

In the Senate of the United States,

November 13, 1997.

Resolved, That the bill from the House of Representatives (H.R. 607) entitled “An Act to amend the Real Estate Settlement Procedures Act of 1974 to require notice of cancellation rights with respect to private mortgage insurance which is required as a condition of entering into certain federally related mortgage loans and to provide for cancellation of such insurance, and for other purposes.”, do pass with the following

AMENDMENTS:

Strike out all after the enacting clause and insert:

1 *SECTION 1. TABLE OF CONTENTS.*

2 *The table of contents for this Act is as follows:*

Sec. 1. Table of contents.

TITLE I—SENIOR CITIZEN HOME EQUITY PROTECTION

Sec. 101. Short title.

Subtitle A—Senior Citizen Home Equity Protection

Sec. 111. Disclosure requirements; prohibition of funding of unnecessary or excessive costs.

Sec. 112. Implementation.

Subtitle B—Temporary Extension of Public Housing and Section 8 Rental Assistance Provisions

- Sec. 121. Public housing ceiling rents and income adjustments and preferences for assisted housing.*
- Sec. 122. Public housing demolition and disposition.*
- Sec. 123. Public housing funding flexibility and mixed-finance developments.*
- Sec. 124. Minimum rents.*
- Sec. 125. Provisions relating to section 8 rental assistance program.*

Subtitle C—Reauthorization of Federally Assisted Multifamily Rental Housing Provisions

- Sec. 131. Multifamily housing finance pilot programs.*
- Sec. 132. Hud disposition of multifamily housing.*
- Sec. 133. Multifamily mortgage auctions.*
- Sec. 134. Clarification of owner's right to prepay.*

Subtitle D—Reauthorization of Rural Housing Programs

- Sec. 141. Housing in underserved areas program.*
- Sec. 142. Housing and related facilities for elderly persons and families and other low-income persons and families.*
- Sec. 143. Loan guarantees for multifamily rental housing in rural areas.*

Subtitle E—Reauthorization of National Flood Insurance Program

- Sec. 151. Program expiration.*
- Sec. 152. Borrowing authority.*
- Sec. 153. Emergency implementation of program.*
- Sec. 154. Authorization of appropriations for studies.*

Subtitle F—Native American Housing Assistance

- Sec. 161. Subsidy layering certification.*
- Sec. 162. Inclusion of homebuyer selection policies and criteria.*
- Sec. 163. Repayment of grant amounts for violation of affordable housing requirement.*
- Sec. 164. United States Housing Act of 1937.*
- Sec. 165. Miscellaneous.*

TITLE II—HOMEOWNERS PROTECTION ACT

- Sec. 201. Short title.*
- Sec. 202. Definitions.*
- Sec. 203. Termination of private mortgage insurance.*
- Sec. 204. Disclosure requirements.*
- Sec. 205. Notification upon cancellation or termination.*
- Sec. 206. Disclosure requirements for lender paid mortgage insurance.*
- Sec. 207. Fees for disclosures.*
- Sec. 208. Civil liability.*
- Sec. 209. Effect on other laws and agreements.*
- Sec. 210. Enforcement.*
- Sec. 211. Construction.*
- Sec. 212. Effective date.*

TITLE III—ABOLISHMENT OF THE THRIFT DEPOSITOR
PROTECTION OVERSIGHT BOARD

Sec. 301. Abolishment.

1 **TITLE I—SENIOR CITIZEN HOME**
2 **EQUITY PROTECTION**

3 **SEC. 101. SHORT TITLE.**

4 *This title may be cited as the “Senior Citizen Home*
5 *Equity Protection Act”.*

6 **Subtitle A—Senior Citizen Home**
7 **Equity Protection**

8 **SEC. 111. DISCLOSURE REQUIREMENTS; PROHIBITION OF**
9 **FUNDING OF UNNECESSARY OR EXCESSIVE**
10 **COSTS.**

11 *Section 255(d) of the National Housing Act (12 U.S.C.*
12 *1715z–20(d)) is amended—*

13 *(1) in paragraph (2)—*

14 *(A) in subparagraph (B), by striking “and”*
15 *at the end;*

16 *(B) by redesignating subparagraph (C) as*
17 *subparagraph (D); and*

18 *(C) by inserting after subparagraph (B) the*
19 *following:*

20 *“(C) has received full disclosure of all costs*
21 *to the mortgagor for obtaining the mortgage, in-*
22 *cluding any costs of estate planning, financial*
23 *advice, or other related services; and”;*

1 (2) in paragraph (9)(F), by striking “and”;

2 (3) in paragraph (10), by striking the period at
3 the end and inserting “; and”; and

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

5 “(11) have been made with such restrictions as
6 the Secretary determines to be appropriate to ensure
7 that the mortgagor does not fund any unnecessary or
8 excessive costs for obtaining the mortgage, including
9 any costs of estate planning, financial advice, or
10 other related services.”.

