

EMERGENCY MORTGAGE RELIEF PROGRAM  
TERMINATION ACT

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MARCH 7, 2011.—Committed to the Committee of the Whole House on the State of  
the Union and ordered to be printed

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Mr. BACHUS, from the Committee on Financial Services,  
submitted the following

R E P O R T

together with

DISSENTING VIEWS

[To accompany H.R. 836]

The Committee on Financial Services, to whom was referred the bill (H.R. 836) to rescind the unobligated funding for the Emergency Mortgage Relief Program and to terminate the program, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

The amendment is as follows:

Strike all after the enacting clause and insert the following:

**SECTION 1. SHORT TITLE.**

This Act may be cited as the “Emergency Mortgage Relief Program Termination Act”.

**SEC. 2. RESCISSION OF FUNDING FOR EMERGENCY MORTGAGE RELIEF PROGRAM.**

Effective on the date of the enactment of this Act, there are rescinded and permanently canceled all unobligated balances remaining available as of such date of enactment of the amounts made available by section 1496(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Public Law 111-203; 124 Stat. 2207; 12 U.S.C. 2706 note).

**SEC. 3. TERMINATION OF EMERGENCY MORTGAGE RELIEF PROGRAM.**

(a) **REPEAL.**—Title I of the Emergency Housing Act of 1975 (12 U.S.C. 2701 et seq.), as amended by section 1496(b) of the Dodd-Frank Wall Street Reform and Consumer Protection Act, is hereby repealed.

(b) **TREATMENT OF REMAINING FUNDS.**—Notwithstanding the repeal under subsection (a) of this section, any amounts made available under the provision specified in section 2 of this Act and obligated before the date of the enactment of this Act shall continue to be governed by the provisions of law specified in subsection (a) of this section, as in effect immediately before such repeal.

(c) **TERMINATION.**—Upon the completion of outlays to liquidate all amounts referred to in subsection (b) of this section and the completion of all activities with respect to such amounts under the provisions of law specified in subsection (a) of this section, the Secretary of Housing and Urban Development shall terminate the Emergency Mortgage Relief Program authorized under the provisions specified in subsection (a).

(d) **STUDY OF USE OF PROGRAM BY MEMBERS OF THE ARMED FORCES, VETERANS, AND GOLD STAR RECIPIENTS.**—

(1) **STUDY.**—The Secretary of Housing and Urban Development shall conduct a study to determine the extent of usage of the Emergency Mortgage Relief Program authorized under the provisions specified in subsection (a) by, and the impact of such program on, covered homeowners.

(2) **REPORT.**—Not later than the expiration of the 90-day period beginning on the date of the enactment of this Act, the Secretary shall submit to the Congress a report setting forth the results of the study under paragraph (1) and identifying best practices, with respect to covered homeowners, that could be applied to the Emergency Mortgage Relief Program.

(3) **COVERED HOMEOWNER.**—For purposes of this subsection, the term “covered homeowner” means a homeowner who is—

(A) a member of the Armed Forces of the United States on active duty or the spouse or parent of such a member;

(B) a veteran, as such term is defined in section 101 of title 38, United States Code; or

(C) eligible to receive a Gold Star lapel pin under section 1126 of title 10, United States Code, as a widow, parent, or next of kin of a member of the Armed Forces person who died in a manner described in subsection (a) of such section.

#### PURPOSE AND SUMMARY

H.R. 836 would rescind all unobligated balances made available for the Emergency Mortgage Relief Program under section 1496(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act, which was signed into law on July 21, 2010, and terminate the program. The bill also calls for a study by the Department of Housing and Urban Development (HUD) to identify best practices for how existing mortgage assistance programs can be applied to veterans, active duty military personnel, and their relatives.

#### BACKGROUND AND NEED FOR LEGISLATION

H.R. 836 was introduced by Congressman Jeb Hensarling and Chairman Bachus to terminate the Emergency Mortgage Relief Program and rescind any unobligated balances remaining under the program. The Emergency Mortgage Relief Program was created under Section 1496 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (P.L. 111–203). The Dodd-Frank Act established a \$1 billion Emergency Homeowner Relief Fund, to be used to fund the Emergency Mortgage Relief Program, which provides loans or credit advances to borrowers who cannot pay their mortgages because of unemployment or reduction in income. Administered by HUD, emergency mortgage relief payments may be provided for up to twelve months and extended once for up to twelve additional months.

Although as of February 2011, no funds have been furnished to homeowners under the program, questions remain about the cost, effectiveness, and benefits of the program. Under the Administration’s own projections for the program in its Fiscal Year 2012 Budget submission, the program’s weighted average subsidy rate is 97.92, meaning that nearly 98 cents of every dollar loaned under the program is not expected to be repaid. Also, several concerns have been raised about the effectiveness of the program based on

the underwriting of loans to homeowners who, by definition, lack the ability to pay because they are unemployed. Further concerns have been raised about the benefit to participants of a program that increases the debt of borrowers already struggling to meet their current obligations. Given the country's current fiscal situation, a program whose benefits are speculative at best but where substantial taxpayer losses are certain does not warrant funding.

