 relates, be entitled to up to 50 percent of ap-
15 preciation, up to the appraised value of the
16 home at the time when the mortgage being refi-
17 nanced under this section was originally made.
18 The Secretary may share any amounts received
19 under this paragraph with the holder of the ex-
20 isting senior mortgage on the eligible mortgage,
21 the holder of any existing subordinate mortgage
22 on the eligible mortgage, or both.”;

23 (7) in the heading for subsection (n), by strik-
24 ing “THE BOARD” and inserting “SECRETARY”;

1 (8) in subsection (p), by striking “Under the di-
2 rection of the Board, the” and inserting “The”;

3 (9) in subsection (s)—

4 (A) in the first sentence of paragraph (2),
5 by striking “Board of Directors of” and insert-
6 ing “Advisory Board for”; and

7 (B) in paragraph (3)(A)(ii), by striking
8 “subsection (e)(1)(B) and such other” and in-
9 serting “such”;

10 (10) in subsection (v), by inserting after the pe-
11 riod at the end the following: “The Secretary shall
12 conform documents, forms, and procedures for mort-
13 gages insured under this section to those in place for
14 mortgages insured under section 203(b) to the max-
15 imum extent possible consistent with the require-
16 ments of this section.”; and

17 (11) by adding at the end the following new
18 subsections:

19 “(x) PAYMENTS TO SERVICERS AND ORIGINATORS.—
20 The Secretary may establish a payment to the—

21 “(1) servicer of the existing senior mortgage for
22 every loan insured under the HOPE for Home-
23 owners Program; and

24 “(2) originator of each new loan insured under
25 the HOPE for Homeowners Program.

1 (B) in subparagraph (F), by striking “;
2 and” and inserting “or their designees.”; and
3 (C) by striking subparagraph (G).

4 (2) PROHIBITION AGAINST LIMITATIONS ON
5 MORTGAGEE REVIEW BOARD’S POWER TO TAKE AC-
6 TION AGAINST MORTGAGEES.—Section 202(c) of the
7 National Housing Act (12 U.S.C. 1708(c)) is
8 amended by adding at the end the following new
9 paragraph:

10 “(9) PROHIBITION AGAINST LIMITATIONS ON
11 MORTGAGEE REVIEW BOARD’S POWER TO TAKE AC-
12 TION AGAINST MORTGAGEES.—No State or local law,
13 and no Federal law (except a Federal law enacted
14 expressly in limitation of this subsection after the ef-
15 fective date of this sentence), shall preclude or limit
16 the exercise by the Board of its power to take any
17 action authorized under paragraphs (3) and (6) of
18 this subsection against any mortgagee.”.

19 (b) LIMITATIONS ON PARTICIPATION AND MORT-
20 GAGEE APPROVAL AND USE OF NAME.—Section 202 of
21 the National Housing Act (12 U.S.C. 1708) is amended—

22 (1) by redesignating subsections (d), (e), and
23 (f) as subsections (e), (f), and (g), respectively;

24 (2) by inserting after subsection (c) the fol-
25 lowing new subsection:

1 “(d) LIMITATIONS ON PARTICIPATION IN ORIGINA-
2 TION AND MORTGAGEE APPROVAL.—

3 “(1) REQUIREMENT.—Any person or entity
4 that is not approved by the Secretary to serve as a
5 mortgagee, as such term is defined in subsection
6 (c)(7), shall not participate in the origination of an
7 FHA-insured loan except as authorized by the Sec-
8 retary.

9 “(2) ELIGIBILITY FOR APPROVAL.—In order to
10 be eligible for approval by the Secretary, an appli-
11 cant mortgagee shall not be, and shall not have any
12 officer, partner, director, principal, manager, super-
13 visor, loan processor, loan underwriter, or loan origi-
14 nator of the applicant mortgagee who is—

15 “(A) currently suspended, debarred, under
16 a limited denial of participation (LDP), or oth-
17 erwise restricted under part 25 of title 24 of
18 the Code of Federal Regulations, 2 Code of
19 Federal Regulations, part 180 as implemented
20 by part 2424, or any successor regulations to
21 such parts, or under similar provisions of any
22 other Federal agency;

23 “(B) under indictment for, or has been
24 convicted of, an offense that reflects adversely
25 upon the applicant’s integrity, competence or

1 fitness to meet the responsibilities of an ap-
2 proved mortgagee;

3 “(C) subject to unresolved findings con-
4 tained in a Department of Housing and Urban
5 Development or other governmental audit, in-
6 vestigation, or review;

7 “(D) engaged in business practices that do
8 not conform to generally accepted practices of
9 prudent mortgagees or that demonstrate irre-
10 sponsibility;

11 “(E) convicted of, or who has pled guilty
12 or nolo contendere to, a felony related to partici-
13 pation in the real estate or mortgage loan in-
14 dustry—

15 “(i) during the 7-year period pre-
16 ceding the date of the application for li-
17 censing and registration; or

18 “(ii) at any time preceding such date
19 of application, if such felony involved an
20 act of fraud, dishonesty, or a breach of
21 trust, or money laundering;

22 “(F) in violation of provisions of the
23 S.A.F.E. Mortgage Licensing Act of 2008 (12
24 U.S.C. 5101 et seq.) or any applicable provision
25 of State law; or

1 “(G) in violation of any other requirement
2 as established by the Secretary.