11 **SEC. 112. IMPLEMENTATION.**

12 (a) *NOTICE.*—The Secretary of Housing and Urban
13 Development shall, by interim notice, implement the
14 amendments made by section 111 in an expeditious man-
15 ner, as determined by the Secretary. Such notice shall not
16 be effective after the date of the effectiveness of the final reg-
17 ulations issued under subsection (b).

18 (b) *REGULATIONS.*—The Secretary shall, not later
19 than the expiration of the 90-day period beginning on the
20 date of enactment of this Act, issue final regulations to im-
21 plement the amendments made by section 111. Such regula-
22 tions shall be issued only after notice and opportunity for
23 public comment pursuant to the provisions of section 553
24 of title 5, United States Code (notwithstanding subsections
25 (a)(2) and (b)(3)(B) of that section).

1 ***Subtitle B—Temporary Extension of***
 2 ***Public Housing and Section 8***
 3 ***Rental Assistance Provisions***

4 ***SEC. 121. PUBLIC HOUSING CEILING RENTS AND INCOME***
 5 ***ADJUSTMENTS AND PREFERENCES FOR AS-***
 6 ***SISTED HOUSING.***

7 *Section 402(f) of The Balanced Budget Downpayment*
 8 *Act, I (42 U.S.C. 1437aa note) is amended by striking “and*
 9 *1997” and inserting “, 1997, and 1998”.*

10 ***SEC. 122. PUBLIC HOUSING DEMOLITION AND DISPOS-***
 11 ***ITION.***

12 *Section 1002(d) of the Emergency Supplemental Ap-*
 13 *propriations for Additional Disaster Assistance, for Anti-*
 14 *terrorism Initiatives, for Assistance in the Recovery from*
 15 *the Tragedy that Occurred at Oklahoma City, and Rescis-*
 16 *sions Act, 1995 (42 U.S.C. 1437c note) is amended by strik-*
 17 *ing “September 30, 1997” and inserting “September 30,*
 18 *1998”.*

19 ***SEC. 123. PUBLIC HOUSING FUNDING FLEXIBILITY AND***
 20 ***MIXED-FINANCE DEVELOPMENTS.***

21 *(a) EXTENSION OF AUTHORITY.—Section 201(a)(2) of*
 22 *the Departments of Veterans Affairs and Housing and*
 23 *Urban Development, and Independent Agencies Appropria-*
 24 *tions Act, 1996 (42 U.S.C. 1437l note) is amended to read*
 25 *as follows:*

1 “(2) *APPLICABILITY.*—Section 14(q) of the Unit-
 2 *ed States Housing Act of 1937 shall be effective only*
 3 *with respect to assistance provided from funds made*
 4 *available for fiscal year 1998 or any preceding fiscal*
 5 *year, except that the authority in the first sentence of*
 6 *section 14(q)(1) of that Act to use up to 10 percent*
 7 *of the allocation of certain funds for any operating*
 8 *subsidy purpose shall not apply to amounts made*
 9 *available for fiscal year 1998.”.*

10 (b) *MIXED FINANCE.*—Section 14(q)(1) of the United
 11 *States Housing Act of 1937 (42 U.S.C. 1437l(q)(1)) is*
 12 *amended by inserting after the first sentence the following:*
 13 *“Such assistance may involve the drawdown of funds on*
 14 *a schedule commensurate with construction draws for de-*
 15 *posit into an interest earning escrow account to serve as*
 16 *collateral or credit enhancement for bonds issued by a pub-*
 17 *lic agency for the construction or rehabilitation of the devel-*
 18 *opment.”.*

19 **SEC. 124. MINIMUM RENTS.**

20 Section 402(a) of *The Balanced Budget Downpayment*
 21 *Act, I (Public Law 104–99; 110 Stat. 40) is amended in*
 22 *the matter preceding paragraph (1) by striking “fiscal year*
 23 *1997” and inserting “fiscal years 1997 and 1998”.*

1 **SEC. 125. PROVISIONS RELATING TO SECTION 8 RENTAL AS-**
 2 **SISTANCE PROGRAM.**

3 *Section 203(d) of the Departments of Veterans Affairs*
 4 *and Housing and Urban Development, and Independent*
 5 *Agencies Appropriations Act, 1996 (as contained in section*
 6 *101(e) of the Omnibus Consolidated Rescissions and Appro-*
 7 *priations Act of 1996 (Public Law 104–134)) (42 U.S.C.*
 8 *1437f note) is amended by striking “and 1997” and insert-*
 9 *ing “, 1997, and 1998”.*

10 ***Subtitle C—Reauthorization of Fed-***
 11 ***erally Assisted Multifamily Rent-***
 12 ***al Housing Provisions***

13 **SEC. 131. MULTIFAMILY HOUSING FINANCE PILOT PRO-**
 14 **GRAMS.**

15 *Section 542 of the Housing and Community Develop-*
 16 *ment Act of 1992 (12 U.S.C. 1707 note) is amended—*

17 *(1) in subsection (b)(5), by inserting before the*
 18 *period at the end of the first sentence the following:*
 19 *“, and not more than an additional 15,000 units dur-*
 20 *ing fiscal year 1998”; and*