#### HEARING

The Subcommittee on Insurance, Housing, and Community Opportunity held a hearing on March 2, 2011 entitled "Legislative Proposals to End Taxpayer Funding for Ineffective Foreclosure Mitigation Programs." The following witnesses testified:

- The Honorable Neil M. Barofsky, Special Inspector General for the Troubled Asset Relief Program
- The Honorable David Stevens, Assistant Secretary for Housing and Commissioner of the Federal Housing Administration, Department of Housing and Urban Development
- The Honorable Mercedes M. Márquez, Assistant Secretary, Community Planning and Development, Department of Housing and Urban Development
- Matthew J. Scirè, Director, Financial Markets and Community Investment, U.S. Government Accountability Office
- Katie Jones, Analyst in Housing Policy, Congressional Research Service, Library of Congress

#### COMMITTEE CONSIDERATION

The Committee on Financial Services met in open session on March 3, 2011 and ordered H.R. 836, the Emergency Mortgage Relief Program Termination Act, as amended, favorably reported to the House by a record vote of 33 yeas and 22 nays (Record vote no. FC-8).

#### COMMITTEE VOTES

Clause 3(b) of rule XIII of the Rules of the House of Representatives requires the Committee to list the record votes on the motion to report legislation and amendments thereto. A motion by Chairman Bachus to report the bill, as amended, to the House with a favorable recommendation was agreed to by a record vote of 33 yeas and 22 nays (Record vote no. FC-8). The names of Members voting for and against follow:

#### RECORD VOTE NO. FC-8

Representative	Aye	Nay	Present	Representative	Aye	Nay	Present
Mr. Bachus .....	X	.....	.....	Mr. Frank (MA) .....	.....	X	.....
Mr. Hensarling .....	X	.....	.....	Ms. Waters .....	.....	X	.....
Mr. King (NY) .....	X	.....	.....	Mrs. Maloney .....	.....	X	.....
Mr. Royce .....	X	.....	.....	Mr. Gutierrez .....	.....	.....	.....
Mr. Lucas .....	X	.....	.....	Ms. Velázquez .....	.....	X	.....
Mr. Paul .....	X	.....	.....	Mr. Watt .....	.....	X	.....
Mr. Manzullo .....	X	.....	.....	Mr. Ackerman .....	.....	X	.....
Mr. Jones .....	X	.....	.....	Mr. Sherman .....	.....	X	.....
Mrs. Biggert .....	X	.....	.....	Mr. Meeks .....	.....	.....	.....
Mr. Gary G. Miller (CA) .....	.....	.....	.....	Mr. Capuano .....	.....	X	.....
Mrs. Capito .....	X	.....	.....	Mr. Hinojosa .....	.....	.....	.....

## RECORD VOTE NO. FC-8—Continued

Representative	Aye	Nay	Present	Representative	Aye	Nay	Present
Mr. Garrett	X			Mr. Clay		X	
Mr. Neugebauer	X			Mrs. McCarthy (NY)		X	
Mr. McHenry	X			Mr. Baca			
Mr. Campbell	X			Mr. Lynch		X	
Mrs. Bachmann	X			Mr. Miller (NC)		X	
Mr. Marchant	X			Mr. David Scott (GA)		X	
Mr. McCotter	X			Mr. Al Green (TX)		X	
Mr. McCarthy (CA)	X			Mr. Cleaver		X	
Mr. Pearce	X			Ms. Moore		X	
Mr. Posey	X			Mr. Ellison		X	
Mr. Fitzpatrick	X			Mr. Perlmutter		X	
Mr. Westmoreland	X			Mr. Donnelly			
Mr. Luetkemeyer	X			Mr. Carson		X	
Mr. Huizenga	X			Mr. Himes		X	
Mr. Duffy	X			Mr. Peters		X	
Ms. Hayworth	X			Mr. Carney		X	
Mr. Renacci	X						
Mr. Hurt	X						
Mr. Dold	X						
Mr. Schweikert	X						
Mr. Grimm	X						
Mr. Canseco	X						
Mr. Stivers	X						

During consideration of H.R. 836, the following amendments were considered:

1. An amendment offered by Mr. Grimm, no. 1a, requiring HUD to study the usage of the Emergency Mortgage Relief Program on members of the armed forces, veterans, and gold star recipients, to the amendment offered by Mr. Green, no. 1, requiring HUD, in consultation with other agencies, to determine an amount from the unobligated balances to provide assistance to members of the armed forces, veterans, and gold star recipients, was agreed to by a record vote of 33 yeas and 22 nays (Record vote no. 7).

## RECORD VOTE NO. FC-7

Representative	Aye	Nay	Present	Representative	Aye	Nay	Present
Mr. Bachus	X			Mr. Frank (MA)		X	
Mr. Hensarling	X			Ms. Waters		X	
Mr. King (NY)	X			Mrs. Maloney		X	
Mr. Royce	X			Mr. Gutierrez			
Mr. Lucas	X			Ms. Velázquez		X	
Mr. Paul	X			Mr. Watt		X	
Mr. Manzullo	X			Mr. Ackerman		X	
Mr. Jones	X			Mr. Sherman		X	
Mrs. Biggert	X			Mr. Meeks			
Mr. Gary G. Miller (CA)				Mr. Capuano		X	
Mrs. Capito	X			Mr. Hinojosa			
Mr. Garrett	X			Mr. Clay		X	
Mr. Neugebauer	X			Mrs. McCarthy (NY)		X	
Mr. McHenry	X			Mr. Baca			
Mr. Campbell	X			Mr. Lynch		X	
Mrs. Bachmann	X			Mr. Miller (NC)		X	
Mr. Marchant	X			Mr. David Scott (GA)		X	
Mr. McCotter	X			Mr. Al Green (TX)		X	
Mr. McCarthy (CA)	X			Mr. Cleaver		X	
Mr. Pearce	X			Ms. Moore		X	
Mr. Posey	X			Mr. Ellison		X	
Mr. Fitzpatrick	X			Mr. Perlmutter		X	

