

110TH CONGRESS
1ST SESSION

H. R. 2599

To establish a program for the Secretary of Housing and Urban Development to provide financial assistance to certain homeowners experiencing temporary difficulty making home mortgage payments resulting from their call or order to active duty while a member of the Individual Ready Reserve of the Armed Forces or the inactive National Guard.

IN THE HOUSE OF REPRESENTATIVES

JUNE 6, 2007

Mr. SIRES introduced the following bill; which was referred to the Committee on Financial Services

A BILL

To establish a program for the Secretary of Housing and Urban Development to provide financial assistance to certain homeowners experiencing temporary difficulty making home mortgage payments resulting from their call or order to active duty while a member of the Individual Ready Reserve of the Armed Forces or the inactive National Guard.

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.**

4 This Act may be cited as the “Inactive Reservists
5 Foreclosure Prevention Act of 2007”.

1 **SEC. 2. MORTGAGE ASSISTANCE PROGRAM.**

2 (a) IN GENERAL.—The Secretary of Housing and
3 Urban Development shall carry out a program under this
4 Act to provide mortgage assistance through the provision
5 of grants and loans for direct mortgage payments on be-
6 half of eligible households.

7 (b) ELIGIBLE MORTGAGES.—Mortgage assistance
8 under this Act may be provided only with respect to a
9 mortgage that meets all of the following requirements:

10 (1) MORTGAGOR REQUIREMENTS.—The mort-
11 gator under the mortgage—

12 (A) is a member of an eligible household
13 that resides in the property that is subject to
14 the mortgage; and

15 (B) has not, during the 24-month period
16 ending upon the date that the mortgagor sub-
17 mits an application for assistance under this
18 Act, been more than 60 days in arrears under
19 any mortgage for residential property.

20 (2) DWELLING REQUIREMENTS.—The property
21 that is subject to the mortgage is—

22 (A) designed principally as a residential
23 property; and

24 (B) the primary place of residence of the
25 mortgagor and the mortgagor's household.

1 **SEC. 3. ASSISTANCE PAYMENTS.**

2 (a) MONTHLY DIRECT PAYMENT.—The Secretary
3 shall design and implement the program under this Act
4 in a manner that provides that any amounts paid by the
5 Secretary for mortgage assistance with respect to an eligi-
6 ble mortgage are paid on a monthly basis directly to the
7 mortgagee or other servicer of the mortgage.

8 (b) PERIOD OF ASSISTANCE.—

9 (1) IN GENERAL.—Payment under the program
10 under this section with respect to an eligible mort-
11 gage may be made only for scheduled payments due
12 under the terms of the mortgage (as in effect pursu-
13 ant to any applicable provisions of law) during the
14 period that a member of the eligible household who
15 is an eligible member of the Armed Forces is serving
16 on active duty for a period of more than 30 days in
17 the Armed Forces.

18 (2) EXTENDED DEPLOYMENTS.—The Secretary
19 shall ensure that in determining the amount of as-
20 sistance to be provided with respect to an eligible
21 mortgage and the period for which such assistance
22 will be provided, sufficient amounts for such assist-
23 ance shall be reserved under the program under this
24 Act to provide for unpredictability and extensions in
25 the period of active duty of eligible members of the
26 Armed Forces.

1 (c) DETERMINATION OF AMOUNT OF ASSISTANCE.—

2 Subject to subsection (d), the Secretary shall determine
3 the amount of assistance to be provided with respect to
4 an eligible mortgage based upon criteria established by the
5 Secretary, by regulation.

6 (d) LIMITATIONS ON AMOUNT OF ASSISTANCE.—The

7 amount of assistance provided under the program under
8 this Act with respect to any eligible mortgage may not
9 exceed the following amounts:

10 (1) MONTHLY AMOUNT.—With respect to the

11 assistance payment for any single month, the
12 amount due to be paid for such month under the
13 terms of the mortgage (as in effect pursuant to any
14 applicable provisions of law) for principal, interest,
15 mortgage insurance for the mortgage, and any
16 scheduled deposit in an escrow account for the pur-
17 pose of ensuring payment of taxes, insurance, as-
18 sessments, and other charges with respect to the
19 property subject to the mortgage.