3 “(3) RULEMAKING AND IMPLEMENTATION.—

4 The Secretary shall conduct a rulemaking to carry
5 out this subsection. The Secretary shall implement
6 this subsection not later than the expiration of the
7 60-day period beginning upon the date of the enact-
8 ment of this subsection by notice, mortgagee letter,
9 or interim final regulations, which shall take effect
10 upon issuance.”; and

11 (3) by adding at the end the following new sub-
12 section:

13 “(h) USE OF NAME.—The Secretary shall, by regula-
14 tion, require each mortgagee approved by the Secretary
15 for participation in the FHA mortgage insurance pro-
16 grams of the Secretary—

17 “(1) to use the business name of the mortgagee
18 that is registered with the Secretary in connection
19 with such approval in all advertisements and pro-
20 motional materials, as such terms are defined by the
21 Secretary, relating to the business of such mort-
22 gagee in such mortgage insurance programs; and

23 “(2) to maintain copies of all such advertise-
24 ments and promotional materials, in such form and
25 for such period as the Secretary requires.”.

1 (c) PAYMENT FOR LOSS MITIGATION.—Section
2 204(a)(2) of the National Housing Act (12 U.S.C.
3 1710(a)(2)) is amended—

4 (1) by inserting “or faces imminent default, as
5 defined by the Secretary” after “default”;

6 (2) by inserting “support for borrower housing
7 counseling, partial claims, borrower incentives,
8 preforeclosure sale,” after “loan modification,”; and

9 (3) by striking “204(a)(1)(A)” and inserting
10 “subsection (a)(1)(A) or section 203(c)”.

11 (d) PAYMENT OF FHA MORTGAGE INSURANCE BEN-
12 EFITS.—

13 (1) ADDITIONAL LOSS MITIGATION ACTIONS.—
14 Section 230(a) of the National Housing Act (12
15 U.S.C. 1715u(a)) is amended—

16 (A) by inserting “or imminent default, as
17 defined by the Secretary” after “default”;

18 (B) by striking “loss” and inserting
19 “loan”;

20 (C) by inserting “preforeclosure sale, sup-
21 port for borrower housing counseling, subordi-
22 nate lien resolution, borrower incentives,” after
23 “loan modification,”;

24 (D) by inserting “as required,” after
25 “deeds in lieu of foreclosure,”; and

1 (E) by inserting “or section 230(c),” be-
2 fore “as provided”.

3 (2) AMENDMENT TO PARTIAL CLAIM AUTHOR-
4 ITY.—Section 230(b) of the National Housing Act
5 (12 U.S.C. 1715u(b)) is amended to read as follows:
6 “(b) PAYMENT OF PARTIAL CLAIM.—

7 “(1) ESTABLISHMENT OF PROGRAM.—The Sec-
8 retary may establish a program for payment of a
9 partial claim to a mortgagee that agrees to apply the
10 claim amount to payment of a mortgage on a 1- to
11 4-family residence that is in default or faces immi-
12 nent default, as defined by the Secretary.

13 “(2) PAYMENTS AND EXCEPTIONS.—Any pay-
14 ment of a partial claim under the program estab-
15 lished in paragraph (1) to a mortgagee shall be
16 made in the sole discretion of the Secretary and on
17 terms and conditions acceptable to the Secretary, ex-
18 cept that—

19 “(A) the amount of the payment shall be
20 in an amount determined by the Secretary, not
21 to exceed an amount equivalent to 30 percent
22 of the unpaid principal balance of the mortgage
23 and any costs that are approved by the Sec-
24 retary;

1 “(B) the amount of the partial claim pay-
2 ment shall first be applied to any arrearage on
3 the mortgage, and may also be applied to
4 achieve principal reduction;

5 “(C) the mortgagor shall agree to repay
6 the amount of the insurance claim to the Sec-
7 retary upon terms and conditions acceptable to
8 the Secretary;

9 “(D) the Secretary may permit compensa-
10 tion to the mortgagee for lost income on month-
11 ly payments, due to a reduction in the interest
12 rate charged on the mortgage;

13 “(E) expenses related to the partial claim
14 or modification may not be charged to the bor-
15 rower;

16 “(F) loans may be modified to extend the
17 term of the mortgage to a maximum of 40
18 years from the date of the modification; and

19 “(G) the Secretary may permit incentive
20 payments to the mortgagee, on the borrower’s
21 behalf, based on successful performance of a
22 modified mortgage, which shall be used to re-
23 duce the amount of principal indebtedness.

24 “(3) PAYMENTS IN CONNECTION WITH CERTAIN
25 ACTIVITIES.—The Secretary may pay the mortgagee,

1 from the appropriate insurance fund, in connection
2 with any activities that the mortgagee is required to
3 undertake concerning repayment by the mortgagor
4 of the amount owed to the Secretary.”.