## RECORD VOTE NO. FC-7—Continued

Representative	Aye	Nay	Present	Representative	Aye	Nay	Present
Mr. Westmoreland .....	X	.....	.....	Mr. Donnelly .....	.....	.....	.....
Mr. Luetkemeyer .....	X	.....	.....	Mr. Carson .....	.....	X	.....
Mr. Huizenga .....	X	.....	.....	Mr. Himes .....	.....	X	.....
Mr. Duffy .....	X	.....	.....	Mr. Peters .....	.....	X	.....
Ms. Hayworth .....	X	.....	.....	Mr. Carney .....	.....	X	.....
Mr. Renacci .....	X	.....	.....				
Mr. Hurt .....	X	.....	.....				
Mr. Dold .....	X	.....	.....				
Mr. Schweikert .....	X	.....	.....				
Mr. Grimm .....	X	.....	.....				
Mr. Canseco .....	X	.....	.....				
Mr. Stivers .....	X	.....	.....				

2. An amendment offered by Mr. Frank, no. 2, requiring all but \$300 million of unobligated balances to be rescinded, was not agreed to by a record vote of 22 yeas and 33 nays (Record vote no. 6).

## RECORD VOTE NO. FC-6

Representative	Aye	Nay	Present	Representative	Aye	Nay	Present
Mr. Bachus .....	.....	X	.....	Mr. Frank (MA) .....	X	.....	.....
Mr. Hensarling .....	.....	X	.....	Ms. Waters .....	X	.....	.....
Mr. King (NY) .....	.....	X	.....	Mrs. Maloney .....	X	.....	.....
Mr. Royce .....	.....	X	.....	Mr. Gutierrez .....	.....	.....	.....
Mr. Lucas .....	.....	X	.....	Ms. Velázquez .....	X	.....	.....
Mr. Paul .....	.....	X	.....	Mr. Watt .....	X	.....	.....
Mr. Manzullo .....	.....	X	.....	Mr. Ackerman .....	X	.....	.....
Mr. Jones .....	.....	X	.....	Mr. Sherman .....	X	.....	.....
Mrs. Biggert .....	.....	X	.....	Mr. Meeks .....	.....	.....	.....
Mr. Gary G. Miller (CA) .....	.....	.....	.....	Mr. Capuano .....	X	.....	.....
Mrs. Capito .....	.....	X	.....	Mr. Hinojosa .....	.....	.....	.....
Mr. Garrett .....	.....	X	.....	Mr. Clay .....	X	.....	.....
Mr. Neugebauer .....	.....	X	.....	Mrs. McCarthy (NY) .....	X	.....	.....
Mr. McHenry .....	.....	X	.....	Mr. Baca .....	.....	.....	.....
Mr. Campbell .....	.....	X	.....	Mr. Lynch .....	X	.....	.....
Mrs. Bachmann .....	.....	X	.....	Mr. Miller (NC) .....	X	.....	.....
Mr. Marchant .....	.....	X	.....	Mr. David Scott (GA) .....	X	.....	.....
Mr. McCotter .....	.....	X	.....	Mr. Al Green (TX) .....	X	.....	.....
Mr. McCarthy (CA) .....	.....	X	.....	Mr. Cleaver .....	X	.....	.....
Mr. Pearce .....	.....	X	.....	Ms. Moore .....	X	.....	.....
Mr. Posey .....	.....	X	.....	Mr. Ellison .....	X	.....	.....
Mr. Fitzpatrick .....	.....	X	.....	Mr. Perlmutter .....	X	.....	.....
Mr. Westmoreland .....	.....	X	.....	Mr. Donnelly .....	.....	.....	.....
Mr. Luetkemeyer .....	.....	X	.....	Mr. Carson .....	X	.....	.....
Mr. Huizenga .....	.....	X	.....	Mr. Himes .....	X	.....	.....
Mr. Duffy .....	.....	X	.....	Mr. Peters .....	X	.....	.....
Ms. Hayworth .....	.....	X	.....	Mr. Carney .....	X	.....	.....
Mr. Renacci .....	.....	X	.....				
Mr. Hurt .....	.....	X	.....				
Mr. Dold .....	.....	X	.....				
Mr. Schweikert .....	.....	X	.....				
Mr. Grimm .....	.....	X	.....				
Mr. Canseco .....	.....	X	.....				
Mr. Stivers .....	.....	X	.....				

3. A motion to move the previous question on the Frank amendment offered by Chairman Bachus was agreed to by a record vote of 33 yeas and 18 nays (Record vote no. 5).