21 *(2) in the first sentence of subsection (c)(4)—*

22 *(A) by striking “and” and inserting a*
 23 *comma; and*

24 *(B) by inserting before the period at the end*
 25 *the following: “, and not more than an addi-*
 26 *tional 15,000 units during fiscal year 1998”.*

1 **SEC. 132. HUD DISPOSITION OF MULTIFAMILY HOUSING.**

2 *Section 204 of the Departments of Veterans Affairs and*
 3 *Housing and Urban Development, and Independent Agen-*
 4 *cies Appropriations Act, 1997 (12 U.S.C. 1715z–11a) is*
 5 *amended by inserting after “owned by the Secretary” the*
 6 *following: “, including the provision of grants and loans*
 7 *from the General Insurance Fund for the necessary costs*
 8 *of rehabilitation or demolition,”.*

9 **SEC. 133. MULTIFAMILY MORTGAGE AUCTIONS.**

10 *Section 221(g)(4)(C) of the National Housing Act (12*
 11 *U.S.C. 1715l(g)(4)(C)) is amended—*

12 *(1) in the first sentence of clause (viii), by strik-*
 13 *ing “September 30, 1996” and inserting “December*
 14 *31, 2000”; and*

15 *(2) by adding at the end the following:*

16 *“(ix) The authority of the Secretary to conduct*
 17 *multifamily auctions under this subparagraph shall*
 18 *be effective for any fiscal year only to the extent and*
 19 *in such amounts as are approved in appropriations*
 20 *Acts for the costs of loan guarantees (as defined in*
 21 *section 502 of the Congressional Budget Act of 1974),*
 22 *including the cost of modifying loans.”.*

23 **SEC. 134. CLARIFICATION OF OWNER’S RIGHT TO PREPAY.**

24 *(a) PREPAYMENT RIGHT.—Notwithstanding section*
 25 *211 of the Housing and Community Development Act of*
 26 *1987 or section 221 of the Housing and Community Devel-*

1 *opment Act of 1987 (as in effect pursuant to section 604(c)*
2 *of the Cranston-Gonzalez National Affordable Housing Act),*
3 *subject to subsection (b), with respect to any project that*
4 *is eligible low-income housing (as that term is defined in*
5 *section 229 of the Housing and Community Development*
6 *Act of 1987)—*

7 (1) *the owner of the project may prepay, and the*
8 *mortgagee may accept prepayment of, the mortgage*
9 *on the project, and*

10 (2) *the owner may request voluntary termination*
11 *of a mortgage insurance contract with respect to such*
12 *project and the contract may be terminated notwith-*
13 *standing any requirements under sections 229 and*
14 *250 of the National Housing Act.*

15 (b) *CONDITIONS.—Any prepayment of a mortgage or*
16 *termination of an insurance contract authorized under sub-*
17 *section (a) may be made—*

18 (1) *only to the extent that such prepayment or*
19 *termination is consistent with the terms and condi-*
20 *tions of the mortgage on or mortgage insurance con-*
21 *tract for the project; and*

22 (2) *only if owner of the project involved agrees*
23 *not to increase the rent charges for any dwelling unit*
24 *in the project during the 60-day period beginning*
25 *upon such prepayment or termination.*

1 (c) *APPLICABILITY.*—*This section shall apply only*
 2 *during the period beginning on October 1, 1997, and ending*
 3 *at the end of September 30, 1998.*

4 ***Subtitle D—Reauthorization of***
 5 ***Rural Housing Programs***

6 ***SEC. 141. HOUSING IN UNDERSERVED AREAS PROGRAM.***

7 *The first sentence of section 509(f)(4)(A) of the Hous-*
 8 *ing Act of 1949 (42 U.S.C. 1479(f)(4)(A)) is amended by*
 9 *striking “fiscal year 1997” and inserting “fiscal years*
 10 *1997, 1998, and 1999”.*

11 ***SEC. 142. HOUSING AND RELATED FACILITIES FOR ELDER-***
 12 ***LY PERSONS AND FAMILIES AND OTHER LOW-***
 13 ***INCOME PERSONS AND FAMILIES.***

14 (a) *AUTHORITY TO MAKE LOANS.*—*Section 515(b)(4)*
 15 *of the Housing Act of 1949 (42 U.S.C. 1485(b)(4)) is*
 16 *amended by striking “September 30, 1997” and inserting*
 17 *“September 30, 1999”.*

18 (b) *SET-ASIDE FOR NONPROFIT ENTITIES.*—*The first*
 19 *sentence of section 515(w)(1) of the Housing Act of 1949*
 20 *(42 U.S.C. 1485(w)(1)) is amended by striking “fiscal year*
 21 *1997” and inserting “fiscal years 1997, 1998, and 1999”.*

22 ***SEC. 143. LOAN GUARANTEES FOR MULTIFAMILY RENTAL***
 23 ***HOUSING IN RURAL AREAS.***

24 *Section 538 of the Housing Act of 1949 (42 U.S.C.*
 25 *1490p-2) is amended—*