20 (2) AGGREGATE AMOUNT.—An aggregate

21 amount assistance over the entire period under sub-
22 section (b) that assistance is provided with respect
23 to the mortgage, which shall be established by the
24 Secretary taking into consideration the total amount
25 made available for the program under this Act.

1 (e) PREVENTION OF DOUBLE PAYMENTS.—The Sec-
2 retary shall take appropriate actions to ensure that, in the
3 case of any payment on an eligible mortgage paid by a
4 mortgagor for any period for which payment has already
5 been made under the program under this Act, the mort-
6 gagor or other servicer of the mortgage shall return such
7 payment within a reasonable period of time or shall imme-
8 diately credit such payment toward amortization of the
9 principal obligation under the mortgage, and promptly no-
10 tify the mortgagor of such credit.

11 **SEC. 4. REPAYMENT OF ASSISTANCE.**

12 (a) GRANT ASSISTANCE; NO REPAYMENT.—

13 (1) IN GENERAL.—Any assistance provided
14 under the program under this Act with respect to
15 any eligible mortgage during any period during
16 which the annual income of household of the mort-
17 gagor, as determined by the Secretary, does not ex-
18 ceed 200 percent of the poverty line applicable to a
19 family of the size involved shall be in the form of a
20 grant and, except as provided in paragraph (2), the
21 Secretary may not require repayment of any such
22 amounts.

23 (2) REPAYMENT IN CASES OF FORECLOSURE.—

24 If the mortgagee for any eligible mortgage for which
25 assistance payments are made pursuant to this sub-

1 section forecloses on the mortgage, takes legal action
2 to enforce the mortgage obligation, or otherwise re-
3 covers possession of any security of the mortgage as
4 a result of default on the obligation of the mortgage,
5 the Secretary shall terminate payment of assistance
6 under this Act with respect to the mortgage and
7 shall treat any assistance previously provided with
8 respect to the mortgage as assistance in the form of
9 a loan pursuant to subsection (b).

10 (b) LOAN ASSISTANCE; REPAYMENT REQUIRED.—

11 Any assistance provided under the program under this Act
12 with respect to any eligible mortgage during any period
13 during which the annual income of household of the mort-
14 gator, as determined by the Secretary, exceeds 200 per-
15 cent of the poverty line applicable to a family of the size
16 involved shall be in the form of a loan, as follows:

17 (1) NO INTEREST.—Such loan shall not bear
18 any interest.

19 (2) 10-YEAR TERM.—Such loan shall have a
20 term to maturity of 10 years, which shall not com-
21 mence until the period of assistance under section
22 3(b) with respect to mortgage has terminated.

23 (3) SECURITY.—Repayment of such loan shall
24 be secured by a lien on the residential property that
25 is subject to the eligible mortgage for which the as-

1 sistance under this Act was provided under the loan,
2 in the aggregate amount of such loan assistance pro-
3 vided. Such lien shall be held by the Secretary and
4 shall be subordinate to other mortgages and other
5 secured liens on the property in effect upon the date
6 that assistance under the program under this Act is
7 first provided for the mortgage, and to any Federal
8 tax lien, but shall be superior to any other lien.

9 (4) AGREEMENT.—The terms of such loan shall
10 be set forth in a written agreement, as the Secretary
11 considers appropriate, between the Secretary and the
12 mortgagor.