5 (3) ASSIGNMENT.—Section 230(c) of the Na-
6 tional Housing Act (12 U.S.C. 1715u(c)) is amend-
7 ed—

8 (A) by inserting “(1)” after “(c)”;

9 (B) by redesignating paragraphs (1), (2),
10 and (3) as subparagraphs (A), (B), and (C), re-
11 spectively;

12 (C) in paragraph (1)(B) (as so redesign-
13 nated)—

14 (i) by redesignating subparagraphs
15 (A), (B), and (C) as clauses (i), (ii), and
16 (iii), respectively;

17 (ii) in the matter preceding clause (i)
18 (as so redesignated), by striking “under a
19 program under this subsection” and insert-
20 ing “under this paragraph”; and

21 (iii) in clause (i) (as so redesignated),
22 by inserting “or facing imminent default,
23 as defined by the Secretary” after “de-
24 fault”;

1 (D) in paragraph (1)(C) (as so redesignig-
2 nated), by striking “under a program under
3 this subsection” and inserting “under this para-
4 graph”; and

5 (E) by adding at the end the following:

6 “(2) ASSIGNMENT AND LOAN MODIFICATION.—

7 “(A) AUTHORITY.—The Secretary may en-
8 courage loan modifications for eligible delin-
9 quent mortgages or mortgages facing imminent
10 default, as defined by the Secretary, through
11 the payment of insurance benefits and assign-
12 ment of the mortgage to the Secretary and the
13 subsequent modification of the terms of the
14 mortgage according to a loan modification ap-
15 proved by the mortgagee.

16 “(B) PAYMENT OF BENEFITS AND ASSIGN-
17 MENT.—In carrying out this paragraph, the
18 Secretary may pay insurance benefits for a
19 mortgage, in the amount determined in accord-
20 ance with section 204(a)(5), without reduction
21 for any amounts modified, but only upon the
22 assignment, transfer, and delivery to the Sec-
23 retary of all rights, interest, claims, evidence,
24 and records with respect to the mortgage speci-

1 “(D) LOAN SERVICING.—In carrying out
2 this paragraph, the Secretary may require the
3 existing servicer of a mortgage assigned to the
4 Secretary to continue servicing the mortgage as
5 an agent of the Secretary during the period
6 that the Secretary acquires and holds the mort-
7 gage for the purpose of modifying the terms of
8 the mortgage, provided that the Secretary com-
9 pensates the existing servicer appropriately, as
10 such compensation is determined by the Sec-
11 retary consistent, to the maximum extent pos-
12 sible, with section 203(b). If the mortgage is re-
13 sold pursuant to subparagraph (C)(iii), the Sec-
14 retary may provide for the existing servicer to
15 continue to service the mortgage or may engage
16 another entity to service the mortgage.”.

17 (4) IMPLEMENTATION.—The Secretary of
18 Housing and Urban Development may implement
19 the amendments made by this subsection through
20 notice or mortgagee letter.

21 (e) CHANGE OF STATUS.—The National Housing Act
22 is amended by striking section 532 (12 U.S.C. 1735f–10)
23 and inserting the following new section:

1 **“SEC. 532. CHANGE OF MORTGAGEE STATUS.**

2 “(a) NOTIFICATION.—Upon the occurrence of any ac-
3 tion described in subsection (b), an approved mortgagee
4 shall immediately submit to the Secretary, in writing, noti-
5 fication of such occurrence.

6 “(b) ACTIONS.—The actions described in this sub-
7 section are as follows:

8 “(1) The debarment, suspension or a Limited
9 Denial of Participation (LDP), or application of
10 other sanctions, other exclusions, fines, or penalties
11 applied to the mortgagee or to any officer, partner,
12 director, principal, manager, supervisor, loan proc-
13 essor, loan underwriter, or loan originator of the
14 mortgagee pursuant to applicable provisions of State
15 or Federal law.

16 “(2) The revocation of a State-issued mortgage
17 loan originator license issued pursuant to the
18 S.A.F.E. Mortgage Licensing Act of 2008 (12
19 U.S.C. 5101 et seq.) or any other similar declaration
20 of ineligibility pursuant to State law.”.

21 (f) CIVIL MONEY PENALTIES.—Section 536 of the
22 National Housing Act (12 U.S.C. 1735f–14) is amend-
23 ed—

24 (1) in subsection (b)—

25 (A) in paragraph (1)—

1 (i) in the matter preceding subpara-
2 graph (A), by inserting “or any of its own-
3 ers, officers, or directors” after “mort-
4 gagee or lender”;

5 (ii) in subparagraph (H), by striking
6 “title I” and all that follows through
7 “under this Act.” and inserting “title I or
8 II of this Act, or any implementing regula-
9 tion, handbook, or mortgagee letter that is
10 issued under this Act.”; and

11 (iii) by inserting after subparagraph
12 (J) the following:

13 “(K) Violation of section 202(d) of this
14 Act (12 U.S.C. 1708(d)).