1 (1) in subsection (q), by striking paragraph (2)
2 and inserting the following:

3 “(2) *ANNUAL LIMITATION ON AMOUNT OF LOAN*
4 *GUARANTEE.—In each fiscal year, the Secretary may*
5 *enter into commitments to guarantee loans under this*
6 *section only to the extent that the costs of the guaran-*
7 *tees entered into in such fiscal year do not exceed such*
8 *amount as may be provided in appropriation Acts for*
9 *such fiscal year.”;*

10 (2) by striking subsection (t) and inserting the
11 following:

12 “(t) *AUTHORIZATION OF APPROPRIATIONS.—There are*
13 *authorized to be appropriated for each of fiscal years 1998*
14 *and 1999 for costs (as such term is defined in section 502*
15 *of the Congressional Budget Act of 1974) of loan guarantees*
16 *made under this section such sums as may be necessary for*
17 *such fiscal year.”; and*

18 (3) in subsection (u), by striking “1996” and in-
19 serting “1999”.

20 ***Subtitle E—Reauthorization of***
21 ***National Flood Insurance Program***

22 ***SEC. 151. PROGRAM EXPIRATION.***

23 *Section 1319 of the National Flood Insurance Act of*
24 *1968 (42 U.S.C. 4026) is amended by striking “September*
25 *30, 1997” and inserting “September 30, 1999”.*

1 **SEC. 152. BORROWING AUTHORITY.**

2 *Section 1309(a)(2) of the National Flood Insurance*
 3 *Act of 1968 (42 U.S.C. 4016(a)(2)) is amended by striking*
 4 *“September 30, 1997” and inserting “September 30, 1999”.*

5 **SEC. 153. EMERGENCY IMPLEMENTATION OF PROGRAM.**

6 *Section 1336(a) of the National Flood Insurance Act*
 7 *of 1968 (42 U.S.C. 4056(a)) is amended by striking “Sep-*
 8 *tember 30, 1996” and inserting “September 30, 1999”.*

9 **SEC. 154. AUTHORIZATION OF APPROPRIATIONS FOR STUD-**
 10 **IES.**

11 *Subsection (c) of section 1376 of the National Flood*
 12 *Insurance Act of 1968 (42 U.S.C. 4127(c)) is amended to*
 13 *read as follows:*

14 *“(c) For studies under this title, there are authorized*
 15 *to be appropriated such sums as may be necessary for each*
 16 *of fiscal years 1998 and 1999, which shall remain available*
 17 *until expended.”.*

18 ***Subtitle F—Native American***
 19 ***Housing Assistance***

20 **SEC. 161. SUBSIDY LAYERING CERTIFICATION.**

21 *Section 206 of the Native American Housing Assist-*
 22 *ance and Self-Determination Act of 1996 (25 U.S.C. 4136)*
 23 *is amended—*

24 *(1) by striking “certification by the Secretary”*
 25 *and inserting “certification by a recipient to the Sec-*
 26 *retary”; and*

1 (2) by striking “any housing project” and insert-
 2 ing “the housing project involved”.

3 **SEC. 162. INCLUSION OF HOMEBUYER SELECTION POLICIES**
 4 **AND CRITERIA.**

5 Section 207(b) of the Native American Housing Assist-
 6 ance and Self-Determination Act of 1996 (25 U.S.C.
 7 4137(b)) is amended—

8 (1) by striking “TENANT SELECTION.—” and in-
 9 serting “TENANT AND HOMEBUYER
 10 SELECTION.—”;

11 (2) in the matter preceding paragraph (1), by
 12 inserting “and homebuyer” after “tenant”; and

13 (3) in paragraph (3)(A), by inserting “and
 14 homebuyers” after “tenants”.

15 **SEC. 163. REPAYMENT OF GRANT AMOUNTS FOR VIOLATION**
 16 **OF AFFORDABLE HOUSING REQUIREMENT.**

17 Section 209 of the Native American Housing Assist-
 18 ance and Self-Determination Act of 1996 (25 U.S.C. 4139)
 19 is amended by striking “section 205(2)” and inserting “sec-
 20 tion 205(a)(2)”.

21 **SEC. 164. UNITED STATES HOUSING ACT OF 1937.**

22 (a) *IN GENERAL.*—Section 501(b) of the Native Amer-
 23 ican Housing Assistance and Self-Determination Act of
 24 1996 (110 Stat. 4042) is amended—

25 (1) by striking paragraph (4); and

1 (2) by redesignating paragraphs (5) through (11)
2 as paragraphs (4) through (10), respectively.

3 (b) *UNITED STATES HOUSING ACT OF 1937*.—Section
4 7 of the *United States Housing Act of 1937* (42 U.S.C.
5 1437e) is amended by striking subsection (h).