## RECORD VOTE NO. FC-5

Representative	Aye	Nay	Present	Representative	Aye	Nay	Present
Mr. Bachus	X			Mr. Frank (MA)		X	
Mr. Hensarling	X			Ms. Waters		X	
Mr. King (NY)	X			Mrs. Maloney		X	
Mr. Royce	X			Mr. Gutierrez			
Mr. Lucas	X			Ms. Velázquez		X	
Mr. Paul	X			Mr. Watt		X	
Mr. Manzullo	X			Mr. Ackerman		X	
Mr. Jones	X			Mr. Sherman		X	
Mrs. Biggert	X			Mr. Meeks			
Mr. Gary G. Miller (CA)				Mr. Capuano		X	
Mrs. Capito	X			Mr. Hinojosa			
Mr. Garrett	X			Mr. Clay		X	
Mr. Neugebauer	X			Mrs. McCarthy (NY)			
Mr. McHenry	X			Mr. Baca			
Mr. Campbell	X			Mr. Lynch		X	
Mrs. Bachmann	X			Mr. Miller (NC)		X	
Mr. Marchant	X			Mr. David Scott (GA)		X	
Mr. McCotter	X			Mr. Al Green (TX)		X	
Mr. McCarthy (CA)	X			Mr. Cleaver			
Mr. Pearce	X			Ms. Moore		X	
Mr. Posey	X			Mr. Ellison			
Mr. Fitzpatrick	X			Mr. Perlmutter		X	
Mr. Westmoreland	X			Mr. Donnelly			
Mr. Luetkemeyer	X			Mr. Carson		X	
Mr. Huizenga	X			Mr. Himes			
Mr. Duffy	X			Mr. Peters		X	
Ms. Hayworth	X			Mr. Carney		X	
Mr. Renacci	X						
Mr. Hurt	X						
Mr. Dold	X						
Mr. Schweikert	X						
Mr. Grimm	X						
Mr. Canseco	X						
Mr. Stivers	X						

The following amendment was also considered by the Committee:

An amendment offered by Mr. Green, no. 1 as amended by an amendment offered by Mr. Grimm, no. 1a (Record vote no. 7), requiring HUD to study the usage of the Emergency Mortgage Relief Program on members of the armed forces, veterans, and gold star recipients was agreed to by voice vote.

## COMMITTEE OVERSIGHT FINDINGS

Pursuant to clause 3(c)(1) of rule XIII of the Rules of the House of Representatives, the Committee has held a hearing and made findings that are reflected in this report.

## PERFORMANCE GOALS AND OBJECTIVES

Pursuant to clause 3(c)(4) of rule XIII of the Rules of the House of Representatives, the Committee establishes the following performance related goals and objectives for this legislation:

The purposes of H.R.836 are to terminate the Emergency Mortgage Relief Program and rescind any unobligated balances remaining under the program because its cost, its effectiveness, and the benefits to its participants are uncertain. Given the country's current fiscal situation, a program whose benefits are speculative but where substantial taxpayer losses are certain does not warrant funding.

NEW BUDGET AUTHORITY, ENTITLEMENT AUTHORITY, AND TAX  
EXPENDITURES

In compliance with clause 3(c)(2) of rule XIII of the Rules of the House of Representatives, the Committee adopts as its own the estimate of new budget authority, entitlement authority, or tax expenditures or revenues contained in the cost estimate prepared by the Director of the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974.

COMMITTEE COST ESTIMATE

The Committee adopts as its own the cost estimate prepared by the Director of the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974.

CONGRESSIONAL BUDGET OFFICE ESTIMATES

Pursuant to clause 3(c)(3) of rule XIII of the Rules of the House of Representatives, the following is the cost estimate provided by the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974:

MARCH 7, 2011.

Hon. SPENCER BACHUS,  
*Chairman, Committee on Financial Services,  
House of Representatives, Washington, DC.*

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 836, the Emergency Mortgage Relief Program Termination Act of 2011.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Chad Chirico.

Sincerely,

DOUGLAS W. ELMENDORF.

Enclosure.

*H.R. 836—Emergency Mortgage Relief Program Termination Act of  
2011*

Summary: H.R. 836 would terminate the Department of Housing and Urban Development's (HUD's) Emergency Mortgage Relief Program (EHLP). Additionally, the bill would rescind funds that remain available for the program as of the date of enactment.

CBO estimates that enacting the legislation would decrease federal budget deficits by \$840 million over the 2011–2012 period. Pay-as-you-go procedures apply because the legislation would affect direct spending.

The bill contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA).

Estimated cost to the Federal Government: The estimated budgetary impact of H.R. 836 is shown in the following table. The effects of this legislation fall within budget function 370 (commerce and housing credit).

		By fiscal year in millions of dollars—												2011–2016	2011–2021
		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2011–2016	2011–2021	
		CHANGES IN DIRECT SPENDING													
Estimated Budget Authority		–390	–450	0	0	0	0	0	0	0	0	0	–840	–840	
Estimated Outlays ...		–390	–450	0	0	0	0	0	0	0	0	0	–840	–840	

**Basis of estimate:** The EHLF, authorized by the Dodd-Frank Wall Street Reform and Consumer Protection Act, provides up to \$50,000 in subsidized loans to homeowners who are at least three months delinquent on their mortgages because of the temporary loss of employment and income. EHLF will pay all arrearages that a homeowner has incurred and, for up to 24 months, the amount needed to lower the homeowner's contribution to the mortgage payment to 31 percent of gross monthly income. HUD also will allow program funds to be administered by a state that has an existing program that provides substantially similar assistance to homeowners.

HUD has indicated that the program will assist homeowners in Puerto Rico and the 32 states that are not participating in the Department of Treasury's Hardest Hit Fund program; however, HUD has not yet awarded any EHLF funds to those states and territory. CBO estimates that terminating the EHLF will reduce outlays by \$840 million over the 2011–2012 period.

For this estimate, CBO assumes that the legislation will be enacted by June 2011. If the bill is enacted later in 2011, the expected savings would be reduced as HUD is likely to make EHLF awards under current law over the course of the next several months.

**Pay-as-you-go considerations:** The Statutory Pay-As-You-Go Act of 2010 establishes budget reporting and enforcement procedures for legislation affecting direct spending or revenues. The net changes in outlays that are subject to those pay-as-you-go procedures are shown in the following table. (Enacting H.R. 836 would have no impact on federal revenues.)