15 “(L) Use of ‘Federal Housing Administra-
16 tion’, ‘Department of Housing and Urban De-
17 velopment’, ‘Government National Mortgage
18 Association’, ‘Ginnie Mae’, the acronyms
19 ‘HUD’, ‘FHA’, or ‘GNMA’, or any official seal
20 or logo of the Department of Housing and
21 Urban Development, except as authorized by
22 the Secretary.”;

23 (B) in paragraph (2)—

24 (i) in subparagraph (B), by striking
25 “or” at the end;

1 (ii) in subparagraph (C), by striking
2 the period at the end and inserting “; or”;
3 and

4 (iii) by adding at the end the fol-
5 lowing new subparagraph:

6 “(D) causing or participating in any of the
7 violations set forth in paragraph (1) of this sub-
8 section.”; and

9 (C) by amending paragraph (3) to read as
10 follows:

11 “(3) PROHIBITION AGAINST MISLEADING USE
12 OF FEDERAL ENTITY DESIGNATION.—The Secretary
13 may impose a civil money penalty, as adjusted from
14 time to time, under subsection (a) for any use of
15 ‘Federal Housing Administration’, ‘Department of
16 Housing and Urban Development’, ‘Government Na-
17 tional Mortgage Association’, ‘Ginnie Mae’, the acro-
18 nyms ‘HUD’, ‘FHA’, or ‘GNMA’, or any official seal
19 or logo of the Department of Housing and Urban
20 Development, by any person, party, company, firm,
21 partnership, or business, including sellers of real es-
22 tate, closing agents, title companies, real estate
23 agents, mortgage brokers, appraisers, loan cor-
24 respondents, and dealers, except as authorized by
25 the Secretary.”; and

1 (2) in subsection (g), by striking “The term”
2 and all that follows through the end of the sentence
3 and inserting “For purposes of this section, a person
4 acts knowingly when a person has actual knowledge
5 of acts or should have known of the acts.”.

6 (g) EXPANDED REVIEW OF FHA MORTGAGEE AP-
7 PLICANTS AND NEWLY APPROVED MORTGAGEES.—Not
8 later than the expiration of the 3-month period beginning
9 upon the date of the enactment of this Act, the Secretary
10 of Housing and Urban Development shall—

11 (1) expand the existing process for reviewing
12 new applicants for approval for participation in the
13 mortgage insurance programs of the Secretary for
14 mortgages on 1- to 4-family residences for the pur-
15 pose of identifying applicants who represent a high
16 risk to the Mutual Mortgage Insurance Fund; and

17 (2) implement procedures that, for mortgagees
18 approved during the 12-month period ending upon
19 such date of enactment—

20 (A) expand the number of mortgages origi-
21 nated by such mortgagees that are reviewed for
22 compliance with applicable laws, regulations,
23 and policies; and

24 (B) include a process for random reviews
25 of such mortgagees and a process for reviews

1 that is based on volume of mortgages originated
2 by such mortgagees.

3 **SEC. 204. ENHANCEMENT OF LIQUIDITY AND STABILITY OF**
4 **INSURED DEPOSITORY INSTITUTIONS TO EN-**
5 **SURE AVAILABILITY OF CREDIT AND REDUC-**
6 **TION OF FORECLOSURES.**

7 (a) TEMPORARY INCREASE IN DEPOSIT INSURANCE
8 EXTENDED.—Section 136 of the Emergency Economic
9 Stabilization Act of 2008 (12 U.S.C. 5241) is amended—

10 (1) in subsection (a)—

11 (A) in paragraph (1), by striking “Decem-
12 ber 31, 2009” and inserting “December 31,
13 2013”;

14 (B) by striking paragraph (2);

15 (C) by redesignating paragraph (3) as
16 paragraph (2); and

17 (D) in paragraph (2), as so redesignated,
18 by striking “December 31, 2009” and inserting
19 “December 31, 2013”; and

20 (2) in subsection (b)—

21 (A) in paragraph (1), by striking “Decem-
22 ber 31, 2009” and inserting “December 31,
23 2013”;

24 (B) by striking paragraph (2);

1 (C) by redesignating paragraph (3) as
2 paragraph (2); and

3 (D) in paragraph (2), as so redesignated,
4 by striking “December 31, 2009” and inserting
5 “December 31, 2013”; and

6 (b) EXTENSION OF RESTORATION PLAN PERIOD.—
7 Section 7(b)(3)(E)(ii) of the Federal Deposit Insurance
8 Act (12 U.S.C. 1817(b)(3)(E)(ii)) is amended by striking
9 “5-year period” and inserting “8-year period”.

10 (c) FDIC AND NCUA BORROWING AUTHORITY.—

11 (1) FDIC.—Section 14(a) of the Federal De-
12 posit Insurance Act (12 U.S.C. 1824(a)) is amend-
13 ed—

14 (A) by striking “\$30,000,000,000” and in-
15 serting “\$100,000,000,000”;

16 (B) by striking “The Corporation is au-
17 thorized” and inserting the following:

18 “(1) IN GENERAL.—The Corporation is author-
19 ized”;

20 (C) by striking “There are hereby” and in-
21 serting the following:

22 “(2) FUNDING.—There are hereby”; and

23 (D) by adding at the end the following:

24 “(3) TEMPORARY INCREASES AUTHORIZED.—

1 “(A) RECOMMENDATIONS FOR IN-
2 CREASE.—During the period beginning on the
3 date of enactment of this paragraph and ending
4 on December 31, 2010, if, upon the written rec-
5 ommendation of the Board of Directors (upon
6 a vote of not less than two-thirds of the mem-
7 bers of the Board of Directors) and the Board
8 of Governors of the Federal Reserve System
9 (upon a vote of not less than two-thirds of the
10 members of such Board), the Secretary of the
11 Treasury (in consultation with the President)
12 determines that additional amounts above the
13 \$100,000,000,000 amount specified in para-
14 graph (1) are necessary, such amount shall be
15 increased to the amount so determined to be
16 necessary, not to exceed \$500,000,000,000.