6 **SEC. 165. MISCELLANEOUS.**

7 (a) *DEFINITION OF INDIAN AREAS*.—Section 4(10) of
8 the *Native American Housing Assistance and Self-Deter-*
9 mination Act of 1996 (25 U.S.C. 4103(10)) is amended to
10 read as follows:

11 “(10) *INDIAN AREA*.—The term ‘Indian area’
12 means the area within which an Indian tribe or a
13 tribally designated housing entity, as authorized by 1
14 or more Indian tribes, provides assistance under this
15 Act for affordable housing.”.

16 (b) *CROSS-REFERENCE*.—Section 4(12)(C)(i)(II) of
17 the *Native American Housing Assistance and Self-Deter-*
18 mination Act of 1996 (25 U.S.C. 4103(12)(C)(i)(II)) is
19 amended by striking “section 107” and inserting “section
20 705”.

21 (c) *CLARIFICATION OF CERTAIN EXEMPTIONS*.—Sec-
22 tion 101(c) of the *Native American Housing Assistance and*
23 *Self-Determination Act of 1996* (25 U.S.C. 4111(c)) is
24 amended by adding at the end the following: “This sub-

1 *section applies only to rental dwelling units (other than*
 2 *lease-purchase dwelling units) developed under—*

3 *“(1) the United States Housing Act of 1937 (42*
 4 *U.S.C. 1437 et seq.); or*
 5 *“(2) this Act.”.*

6 *(d) APPLICABILITY.—Section 101(d)(1) of the Native*
 7 *American Housing Assistance and Self-Determination Act*
 8 *of 1996 (25 U.S.C. 4111(d)(1)) is amended by inserting be-*
 9 *fore the semicolon at the end the following: “, except that*
 10 *this paragraph only applies to rental dwelling units (other*
 11 *than lease-purchase dwelling units) developed under the*
 12 *United States Housing Act of 1937 (42 U.S.C. 1437 et seq.)*
 13 *or under this Act”.*

14 *(e) SUBMISSION OF INDIAN HOUSING PLAN.—Section*
 15 *102(a) of the Native American Housing Assistance and*
 16 *Self-Determination Act of 1996 (25 U.S.C. 4112(a)) is*
 17 *amended—*

18 *(1) in paragraph (1), by inserting “(A)” after*
 19 *“(1)”;*

20 *(2) in paragraph (1)(A), as so designated by*
 21 *paragraph (1) of this subsection, by adding “or” at*
 22 *the end;*

23 *(3) by striking “(2)” and inserting “(B)”;* and
 24 *(4) by striking “(3)” and inserting “(2)”.*

1 (f) *CLARIFICATION.*—Section 103(c)(3) of the Native
 2 American Housing Assistance and Self-Determination Act
 3 of 1996 (25 U.S.C. 4113(c)(3)) is amended by inserting
 4 “not” before “prohibited”.

5 (g) *APPLICABILITY OF PROVISIONS OF CIVIL*
 6 *RIGHTS.*—Section 201(b)(5) of the Native American Hous-
 7 ing Assistance and Self-Determination Act of 1996 (25
 8 U.S.C. 4131(b)(5)) is amended—

9 (1) by striking “Indian tribes” and inserting
 10 “federally recognized tribes and the tribally des-
 11 ignated housing entities of those tribes”; and

12 (2) by striking “under this subsection” and in-
 13 serting “under this Act”.

14 (h) *ELIGIBILITY.*—Section 205(a)(1) of the Native
 15 American Housing Assistance and Self-Determination Act
 16 of 1996 (25 U.S.C. 4135(a)(1)) is amended—

17 (1) in subparagraph (A), by striking “and” at
 18 the end; and

19 (2) by striking subparagraph (B) and inserting
 20 the following:

21 “(B) in the case of a contract to purchase
 22 existing housing, is made available for purchase
 23 only by a family that is a low-income family at
 24 the time of purchase;

1 “(C) in the case of a lease-purchase agree-
 2 ment for existing housing or for housing to be
 3 constructed, is made available for lease-purchase
 4 only by a family that is a low-income family at
 5 the time the agreement is entered into; and

6 “(D) in the case of a contract to purchase
 7 housing to be constructed, is made available for
 8 purchase only by a family that is a low-income
 9 family at the time the contract is entered into;
 10 and”.

11 (i) *TENANT SELECTION*.—Section 207(b)(3)(B) of the
 12 *Native American Housing Assistance and Self-Determina-*
 13 *tion Act of 1996 (25 U.S.C. 4137(b)(3)(B))* is amended by
 14 striking “of any rejected applicant of the grounds for any
 15 rejection” and inserting “to any rejected applicant of that
 16 rejection and the grounds for that rejection”.

17 (j) *AVAILABILITY OF RECORDS*.—Section 208 of the
 18 *Native American Housing Assistance and Self-Determina-*
 19 *tion Act of 1996 (25 U.S.C. 4138)* is amended—

20 (1) in subsection (a), by striking “paragraph
 21 (2)” and inserting “subsection (b)”; and

22 (2) in subsection (b), by striking “paragraph
 23 (1)” and inserting “subsection (a)”.