13 **SEC. 5. APPLICATION FOR ASSISTANCE.**

14 (a) IN GENERAL.—To be eligible for mortgage assist-
15 ance under this Act, a mortgagor for an eligible mortgage
16 shall submit an application for such assistance in such
17 form and manner as the Secretary shall require, which
18 shall provide such information regarding the eligible mort-
19 gage as the Secretary shall require, including information
20 sufficient for the Secretary to comply with subsection (b),
21 and shall include a financial statement disclosing all in-
22 come of each member of the household of the mortgagor
23 regardless of source. An application for such assistance
24 may be submitted before the eligible member of the Armed

1 Forces who is a member of the eligible household begins
2 active duty described in section 8(2).

3 (b) NOTIFICATION TO MORTGAGEE AND
4 SERVICER.—Upon submission of an application under
5 subsection (a), the Secretary shall notify the mortgagee
6 and servicer, if the mortgagee is not the servicer, of the
7 eligible mortgage of the submission of the application for
8 assistance under this Act.

9 (c) INCOME INFORMATION.—The Secretary shall re-
10 quire that each such application include a certification by
11 the mortgagor for the eligible mortgage of the anticipated
12 income of the household of the mortgagor during the an-
13 ticipated period of assistance under this Act, which, in the
14 case of an application described in the last sentence of
15 subsection (a), may be based on household income in the
16 month before commencement of the active duty of the eli-
17 gible member of the Armed Forces, less any such income
18 attributable to such eligible member, plus the expected
19 military pay of such eligible member. The Secretary may
20 make a determination regarding compliance of the income
21 of a mortgagor's household with the requirements under
22 subsections (a)(1) and (b) of section 4 based upon such
23 a certification, subject to such reviews as the Secretary
24 shall, by regulation, provide.

1 (d) EFFECT OF MISREPRESENTATION.—A mortgagor
2 who is determined to have intentionally misrepresented
3 any financial information in connection with the filing of
4 an application for assistance under this Act may be denied
5 assistance and required to immediately repay any amount
6 of assistance already received, and the mortgagee may, at
7 any time thereafter, take any legal action to enforce the
8 mortgage, if appropriate.

9 (e) REVIEW AND DETERMINATION.—

10 (1) IN GENERAL.—The Secretary shall review
11 each application submitted for assistance under this
12 Act and make a determination regarding the eligi-
13 bility for assistance of the mortgage specified in the
14 application not later than 30 days after receipt of
15 the application of the mortgagor, and shall notify
16 the mortgagor and the mortgagee and servicer of ap-
17 proval or disapproval of such application not later
18 than 30 days after making the determination re-
19 garding approval.

20 (2) FAILURE TO MAKE DETERMINATION.—If
21 the Secretary fails to make a determination regard-
22 ing eligibility for assistance of a mortgage during
23 the 30-day period specified in paragraph (1) or fails
24 to provide the notice regarding such determination
25 as required under such paragraph, the mortgage

1 shall be considered for purposes of this Act to have
2 been approved as eligible for assistance upon the
3 date that the application for the mortgage was sub-
4 mitted to the Secretary.

5 **SEC. 6. COORDINATION WITH OTHER AGENCIES AND ENTI-**
6 **TIES.**

7 (a) **PUBLICITY.**—The Secretary shall take such ac-
8 tion as may be necessary to ensure that eligible households
9 and eligible members of the Armed Forces are aware of
10 and informed about the availability of and requirements
11 for mortgage assistance under this Act, which may include
12 consulting and coordinating appropriate activities with the
13 Secretary of Defense, the Federal financial institutions
14 regulatory agencies, financial institutions regulated by
15 such regulatory agencies, other mortgage lenders, the Fed-
16 eral National Mortgage Association, the Federal Home
17 Loan Mortgage Corporation, and mortgage counseling
18 agencies.

19 (b) **IMPLEMENTATION.**—The Secretary shall consider
20 using States, State or local agencies (including housing
21 and housing finance agencies), mortgage lenders and other
22 financial institutions, and other entities to conduct some
23 or all of the functions and responsibilities involved in car-
24 rying out the program for mortgage assistance under this
25 Act and may enter into agreements with such entities to

1 provide for such entities to carry out such functions and
2 responsibilities as the Secretary considers appropriate to
3 ensure that such assistance is provided in an effective and
4 efficient manner.