17 “(B) REPORT REQUIRED.—If the bor-
18 rowing authority of the Corporation is increased
19 above \$100,000,000,000 pursuant to subpara-
20 graph (A), the Corporation shall promptly sub-
21 mit a report to the Committee on Banking,
22 Housing, and Urban Affairs of the Senate and
23 the Committee on Financial Services of the
24 House of Representatives describing the reasons

1 and need for the additional borrowing authority
2 and its intended uses.

3 “(C) RESTRICTION ON USAGE.—The Cor-
4 poration may not borrow pursuant to subpara-
5 graph (A) to fund obligations of the Corpora-
6 tion incurred as a part of a program established
7 by the Secretary of the Treasury pursuant to
8 the Emergency Economic Stabilization Act of
9 2008 to purchase or guarantee assets.”.

10 (2) NCUA.—Section 203(d)(1) of the Federal
11 Credit Union Act (12 U.S.C. 1783(d)(1)) is amend-
12 ed to read as follows:

13 “(1) If, in the judgment of the Board, a loan
14 to the insurance fund, or to the stabilization fund
15 described in section 217 of this title, is required at
16 any time for purposes of this subchapter, the Sec-
17 retary of the Treasury shall make the loan, but
18 loans under this paragraph shall not exceed in the
19 aggregate \$6,000,000,000 outstanding at any one
20 time. Except as otherwise provided in this sub-
21 section, section 217, and in subsection (e) of this
22 section, each loan under this paragraph shall be
23 made on such terms as may be fixed by agreement
24 between the Board and the Secretary of the Treas-
25 ury.”.

1 (3) TEMPORARY INCREASES OF BORROWING AU-
2 THORITY FOR NCUA.—Section 203(d) of the Federal
3 Credit Union Act (12 U.S.C. 1783(d)) is amended
4 by adding at the end the following:

5 “(4) TEMPORARY INCREASES AUTHORIZED.—

6 “(A) RECOMMENDATIONS FOR IN-
7 CREASE.—During the period beginning on the
8 date of enactment of this paragraph and ending
9 on December 31, 2010, if, upon the written rec-
10 ommendation of the Board (upon a vote of not
11 less than two-thirds of the members of the
12 Board) and the Board of Governors of the Fed-
13 eral Reserve System (upon a vote of not less
14 than two-thirds of the members of such Board),
15 the Secretary of the Treasury (in consultation
16 with the President) determines that additional
17 amounts above the \$6,000,000,000 amount
18 specified in paragraph (1) are necessary, such
19 amount shall be increased to the amount so de-
20 termined to be necessary, not to exceed
21 \$30,000,000,000.

22 “(B) REPORT REQUIRED.—If the bor-
23 rowing authority of the Board is increased
24 above \$6,000,000,000 pursuant to subpara-
25 graph (A), the Board shall promptly submit a

1 report to the Committee on Banking, Housing,
2 and Urban Affairs of the Senate and the Com-
3 mittee on Financial Services of the House of
4 Representatives describing the reasons and need
5 for the additional borrowing authority and its
6 intended uses.”.

7 (d) EXPANDING SYSTEMIC RISK SPECIAL ASSESS-
8 MENTS.—Section 13(c)(4)(G)(ii) of the Federal Deposit
9 Insurance Act (12 U.S.C. 1823(c)(4)(G)(ii)) is amended
10 to read as follows:

11 “(ii) REPAYMENT OF LOSS.—

12 “(I) IN GENERAL.—The Corpora-
13 tion shall recover the loss to the De-
14 posit Insurance Fund arising from
15 any action taken or assistance pro-
16 vided with respect to an insured de-
17 pository institution under clause (i)
18 from 1 or more special assessments on
19 insured depository institutions, depository
20 institution holding companies
21 (with the concurrence of the Secretary
22 of the Treasury with respect to hold-
23 ing companies), or both, as the Cor-
24 poration determines to be appropriate.

1 “(II) TREATMENT OF DEPOSI-
2 TORY INSTITUTION HOLDING COMPA-
3 NIES.—For purposes of this clause,
4 sections 7(c)(2) and 18(h) shall apply
5 to depository institution holding com-
6 panies as if they were insured depository
7 institutions.

8 “(III) REGULATIONS.—The Cor-
9 poration shall prescribe such regula-
10 tions as it deems necessary to imple-
11 ment this clause. In prescribing such
12 regulations, defining terms, and set-
13 ting the appropriate assessment rate
14 or rates, the Corporation shall estab-
15 lish rates sufficient to cover the losses
16 incurred as a result of the actions of
17 the Corporation under clause (i) and
18 shall consider: the types of entities
19 that benefit from any action taken or
20 assistance provided under this sub-
21 paragraph; economic conditions, the
22 effects on the industry, and such
23 other factors as the Corporation
24 deems appropriate and relevant to the
25 action taken or the assistance pro-

1 vided. Any funds so collected that ex-
2 ceed actual losses shall be placed in
3 the Deposit Insurance Fund.”.