24 (k) *IHP REQUIREMENT*.—Section 184(b)(2) of the
 25 *Housing and Community Development Act of 1992 (12*

1 *U.S.C. 1715z–13a(b)(2)) is amended by striking “that is*
 2 *under the jurisdiction of an Indian tribe” and all that fol-*
 3 *lows before the period at the end.*

4 *(l) AUTHORIZATION OF APPROPRIATIONS.—Section*
 5 *184(i)(5)(C) of the Housing and Community Development*
 6 *Act of 1992 (12 U.S.C. 1715z–13a(i)(5)(C)) is amended by*
 7 *striking “note” and inserting “not”.*

8 *(m) ENVIRONMENTAL REVIEW UNDER THE INDIAN*
 9 *HOUSING LOAN GUARANTEE PROGRAM.—Section 184 of the*
 10 *Housing and Community Development Act of 1992 (12*
 11 *U.S.C. 1715z–13a) is amended—*

12 *(1) by redesignating subsection (k) as subsection*
 13 *(l); and*

14 *(2) by inserting after subsection (j) the following:*

15 *“(k) ENVIRONMENTAL REVIEW.—For purposes of envi-*
 16 *ronmental, review, decisionmaking, and action under the*
 17 *National Environmental Policy Act of 1969 (42 U.S.C.*
 18 *4321 et seq.) and any other law that furthers the purposes*
 19 *of that Act, a loan guarantee under this section shall—*

20 *“(1) be treated as a grant under the Native*
 21 *American Housing Assistance and Self-Determination*
 22 *Act of 1996 (25 U.S.C. 4101 et seq.); and*

23 *“(2) be subject to the regulations promulgated by*
 24 *the Secretary to carry out section 105 of the Native*

1 *American Housing Assistance and Self-Determination*
 2 *Act of 1996 (25 U.S.C. 4115).”.*

3 *(n) PUBLIC AVAILABILITY OF INFORMATION.—*

4 *(1) IN GENERAL.—Title IV of the Native Amer-*
 5 *ican Housing Assistance and Self-Determination Act*
 6 *of 1996 (25 U.S.C. 4161 et seq.) is amended by add-*
 7 *ing at the end the following:*

8 **“SEC. 408. PUBLIC AVAILABILITY OF INFORMATION.**

9 *“Each recipient shall make any housing plan, policy,*
 10 *or annual report prepared by the recipient available to the*
 11 *general public.”.*

12 *(2) TABLE OF CONTENTS.—Section 1(b) of the*
 13 *Native American Housing Assistance and Self-Deter-*
 14 *mination Act of 1996 (25 U.S.C. 4101 note) is*
 15 *amended in the table of contents by inserting after the*
 16 *item relating to section 407 the following:*

“Sec. 408. Public availability of information.”.

17 *(o) NON-FEDERAL FUNDS.—Section 520(l)(5)(B) of*
 18 *the Cranston-Gonzalez National Affordable Housing Act (42*
 19 *U.S.C. 11903a(l)(5)(B)) is amended by striking “and In-*
 20 *dian housing authorities” and inserting “and units of gen-*
 21 *eral local government”.*

22 *(p) INELIGIBILITY OF INDIAN TRIBES.—Section 460 of*
 23 *the Cranston-Gonzalez National Affordable Housing Act (42*
 24 *U.S.C. 12899h–1) is amended by striking “fiscal year*
 25 *1997” and inserting “fiscal year 1998”.*

1 (q) *INDIAN HOUSING EARLY CHILDHOOD DEVELOP-*
 2 *MENT PROGRAM.*—

3 (1) *REPEAL.*—Section 518 of the Cranston-Gon-
 4 zalez National Affordable Housing Act (12 U.S.C.
 5 1701z–11 note) is repealed.

6 (2) *TECHNICAL CORRECTION.*—

7 (A) *IN GENERAL.*—Section 501(d)(1) of the
 8 Native American Housing Assistance and Self-
 9 Determination Act of 1996 (110 Stat. 4042), and
 10 the amendment made by that section, is repealed.

11 (B) *APPLICABILITY.*—Section 519 of Cran-
 12 ston-Gonzalez National Affordable Housing Act
 13 (42 U.S.C. 1437a–1) shall be applied and ad-
 14 ministered as if section 501(d)(1) of the Native
 15 American Housing Assistance and Self-Deter-
 16 mination Act of 1996 (104 Stat. 4042) had not
 17 been enacted.

18 (3) *EFFECTIVE DATE.*—This subsection and the
 19 amendments made by this subsection shall be con-
 20 strued to have taken effect on October 26, 1996.

21 (r) *TRIBAL ELIGIBILITY UNDER THE DRUG ELIMI-*
 22 *NATION PROGRAM.*—The Public and Assisted Housing
 23 Elimination Act of 1990 (42 U.S.C. 11901 et seq.) is
 24 amended—

1 (1) in section 5123, by inserting “Indian tribes,”
2 after “tribally designated housing entities,”;

3 (2) in section 5124(a)(7), by inserting “, Indian
4 tribe,” after “agency”;

5 (3) in section 5125(a), by inserting “Indian
6 tribe,” after “entity,”; and

7 (4) in section 5126, by adding at the end the fol-
8 lowing:

9 “(6) INDIAN TRIBE.—The term ‘Indian tribe’ has
10 the meaning given that term in section 4 of the Na-
11 tive American Housing Assistance and Self-Deter-
12 mination Act of 1996 (25 U.S.C. 4103).”.