CBO ESTIMATE OF PAY-AS-YOU-GO EFFECTS FOR H.R. 836, THE EMERGENCY MORTGAGE RELIEF PROGRAM TERMINATION ACT, AS ORDERED REPORTED BY THE HOUSE COMMITTEE ON FINANCIAL SERVICES ON MARCH 3, 2011

[By fiscal year, in millions of dollars]

		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2011–2016	2011–2021	
		NET DECREASE (–) IN THE DEFICIT													
Statutory Pay-As-You-Go Impact ....		–390	–450	0	0	0	0	0	0	0	0	0	–840	–840	

**Intergovernmental and private-sector impact:** The bill contains no intergovernmental or private-sector mandates as defined in UMRA and would impose no costs on state, local, or tribal governments.



Estimate prepared by: Federal Costs: Chad Chirico; Impact on State, Local, and Tribal Governments: Lisa Ramirez-Branum; Impact on the Private Sector: Paige Piper-Bach.

Estimate approved by: Peter H. Fontaine, Assistant Director for Budget Analysis.

#### FEDERAL MANDATES STATEMENT

The Committee adopts as its own the estimate of Federal mandates prepared by the Director of the Congressional Budget Office pursuant to section 423 of the Unfunded Mandates Reform Act.

#### ADVISORY COMMITTEE STATEMENT

No advisory committees within the meaning of section 5(b) of the Federal Advisory Committee Act were created by this legislation.

#### APPLICABILITY TO LEGISLATIVE BRANCH

The Committee finds that the legislation does not relate to the terms and conditions of employment or access to public services or accommodations within the meaning of the section 102(b)(3) of the Congressional Accountability Act.

#### EARMARK IDENTIFICATION

H.R. 836 does not contain any congressional earmarks, limited tax benefits, or limited tariffs benefits as defined in clause 9 of rule XXI.

#### SECTION-BY-SECTION ANALYSIS OF THE LEGISLATION

##### *Section 1. Short title*

This section establishes the short title of the bill, the ‘Emergency Mortgage Relief Program Termination Act.’

##### *Section 2. Rescission of funding for emergency mortgage relief program*

This section rescinds and permanently cancels all unobligated balances remaining available to the Emergency Mortgage Relief Program under Section 1496(a), Dodd-Frank Wall Street Reform and Consumer Protection Act as of such date of enactment.

##### *Section 3. Termination of Emergency Mortgage Relief Program*

This section repeals the Emergency Mortgage Relief Program. Subsection (b) of this section also provides that any amounts obligated for the Emergency Mortgage Relief Program before the date of enactment shall continue to be governed by the provisions of the Emergency Mortgage Relief Program that were in effect immediately before the program’s repeal.

Further, subsection (d) of this section directs the Secretary of Housing and Urban Development to conduct a study to determine the extent of usage of the Emergency Mortgage Relief Program by “covered homeowners.” Covered homeowners are defined as individuals who are active duty members of the U.S. armed forces and their spouses or parents, veterans of the U.S. armed forces, and individuals eligible to receive a Gold Star lapel button under 10 U.S.C. 1126 as the widow, parent, or next of kin of a fallen member

of the U.S. armed forces. The Secretary of Housing and Urban Development is then required to submit a report to Congress including the results of that study and identifying any best practices that could be applied to the Emergency Mortgage Relief Program for covered homeowners within 90 days of enactment of this Act.

Finally, this section requires the Secretary of Housing and Urban Development to terminate the Emergency Mortgage Relief Program upon the outlay of the funds necessary to complete the tasks referred to in subsections (b) and (d) of this section.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets):

**EMERGENCY HOUSING ACT OF 1975**

\* \* \* \* \*

**【TITLE I—EMERGENCY MORTGAGE RELIEF**

**【SHORT TITLE**

**【SEC. 101.** This title may be cited as the “Emergency Homeowners’ Relief Act.”

**【FINDINGS AND PURPOSE**

**【SEC. 102. (a)** The Congress finds that—

**【(1)** the Nation is in a severe recession and that the sharp downturn in economic activity has driven large numbers of workers into unemployment and has reduced the incomes of many others;

**【(2)** as a result of these adverse economic conditions the capacity of many homeowners to continue to make mortgage payments has deteriorated and may further deteriorate in the months ahead, leading to the possibility of widespread mortgage foreclosures and distress sales of homes; and

**【(3)** many of these homeowners could retain their homes with temporary financial assistance until economic conditions improve.

**【(b)** It is the purpose of this title to provide a standby authority which will prevent widespread mortgage foreclosures and distress sales of homes resulting from the temporary loss of employment and income through a program of emergency loans and advances and emergency mortgage relief payments to homeowners to defray mortgage expenses.

**【MORTGAGES ELIGIBLE FOR ASSISTANCE**

**【SEC. 103.** No assistance shall be extended with respect to any mortgage under this title unless—

**【(1)** the holder of the mortgage has indicated to the mortgagor its intention to foreclose;

**【(2)** the mortgagor and holder of the mortgage have certified that circumstances make it probable that there will be a fore-

closure and that the mortgagor is in need of emergency mortgage relief as authorized by this title;

[(3) payments under the mortgage have been delinquent for at least three months;

[(4) the mortgagor has incurred a substantial reduction in income as a result of involuntary unemployment or underemployment due to adverse economic conditions and is financially unable to make full mortgage payments;

[(5) there is a reasonable prospect that the mortgagor will be able to make the adjustments necessary for a full resumption of mortgage payments; and

[(6) the mortgaged property is the principal residence of the mortgagor.