4 (e) ESTABLISHMENT OF A NATIONAL CREDIT UNION
5 SHARE INSURANCE FUND RESTORATION PLAN PE-
6 RIOD.—Section 202(c)(2) of the Federal Credit Union Act
7 (12 U.S.C. 1782(c)(2)) is amended by adding at the end
8 the following new subparagraph:

9 “(D) FUND RESTORATION PLANS.—

10 “(i) IN GENERAL.—Whenever—

11 “(I) the Board projects that the
12 equity ratio of the Fund will, within 6
13 months of such determination, fall
14 below the minimum amount specified
15 in subparagraph (C); or

16 “(II) the equity ratio of the Fund
17 actually falls below the minimum
18 amount specified in subparagraph (C)
19 without any determination under sub-
20 clause (I) having been made,

21 the Board shall establish and implement a
22 restoration plan within 90 days that meets
23 the requirements of clause (ii) and such
24 other conditions as the Board determines
25 to be appropriate.

1 “(ii) REQUIREMENTS OF RESTORA-
2 TION PLAN.—A restoration plan meets the
3 requirements of this clause if the plan pro-
4 vides that the equity ratio of the Fund will
5 meet or exceed the minimum amount speci-
6 fied in subparagraph (C) before the end of
7 the 8-year period beginning upon the im-
8 plementation of the plan (or such longer
9 period as the Board may determine to be
10 necessary due to extraordinary cir-
11 cumstances).

12 “(iii) TRANSPARENCY.—Not more
13 than 30 days after the Board establishes
14 and implements a restoration plan under
15 clause (i), the Board shall publish in the
16 Federal Register a detailed analysis of the
17 factors considered and the basis for the ac-
18 tions taken with regard to the plan.”.

19 (f) TEMPORARY CORPORATE CREDIT UNION STA-
20 BILIZATION FUND.—

21 (1) ESTABLISHMENT OF STABILIZATION
22 FUND.—Title II of the Federal Credit Union Act
23 (12 U.S.C. 1781 et seq.) is amended by adding at
24 the end the following new section:

1 **“SEC. 217. TEMPORARY CORPORATE CREDIT UNION STA-**
2 **BILIZATION FUND.**

3 “(a) ESTABLISHMENT OF STABILIZATION FUND.—

4 There is hereby created in the Treasury of the United
5 States a fund to be known as the ‘Temporary Corporate
6 Credit Union Stabilization Fund.’ The Board will admin-
7 ister the Stabilization Fund as prescribed by section 209.

8 “(b) EXPENDITURES FROM STABILIZATION FUND.—

9 Money in the Stabilization Fund shall be available upon
10 requisition by the Board, without fiscal year limitation, for
11 making payments for the purposes described in section
12 203(a), subject to the following additional limitations:

13 “(1) All payments other than administrative
14 payments shall be connected to the conservatorship,
15 liquidation, or threatened conservatorship or liquida-
16 tion, of a corporate credit union.

17 “(2) Prior to authorizing each payment the
18 Board shall—

19 “(A) certify that, absent the existence of
20 the Stabilization Fund, the Board would have
21 made the identical payment out of the National
22 Credit Union Share Insurance Fund (Insurance
23 Fund); and

24 “(B) report each such certification to the
25 Committee on Banking, Housing, and Urban
26 Affairs of the Senate and the Committee on Fi-

1 nancial Services of the House of Representa-
2 tives.

3 “(c) AUTHORITY TO BORROW.—

4 “(1) IN GENERAL.—The Stabilization Fund is
5 authorized to borrow from the Secretary of the
6 Treasury from time-to-time as deemed necessary by
7 the Board. The maximum outstanding amount of all
8 borrowings from the Treasury by the Stabilization
9 Fund and the National Credit Union Share Insur-
10 ance Fund, combined, is limited to the amount pro-
11 vided for in section 203(d)(1), including any author-
12 ized increases in that amount.

13 “(2) REPAYMENT OF ADVANCES.—

14 “(A) IN GENERAL.—The advances made
15 under this section shall be repaid by the Sta-
16 bilization Fund, and interest on such advance
17 shall be paid, to the General fund of the Treas-
18 ury.

19 “(B) VARIABLE RATE OF INTEREST.—The
20 Secretary of the Treasury shall make the first
21 rate determination at the time of the first ad-
22 vance under this section and shall reset the rate
23 again for all advances on each anniversary of
24 the first advance. The interest rate shall be
25 equal to the average market yield on out-

1 standing marketable obligations of the United
2 States with remaining periods to maturity equal
3 to 12 months.

4 “(3) REPAYMENT SCHEDULE.—The Stabiliza-
5 tion Fund shall repay the advances on a first-in,
6 first-out basis, with interest on the amount repaid,
7 at times and dates determined by the Board at its
8 discretion. All advances shall be repaid not later
9 than the date of the seventh anniversary of the first
10 advance to the Stabilization Fund, unless the Board
11 extends this final repayment date. The Board shall
12 obtain the concurrence of the Secretary of the
13 Treasury on any proposed extension, including the
14 terms and conditions of the extended repayment.