13 (s) REFERENCE IN THE PUBLIC AND ASSISTED HOUS-
14 ING DRUG ELIMINATION ACT OF 1990.—Section
15 5126(4)(D) of the Public and Assisted Housing Drug Elimi-
16 nation Act of 1990 (42 U.S.C. 11905(4)(D)) is amended
17 by inserting “of 1996” before the period.

18 **TITLE II—HOMEOWNERS** 19 **PROTECTION ACT**

20 **SEC. 201. SHORT TITLE.**

21 This title may be cited as the “Homeowners Protection
22 Act of 1997”.

23 **SEC. 202. DEFINITIONS.**

24 In this title, the following definitions shall apply:

1 (1) *ADJUSTABLE RATE MORTGAGE.*—*The term*
2 *“adjustable rate mortgage” means a residential mort-*
3 *gage that has an interest rate that is subject to*
4 *change.*

5 (2) *CANCELLATION DATE.*—*The term “cancella-*
6 *tion date” means—*

7 (A) *with respect to a fixed rate mortgage, at*
8 *the option of the mortgagor, the date on which*
9 *the principal balance of the mortgage—*

10 (i) *based solely on the initial amortiza-*
11 *tion schedule for that mortgage, and irre-*
12 *spective of the outstanding balance for that*
13 *mortgage on that date, is first scheduled to*
14 *reach 80 percent of the original value of the*
15 *property securing the loan; or*

16 (ii) *based solely on actual payments,*
17 *reaches 80 percent of the original value of*
18 *the property securing the loan; and*

19 (B) *with respect to an adjustable rate mort-*
20 *gage, at the option of the mortgagor, the date on*
21 *which the principal balance of the mortgage—*

22 (i) *based solely on amortization sched-*
23 *ules for that mortgage, and irrespective of*
24 *the outstanding balance for that mortgage*
25 *on that date, is first scheduled to reach 80*

1 percent of the original value of the property
2 securing the loan; or

3 (ii) based solely on actual payments,
4 first reaches 80 percent of the original value
5 of the property securing the loan.

6 (3) *FIXED RATE MORTGAGE.*—The term “fixed
7 rate mortgage” means a residential mortgage that has
8 an interest rate that is not subject to change.

9 (4) *GOOD PAYMENT HISTORY.*—The term “good
10 payment history” means, with respect to a mortgagor,
11 that the mortgagor has not—

12 (A) made a mortgage payment that was 60
13 days or longer past due during the 12-month pe-
14 riod beginning 24 months before the date on
15 which the mortgage reaches the cancellation date;
16 or

17 (B) made a mortgage payment that was 30
18 days or longer past due during the 12-month pe-
19 riod preceding the date on which the mortgage
20 reaches the cancellation date.

21 (5) *INITIAL AMORTIZATION SCHEDULE.*—The
22 term “initial amortization schedule” means a sched-
23 ule established at the time at which a residential
24 mortgage transaction is consummated with respect to
25 a fixed rate mortgage, showing—

1 (A) *the amount of principal and interest*
 2 *that is due at regular intervals to retire the*
 3 *principal balance and accrued interest over the*
 4 *amortization period of the loan; and*

5 (B) *the unpaid principal balance of the*
 6 *loan after each scheduled payment is made.*

7 (6) *MORTGAGE INSURANCE.—The term “mort-*
 8 *gage insurance” means insurance, including any*
 9 *mortgage guaranty insurance, against the nonpay-*
 10 *ment of, or default on, an individual mortgage or*
 11 *loan involved in a residential mortgage transaction.*

12 (7) *MORTGAGE INSURER.—The term “mortgage*
 13 *insurer” means a provider of private mortgage insur-*
 14 *ance, as described in this title, that is authorized to*
 15 *transact such business in the State in which the pro-*
 16 *vider is transacting such business.*

17 (8) *MORTGAGEE.—The term “mortgagee” means*
 18 *the holder of a residential mortgage at the time at*
 19 *which that mortgage transaction is consummated.*

20 (9) *MORTGAGOR.—The term “mortgagor” means*
 21 *the original borrower under a residential mortgage or*
 22 *his or her successors or assignees.*

23 (10) *ORIGINAL VALUE.—The term “original*
 24 *value”, with respect to a residential mortgage, means*
 25 *the lesser of the sales price of the property securing*

1 *the mortgage, as reflected in the contract, or the ap-*
2 *praised value at the time at which the subject residen-*
3 *tial mortgage transaction was consummated.*

4 (11) *PRIVATE MORTGAGE INSURANCE.*—*The term*
5 *“private mortgage insurance” means mortgage insur-*
6 *ance other than mortgage insurance made available*
7 *under the National Housing Act, title 38 of the Unit-*
8 *ed States Code, or title V of the Housing Act of 1949.*