5 **SEC. 7. SAVINGS CLAUSE.**

6 This Act may not be construed to alter, affect, or
7 limit any provision of the Servicemembers Civil Relief Act
8 (50 U.S.C. App. 501 et seq.).

9 **SEC. 8. DEFINITIONS.**

10 For the purposes of this Act, the following definitions
11 apply:

12 (1) **ACTIVE DUTY.**—The terms “active duty”
13 and “active duty for a period of more than 30 days”
14 have the meanings given such terms in section
15 101(d) of title 10, United States Code.

16 (2) **ELIGIBLE MEMBER OF THE ARMED**
17 **FORCES.**—The term “eligible member of the Armed
18 Forces” means a member of the Armed Forces who,
19 while a member of the Individual Ready Reserve or
20 the inactive National Guard, is serving on active
21 duty pursuant to a call or order to active duty for
22 a period of more than 30 days.

23 (3) **ELIGIBLE MORTGAGE.**—The term “eligible
24 mortgage” means any mortgage that meets the re-

1 requirements of section 2(b) for assistance under this
2 Act.

3 (4) ELIGIBLE HOUSEHOLD.—The term “eligible
4 household” means a household that—

5 (A) contains a member who is an eligible
6 member of the Armed Forces; and

7 (B) has been determined by the Secretary
8 to be eligible for mortgage assistance under this
9 Act.

10 (5) FEDERAL FINANCIAL INSTITUTIONS REGU-
11 LATORY AGENCIES.—The term “Federal financial in-
12 stitutions regulatory agencies” means the Office of
13 the Comptroller of the Currency, the Board of Gov-
14 ernors of the Federal Reserve System, the Federal
15 Deposit Insurance Corporation, the Office of Thrift
16 Supervision, and the National Credit Union Admin-
17 istration.

18 (6) HOUSEHOLD.—The term “household”
19 means a mortgagor, the mortgagor’s spouse, chil-
20 dren residing in the same residence as the mort-
21 gagor, and any other person living in such residence
22 that is declared by the mortgagor as a dependent for
23 Federal income tax purposes.

24 (7) INCOME.—The term “income” means, with
25 respect to the household of an eligible mortgagor,

1 the aggregate income from the all sources of each
2 member of the household, as determined in accord-
3 ance with criteria prescribed by the Secretary.

4 (8) MORTGAGE; MORTGAGEE; MORTGAGOR.—
5 The terms “mortgage”, “mortgagee”, and “mort-
6 gator” have the meanings given such terms in sec-
7 tion 201 of the National Housing Act (12 U.S.C.
8 1707).

9 (9) POVERTY LINE.—The term “poverty line”
10 has the meaning given such term in section 673(2)
11 of the Omnibus Budget Reconciliation Act of 1981,
12 including any revision required by such section.

13 (10) SECRETARY.—The term “Secretary”
14 means the Secretary of Housing and Urban Develop-
15 ment.

16 (11) SERVICER.—The term “servicer” has the
17 meaning given such term in section 6(i) of the Real
18 Estate Settlement Procedures Act of 1974 (12
19 U.S.C. 2605(i)).

20 **SEC. 9. AUTHORIZATION OF APPROPRIATIONS.**

21 There are authorized to be appropriated for mortgage
22 assistance under this Act such sums as may be necessary
23 for each of fiscal years 2008, 2009, 2010, 2011, and 2012.

1 **SEC. 10. REGULATIONS.**

2 Not later than the expiration of the 180-day period
3 beginning on the date of the enactment of this Act, the
4 Secretary, in consultation with the Federal financial insti-
5 tutions regulatory agencies, shall issue such regulations as
6 may be necessary to carry out this Act, which shall provide
7 for the implementation of the mortgage assistance pro-
8 gram under this Act upon the expiration of such period.

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