15 “(d) ASSESSMENT TO REPAY ADVANCES.—At least
16 90 days prior to each repayment described in subsection
17 (c)(3), the Board shall set the amount of the upcoming
18 repayment and determine if the Stabilization Fund will
19 have sufficient funds to make the repayment. If the Sta-
20 bilization Fund might not have sufficient funds to make
21 the repayment, the Board shall assess each federally in-
22 sured credit union a special premium due and payable
23 within 60 days in an aggregate amount calculated to en-
24 sure the Stabilization Fund is able to make the repay-
25 ment. The premium charge for each credit union shall be

1 stated as a percentage of its insured shares as represented
2 on the credit union's previous call report. The percentage
3 shall be identical for each credit union. Any credit union
4 that fails to make timely payment of the special premium
5 is subject to the procedures and penalties described under
6 subsections (d), (e), and (f) of section 202.

7 “(e) DISTRIBUTIONS FROM INSURANCE FUND.—At
8 the end of any calendar year in which the Stabilization
9 Fund has an outstanding advance from the Treasury, the
10 Insurance Fund is prohibited from making the distribu-
11 tion to insured credit unions described in section
12 202(e)(3). In lieu of the distribution described in that sec-
13 tion, the Insurance Fund shall make a distribution to the
14 Stabilization Fund of the maximum amount possible that
15 does not reduce the Insurance Fund's equity ratio below
16 the normal operating level and does not reduce the Insur-
17 ance Fund's available assets ratio below 1.0 percent.

18 “(f) INVESTMENT OF STABILIZATION FUND AS-
19 SETS.—The Board may request the Secretary of the
20 Treasury to invest such portion of the Stabilization Fund
21 as is not, in the Board's judgment, required to meet the
22 current needs of the Stabilization Fund. Such investments
23 shall be made by the Secretary of the Treasury in public
24 debt securities, with maturities suitable to the needs of
25 the Stabilization Fund, as determined by the Board, and

1 bearing interest at a rate determined by the Secretary of
2 the Treasury, taking into consideration current market
3 yields on outstanding marketable obligations of the United
4 States of comparable maturity.

5 “(g) REPORTS.—The Board shall submit an annual
6 report to Congress on the financial condition and the re-
7 sults of the operation of the Stabilization Fund. The re-
8 port is due to Congress within 30 days after each anniver-
9 sary of the first advance made under subsection (c)(1).
10 Because the Fund will use advances from the Treasury
11 to meet corporate stabilization costs with full repayment
12 of borrowings to Treasury at the Board’s discretion not
13 due until 7 years from the initial advance, to the extent
14 operating expenses of the Fund exceed income, the finan-
15 cial condition of the Fund may reflect a deficit. With
16 planned and required future repayments, the Board shall
17 resolve all deficits prior to termination of the Fund.

18 “(h) CLOSING OF STABILIZATION FUND.—Within 90
19 days following the seventh anniversary of the initial Sta-
20 bilization Fund advance, or earlier at the Board’s discre-
21 tion, the Board shall distribute any funds, property, or
22 other assets remaining in the Stabilization Fund to the
23 Insurance Fund and shall close the Stabilization Fund.
24 If the Board extends the final repayment date as per-
25 mitted under subsection (c)(3), the mandatory date for

1 closing the Stabilization Fund shall be extended by the
2 same number of days.”.

3 (2) CONFORMING AMENDMENT.—Section
4 202(c)(3)(A) of the Federal Credit Union Act (12
5 U.S.C. 1782(c)(3)(A)) is amended by inserting “,
6 subject to the requirements of section 217(e),” after
7 “The Board shall”.

8 **SEC. 205. APPLICATION OF GSE CONFORMING LOAN LIMIT**
9 **TO MORTGAGES ASSISTED WITH TARP**
10 **FUNDS.**

11 In making any assistance available to prevent and
12 mitigate foreclosures on residential properties, including
13 any assistance for mortgage modifications, using any
14 amounts made available to the Secretary of the Treasury
15 under title I of the Emergency Economic Stabilization Act
16 of 2008, the Secretary shall provide that the limitation
17 on the maximum original principal obligation of a mort-
18 gage that may be modified, refinanced, made, guaranteed,
19 insured, or otherwise assisted, using such amounts shall
20 not be less than the dollar amount limitation on the max-
21 imum original principal obligation of a mortgage that may
22 be purchased by the Federal Home Loan Mortgage Cor-
23 poration that is in effect, at the time that the mortgage
24 is modified, refinanced, made, guaranteed, insured, or oth-

1 erwise assisted using such amounts, for the area in which
2 the property involved in the transaction is located.

3 **SEC. 206. MORTGAGES ON CERTAIN HOMES ON LEASED**
4 **LAND.**

5 Section 255(b)(4) of the National Housing Act (12
6 U.S.C. 1715z-20(b)(4)) is amended by striking subpara-
7 graph (B) and inserting:

8 “(B) under a lease that has a term that
9 ends no earlier than the minimum number of
10 years, as specified by the Secretary, beyond the
11 actuarial life expectancy of the mortgagor or co-
12 mortgagor, whichever is the later date.”.

13 **SEC. 207. SENSE OF CONGRESS REGARDING MORTGAGE**
14 **REVENUE BOND PURCHASES.**

15 It is the sense of the Congress that the Secretary of
16 the Treasury should use amounts made available in this
17 Act to purchase mortgage revenue bonds for single-family
18 housing issued through State housing finance agencies
19 and through units of local government and agencies there-
20 of.