#### [LIMITS OF ASSISTANCE

[SEC. 104. (a) Assistance under this title with respect to a mortgage which meets the requirements of section 103 may be provided in the form of emergency mortgage relief loans and advances of credit insured pursuant to section 105 or in the form of emergency mortgage relief payments made by the Secretary pursuant to section 106.

[(b) Assistance under this title on behalf of a homeowner may be made available in an amount up to the amount of the principal, interest, taxes, ground rents, hazard insurance, and mortgage insurance premiums due under the homeowner's mortgage, but such assistance shall not exceed the lesser of \$250 per month or the amount determined to be reasonably necessary to supplement such amount as the homeowner is capable of contributing toward such mortgage payment.

[(c) Monthly payments may be provided under this title either with the proceeds of an insured loan or advance of credit or with emergency mortgage relief payments for up to twelve months, and, in accordance with criteria prescribed by the Secretary, such monthly payments may be extended once for up to twelve additional months. A mortgagor receiving the benefit of mortgage relief assistance pursuant to this title shall be required, in accordance, with criteria prescribed by the Secretary, to report any increase in income which will permit a reduction or termination of such assistance during this period.

[(d) Emergency loans or advances of credit made and insured under section 105, and emergency mortgage relief payments made under section 106, shall be repayable by the homeowner upon such terms and conditions as the Secretary shall prescribe, except that interest on a loan or advance of credit insured under section 105 or emergency mortgage relief payments made under section 106 shall not be charged at a rate which exceeds the maximum interest rate applicable with respect to mortgages insured pursuant to section 203(b) of the National Housing Act.

[(e) The Secretary may provide for the deferral of the commencement of the repayment of a loan or advance insured under section 105 or emergency mortgage relief payments made under section 106 until one year following the date of the last disbursement of the proceeds of the loan or advance or payments or for such longer period as the Secretary determines would further the purpose of this title. The Secretary shall by regulation require such security

for the repayment of insured loans or advances of credit or emergency mortgage relief payments as he deems appropriate and may require that such repayment be secured by a lien on the mortgaged property.

**EMERGENCY MORTGAGE RELIEF LOANS AND ADVANCES**

**SEC. 105.** (a) The Secretary is authorized, upon such terms and conditions as the Secretary may prescribe, to insure banks, trust companies, finance companies, mortgage companies, savings and loan associations, insurance companies, credit unions, and such other financial institutions, which the Secretary finds to be qualified by experience and facilities and approves as eligible for insurance, against losses which they may sustain as a result of emergency loans or advances of credit made in accordance with the provisions of section 104 and this section with respect to mortgages eligible for assistance under this title.

(b) The Secretary is authorized to fix a premium charge or charges for the insurance granted under this section, but in the case of any loan or advance credit, such charge or charges shall not exceed an amount equivalent to one-half of 1 per centum per annum of the principal obligation of such loan or advance of credit outstanding at any time.

(c) The Secretary is authorized and empowered to waive compliance with any rule or regulation prescribed by the Secretary for the purposes of this section if, in the Secretary's judgment, the enforcement of such rule or regulation would impose an injustice upon an insured lending institution which has substantially complied with such regulations in good faith. Any payment for loss made to an insured financial institution under this section shall be final and incontestable after two years from the date the claim was certified for payment by the Secretary, in the absence of fraud or misrepresentation on the part of such institution unless a demand for repurchase of the obligation shall have been made on behalf of the United States prior to the expiration of such two-year period. The Secretary is authorized to transfer to any financial institution approved for insurance under this title any insurance in connection with any loan which may be sold to it by another insured financial institution.

(d) The aggregate amount of loans and advances insured under this section and emergency mortgage relief payments made under section 106 shall not exceed \$3,000,000,000.

(e) The Secretary shall establish underwriting guidelines or procedures to allocate amounts made available for loans and advances insured under this section and for emergency relief payments made under section 106 based on the likelihood that a mortgagor will be able to resume mortgage payments, pursuant to the requirement under section 103(5).

**EMERGENCY MORTGAGE RELIEF PAYMENTS**

**SEC. 106.** (a) In the case of any mortgagee which would otherwise be eligible to participate in the program authorized under section 105 but does not qualify for an advance or advances as authorized by section 113 of this title or under section 10, 10b, or 11 of the Federal Home Loan Bank Act or otherwise elects not to participate in the program authorized under section 105, the Secretary is

authorized to make repayable emergency mortgage relief payments directly to such mortgagee on behalf of homeowners whose mortgages are held by such financial institution and who are delinquent in their mortgage payments.

[(b) Emergency mortgage relief payments shall be made under this section only with respect to a mortgage which meets the requirements of section 103 and only on such terms and conditions as the Secretary may prescribe, subject to the provisions of section 104.

[(c) The Secretary may make such delegations and accept such certifications with respect to the processing of mortgage relief payments provided under this section as he deems appropriate to facilitate the prompt and efficient implementation of the assistance authorized under this section.

#### 【EMERGENCY HOMEOWNERS' RELIEF FUND

【SEC. 107. To carry out the purposes of this title, the Secretary is authorized to establish in the Treasury of the United States an Emergency Homeowners' Relief Fund (hereinafter in this title referred to as the "fund") which shall be available to the Secretary without fiscal year limitation—

【(1) for making payments in connection with defaulted loans or advances of credit insured under section 105 of this title;

【(2) for making emergency mortgage relief payments under section 106 of this title;

【(3) to pay such administrative expenses (or portion of such expenses) of carrying out the provisions of this title as the Secretary may deem necessary.