1 **TITLE III—MORTGAGE FRAUD**
2 **TASK FORCE**

3 **SEC. 301. SENSE OF CONGRESS ON ESTABLISHMENT OF A**
4 **NATIONWIDE MORTGAGE FRAUD TASK**
5 **FORCE.**

6 (a) IN GENERAL.—It is the sense of the Congress
7 that the Department of Justice establish a Nationwide
8 Mortgage Fraud Task Force (hereinafter referred to in
9 this section as the “Task Force”) to address mortgage
10 fraud in the United States.

11 (b) SUPPORT.—If the Department of Justice estab-
12 lishes the Task Force referred to in subsection (a), it is
13 the sense of the Congress that the Attorney General
14 should provide the Task Force with the appropriate staff,
15 administrative support, and other resources necessary to
16 carry out the duties of the Task Force.

17 (c) MANDATORY FUNCTIONS.—If the Department of
18 Justice establishes the Task Force referred to in sub-
19 section (a), it is the sense of the Congress that the Attor-
20 ney General should—

21 (1) establish coordinating entities, and solicit
22 the voluntary participation of Federal, State, and
23 local law enforcement and prosecutorial agencies in
24 such entities, to organize initiatives to address mort-
25 gage fraud, including initiatives to enforce State

1 mortgage fraud laws and other related Federal and
2 State laws;

3 (2) provide training to Federal, State, and local
4 law enforcement and prosecutorial agencies with re-
5 spect to mortgage fraud, including related Federal
6 and State laws;

7 (3) collect and disseminate data with respect to
8 mortgage fraud, including Federal, State, and local
9 data relating to mortgage fraud investigations and
10 prosecutions; and

11 (4) perform other functions determined by the
12 Attorney General to enhance the detection of, pre-
13 vention of, and response to mortgage fraud in the
14 United States.

15 (d) **OPTIONAL FUNCTIONS.**—If the Department of
16 Justice establishes the Task Force referred to in sub-
17 section (a), it is the sense of the Congress that the Task
18 Force should—

19 (1) initiate and coordinate Federal mortgage
20 fraud investigations and, through the coordinating
21 entities described under subsection (c), State and
22 local mortgage fraud investigations;

23 (2) establish a toll-free hotline for—

24 (A) reporting mortgage fraud;

1 (B) providing the public with access to in-
2 formation and resources with respect to mort-
3 gage fraud; and

4 (C) directing reports of mortgage fraud to
5 the appropriate Federal, State, and local law
6 enforcement and prosecutorial agency, including
7 to the appropriate branch of the Task Force es-
8 tablished under subsection (d);

9 (3) create a database with respect to suspen-
10 sions and revocations of mortgage industry licenses
11 and certifications to facilitate the sharing of such in-
12 formation by States;

13 (4) make recommendations with respect to the
14 need for and resources available to provide the
15 equipment and training necessary for the Task
16 Force to combat mortgage fraud; and

17 (5) propose legislation to Federal, State, and
18 local legislative bodies with respect to the elimination
19 and prevention of mortgage fraud, including meas-
20 ures to address mortgage loan procedures and prop-
21 erty appraiser practices that provide opportunities
22 for mortgage fraud.

1 **TITLE IV—FORECLOSURE**
2 **MORATORIUM PROVISIONS**

3 **SEC. 401. SENSE OF THE CONGRESS ON FORECLOSURES.**

4 (a) **IN GENERAL.**—It is the sense of the Congress
5 that mortgage holders, institutions, and mortgage
6 servicers should not initiate a foreclosure proceeding or
7 a foreclosure sale on any homeowner until the foreclosure
8 mitigation provisions, like the Hope for Homeowners pro-
9 gram, as required under title II, and the President’s
10 “Homeowner Affordability and Stability Plan” have been
11 implemented and determined to be operational by the Sec-
12 retary of Housing and Urban Development and the Sec-
13 retary of the Treasury.

14 (b) **SCOPE OF MORATORIUM.**—The foreclosure mora-
15 torium referred to in subsection (a) should apply only for
16 first mortgages secured by the owner’s principal dwelling.

17 (c) **FHA-REGULATED LOAN MODIFICATION AGREE-**
18 **MENTS.**—If a mortgage holder, institution, or mortgage
19 servicer to which subsection (a) applies reaches a loan
20 modification agreement with a homeowner under the aus-
21 pices of the Federal Housing Administration before any
22 plan referred to in such subsection takes effect, subsection
23 (a) shall cease to apply to such institution as of the effec-
24 tive date of the loan modification agreement.

1 (d) DUTY OF CONSUMER TO MAINTAIN PROPERTY.—

2 Any homeowner for whose benefit any foreclosure pro-
3 ceeding or sale is barred under subsection (a) from being
4 instituted, continued , or consummated with respect to any
5 homeowner mortgage should not, with respect to any prop-
6 erty securing such mortgage, destroy, damage, or impair
7 such property, allow the property to deteriorate, or commit
8 waste on the property.

9 (e) DUTY OF CONSUMER TO RESPOND TO REASON-

10 ABLE INQUIRIES.—Any homeowner for whose benefit any
11 foreclosure proceeding or sale is barred under subsection
12 (a) from being instituted, continued, or consummated with
13 respect to any homeowner mortgage should respond to
14 reasonable inquiries from a creditor or servicer during the
15 period during which such foreclosure proceeding or sale
16 is barred.