#### 【AUTHORITY OF THE SECRETARY

【SEC. 108. (a) The Secretary is authorized to make such rules and regulations as may be necessary to carry out the provisions of this title.

【(b) Notwithstanding any other provision of law relating to the acquisition, handling, improvement, or disposal of real or other property by the United States, the Secretary shall have power, for the protection of the interest of the fund authorized under this title, to pay out of such fund all expenses or charges in connection with the acquisition, handling, improvement, or disposal of any property, real or personal, acquired by the Secretary as a result of recoveries under security, subrogation, or other rights.

【(c) In the performance of, with respect to, the functions, powers, and duties vested in the Secretary by this title, the Secretary shall—

【(1) have the power, notwithstanding any other provision of law, whether before or after default, to provide by contract or otherwise for the extinguishment upon default of any redemption, equitable, legal, or other right, title in any mortgage, deed, trust, or other instrument held by or held on behalf of the Secretary under the provisions of this title; and

【(2) have the power to foreclose on any property or commence any action to protect or enforce any right conferred upon the Secretary by law, contract, or other agreement, and bid for and purchase at any foreclosure or other sale any property in connection with which assistance has been provided

pursuant to this title. In the event of any such acquisition, the Secretary may, notwithstanding any other provision of law relating to the acquisition, handling, or disposal of real property by the United States, complete, remodel and convert, dispose of, lease, and otherwise deal with, such property. Notwithstanding any other provision of law, the Secretary also shall have power to pursue to final collection by way of compromise or otherwise all claims acquired by him in connection with any security, subrogation, or other rights obtained by him in administering this title.

[(d) COVERAGE OF EXISTING PROGRAMS.—The Secretary shall allow funds to be administered by a State that has an existing program that is determined by the Secretary to provide substantially similar assistance to homeowners. After such determination is made such State shall not be required to modify such program to comply with the provisions of this title.

#### 【EXPIRATION DATE

【SEC. 109. No loans or advance of credit shall be insured and no emergency mortgage relief payments made under this title after September 30, 2011, except if such loan or advance or such payments are made with respect to a mortgagor receiving the benefit of a loan or advance insured, or emergency mortgage relief payments made, under this title on such date.

#### 【NOTIFICATION

【SEC. 110. Each Federal supervisory agency with respect to financial institutions subject to its jurisdiction, and the Secretary, with respect to other approved mortgagees, shall (1) prior to October 1, 1977, take appropriate action, not inconsistent with laws relating to the safety or soundness of such institutions or mortgagee, as the case may be, to waive or relax limitations pertaining to the operations of such institutions or mortgagees with respect to mortgage delinquencies in order to cause or encourage forbearance in residential mortgage loan foreclosures, and (2) until one year from the date of enactment of this title, request each such institution or mortgagee to notify that Federal supervisory agency, the Secretary, and the mortgagor, at least thirty days prior to instituting foreclosure proceedings in connection with any mortgage loan. As used in this title the term “Federal supervisory agency” means the Board of Governors of the Federal Reserve System, the Board of Directors of the Federal Deposit Insurance Corporation, the Comptroller of the Currency, the Federal Home Loan Bank Board, the Federal Savings and Loan Insurance Corporation, and the National Credit Union Administration.

#### 【REPORTS

【SEC. 111. Within sixty days after enactment of this title and within each sixty-day period thereafter prior to October 1, 1977, the Secretary shall make a report to the Congress on (1) the current rate of delinquencies and foreclosures in the housing market areas of the country which should be of immediate concern if the purposes of this title is to be achieved; (2) the extent of, and prospect for continuance of, voluntary forbearance by mortgagees in

such housing market areas; (3) actions being taken by governmental agencies to encourage forbearance by mortgages in such housing market areas; (4) actions taken and actions likely to be taken with respect to making assistance under this title available to alleviate hardships resulting from any serious rates of delinquencies and foreclosures; and (5) the current default status and projected default trends with respect to mortgages covering multifamily properties with special attention to mortgages insured under the various provisions of the National Housing Act and with recommendations on how such defaults and prospective defaults may be cured or avoided in a manner which, while giving weight to the financial interests of the United States, takes into full consideration the urgent needs of the many low- and moderate-income families that currently occupy such multifamily properties.

**[NONAPPLICABILITY OF OTHER LAWS**

**[SEC. 112.** Notwithstanding any provision of law which limits the nature, amount, term, form, or rate of interest, or the nature, amount, or form of security of loans or advances of credit, loans, or advances of credit may be made in accordance with the provisions of this title without regard to such provision of law.

**[FEDERAL DEPOSIT INSURANCE CORPORATION ADVANCES**

**[SEC. 113.** Notwithstanding any other provision of law, the Federal Deposit Insurance Corporation is authorized, upon such terms and conditions as the Corporation may prescribe, to make such advances to any insured bank as the Corporation determines may be necessary or appropriate to facilitate participation by such bank in the program authorized by this title. For the purpose of obtaining such funds as it determines are necessary for such advances, the Corporation may borrow from the Treasury as authorized in section 14 of the Federal Deposit Insurance Act (12 U.S.C. 1824; 64 Stat. 890), and the Secretary of the Treasury is authorized and directed to make loans to the Corporation for such purpose in the same manner as loans may be made for insurance purposes under such section, subject to the maximum limitation on outstanding aggregate loans there provided.]

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## DISSENTING VIEWS

H.R. 836, the “Emergency Mortgage Relief Program Termination Act” is one of four bills being advanced by the Majority as a coordinated assault on federal programs designed to address the nationwide housing and foreclosure crisis. This bill would rescind \$1 billion which will soon be allocated to states, for use as bridge loans to unemployed homeowners to cover mortgage payments until these homeowners can find a job, in order to avoid a foreclosure and give these borrowers a chance to keep their homes.

This program is one of a number of complementary federal programs that address different problems posed by our current housing programs. The other programs that the Majority is shutting down are the HAMP loan modification program, an FHA refinance program that is used in conjunction with principal mortgage reductions, and grants to local communities for purchase and rehabilitation of foreclosed and abandoned homes, to address blight and deterioration of neighborhoods experiencing a high foreclosure rate. At the hearing on these four bills, not a single witness—including the GAO and SIGTARP, who were witnesses called by the Majority—supported shutting down any of these four programs at this time.

A major factor in the housing crisis was private sector lenders originating loans to borrowers that could not afford them, with such loans often combined with predatory loan features, such as exploding mortgage rate reset terms. As the housing crisis hit and homeowners started to default on loans, these same private sector lenders announced that they would address problems through proprietary loan modifications. In practice, there is a general consensus that these initial efforts were woefully inadequate to address the default and foreclosure crisis, particularly since a majority of these modifications actually *increased* the payments borrowers were required to make. Therefore, in early 2009, the Obama Administration started to roll out the first of a number of initiatives, using general authority under the TARP legislation, to facilitate loan modifications and refinancings of borrowers in or at risk of default, and in danger of foreclosure.

Now, two years later, as some of these initiatives are showing real results and others are just beginning to take off, House Republicans want to shut these efforts down. They claim that these federal programs have not helped enough homeowners. But, their answer to the criticism that not enough homeowners have been helped by these programs . . . is to stop them from helping anyone else in the future. Their answer is to eliminate federal assistance that helps keep people in their homes and to eliminate the nationwide loan modification standards that go with them. Their answer is to turn over resolution of the foreclosure crisis to the very entities that created the bad loans in the first place and failed to achieve meaningful loan modifications in the period before these



government programs were put in place. The result would lead inevitably to a worsening of the foreclosure crisis, dampened home prices, and economic instability.

This bill would rescind and permanently cancel all unobligated balances pursuant to the \$1 billion in loans to unemployed homeowners that was authorized and funded in last year's Dodd-Frank financial reform bill. The bill would also repeal the underlying authorization for such loans. The effect would be to kill the program before any funds are made available to unemployed homeowners.

A reasonable projection is that the program will help from 30,000 to 50,000 distressed homeowners. Under the program, \$1 billion is to be made available by HUD for loans to homeowners who are delinquent on their loans as a result of unemployment or medical condition. The purpose is to provide assistance with mortgage payments until the homeowner can find a job or is otherwise able to resume mortgage payments. The program fills an important gap, because HAMP and other private loan modification programs are designed to address a structural mismatch between a borrower's income and mortgage payments, while this program is designed to address what is hoped to be a temporary loss of income.

The program provides a zero interest bridge loan during the period when the borrower can't make payments. The amount of the loan is designed to reduce monthly payments to an affordable 31% of a borrower's current income. When a borrower is able resume payments on the mortgage, the borrower must begin repayment of the bridge loan. The program is being implemented through a provision which creates incentives for timely payment on the loan, in the form of a reduction of 20% of the loan balance each year that the borrower is current on that loan.

Grants will be distributed by formula to 32 states. These are the states that have not separately received funding under \$7.6 billion in cumulative TARP funds that Treasury has made available over the last year under its "Hardest Hit Fund" to the 18 states that have been hardest hit by the housing and foreclosure crisis. The \$1 billion will thus fill a gap by providing assistance to those states who did not receive Hardest Hit Funds, and therefore rescission of these funds would create a significant imbalance in the allocation of such assistance nationwide.

While the Emergency Mortgage Relief and Hardest Hit programs are not identical, they are substantially similar. The major difference is that Emergency Mortgage Relief is limited only to bridge loans to homeowners who are unemployed or have a medical problem creating payment programs, while the Hardest Hit program is used for this purpose, but also allows other flexible uses of funds at the option of the state, such as for principal reduction payments.

The Emergency Mortgage Relief program is very similar to a program that has been administered for many years by the State of Pennsylvania, the "Homeowners Emergency Mortgage Assistance Program," also known as entitled HEMAP. Since its inception in 1983, 45,316 homeowners in Pennsylvania have been assisted, at an average loan amount of \$11,000 per borrower. Like the federal program being proposed to be abolished by this bill, the HEMAP program provides loans to homeowners having mortgage payment problems because of unemployment, with the goal having the bor-

rower resume payments when they are able to do so. 85% of HEMAP recipients have been able to keep their home as a result of such assistance.

Proponents of shutting down the program have argued that the program will have a low cost recovery rate and therefore a high subsidy rate. It is true that repayment terms are somewhat more flexible than under either the Pennsylvania HEMAP program or some of the state Hardest Hit Fund programs—principally because of the incentive that HUD is offering under the program of forgiving principal over time on these loans based on a homeowner making on-time mortgage payments. However, this feature is designed to increase both the sustainability of homeowners being able to make the underlying mortgage payments and the behavioral incentive for a borrower to make such on-time payments.

Shutting down this program prematurely would eliminate an important tool for 32 states to help unemployed homeowners keep their home long enough to find another job and ultimately resume mortgage payments and hang on to their home. There is no comparable private sector option for these unemployed borrowers. Enactment of this bill will therefore increase foreclosures and put more strain on our nations' housing markets.

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