9 (12) *RESIDENTIAL MORTGAGE.*—*The term “resi-*
10 *dential mortgage” means a mortgage, loan, or other*
11 *evidence of a security interest created with respect to*
12 *a single-family dwelling that is the primary residence*
13 *of the mortgagor.*

14 (13) *RESIDENTIAL MORTGAGE TRANSACTION.*—
15 *The term “residential mortgage transaction” means a*
16 *transaction consummated on or after the date that is*
17 *1 year after the date of enactment of this Act, in*
18 *which a mortgage, deed of trust, purchase money secu-*
19 *rity interest arising under an installment sales con-*
20 *tract, or equivalent consensual security interest is cre-*
21 *ated or retained against a single-family dwelling that*
22 *is the primary residence of the mortgagor to finance*
23 *the acquisition, initial construction, or refinancing of*
24 *that dwelling.*

1 (14) *SERVICER*.—The term “servicer” has the
2 same meaning as in section 6(i)(2) of the Real Estate
3 Settlement Procedures Act of 1974, with respect to a
4 residential mortgage.

5 (15) *SINGLE-FAMILY DWELLING*.—The term “sin-
6 gle-family dwelling” means a residence consisting of
7 1 family dwelling unit.

8 (16) *TERMINATION DATE*.—The term “termi-
9 nation date” means—

10 (A) with respect to a fixed rate mortgage,
11 the date on which the principal balance of the
12 mortgage, based solely on the initial amortiza-
13 tion schedule for that mortgage, and irrespective
14 of the outstanding balance for that mortgage on
15 that date, is first scheduled to reach 78 percent
16 of the original value of the property securing the
17 loan; and

18 (B) with respect to an adjustable rate mort-
19 gage, the date on which the principal balance of
20 the mortgage, based solely on amortization sched-
21 ules for that mortgage, and irrespective of the
22 outstanding balance for that mortgage on that
23 date, is first scheduled to reach 78 percent of the
24 original value of the property securing the loan.

1 **SEC. 203. TERMINATION OF PRIVATE MORTGAGE INSUR-**
2 **ANCE.**

3 (a) *BORROWER CANCELLATION.*—A requirement for
4 private mortgage insurance in connection with a residential
5 mortgage transaction shall be canceled on the cancellation
6 date, if the mortgagor—

7 (1) submits a request in writing to the servicer
8 that cancellation be initiated;

9 (2) has a good payment history with respect to
10 the residential mortgage; and

11 (3) has satisfied any requirement of the holder of
12 the mortgage (as of the date of a request under para-
13 graph (1)) for—

14 (A) evidence (of a type established in ad-
15 vance and made known to the mortgagor by the
16 servicer promptly upon receipt of a request
17 under paragraph (1)) that the value of the prop-
18 erty securing the mortgage has not declined
19 below the original value of the property; and

20 (B) certification that the equity of the mort-
21 gagor in the residence securing the mortgage is
22 unencumbered by a subordinate lien.

23 (b) *AUTOMATIC TERMINATION.*—A requirement for
24 private mortgage insurance in connection with a residential
25 mortgage transaction shall terminate with respect to pay-

1 ments for that mortgage insurance made by the mortga-
 2 gor—

3 (1) on the termination date if, on that date, the
 4 mortgagor is current on the payments required by the
 5 terms of the residential mortgage transaction; or

6 (2) on the date after the termination date on
 7 which the mortgagor becomes current on the payments
 8 required by the terms of the residential mortgage
 9 transaction.

10 (c) *FINAL TERMINATION*.—If a requirement for private
 11 mortgage insurance is not otherwise canceled or terminated
 12 in accordance with subsection (a) or (b), in no case may
 13 such a requirement be imposed beyond the first day of the
 14 month immediately following the date that is the midpoint
 15 of the amortization period of the loan if the mortgagor is
 16 current on the payments required by the terms of the mort-
 17 gage.

18 (d) *NO FURTHER PAYMENTS*.—No payments or pre-
 19 miums may be required from the mortgagor in connection
 20 with a private mortgage insurance requirement terminated
 21 or canceled under this section—

22 (1) in the case of cancellation under subsection
 23 (a), more than 30 days after the later of—

24 (A) the date on which a request under sub-
 25 section (a)(1) is received; or

1 (B) the date on which the mortgagor satis-
 2 fies any evidence and certification requirements
 3 under subsection (a)(3);

4 (2) in the case of termination under subsection
 5 (b), more than 30 days after the termination date or
 6 the date referred to in subsection (b)(2), as applicable;
 7 and

8 (3) in the case of termination under subsection
 9 (c), more than 30 days after the final termination
 10 date established under that subsection.

11 (e) *RETURN OF UNEARNED PREMIUMS.*—

12 (1) *IN GENERAL.*—Not later than 45 days after
 13 the termination or cancellation of a private mortgage
 14 insurance requirement under this section, all un-
 15 earned premiums for private mortgage insurance
 16 shall be returned to the mortgagor by the servicer.

17 (2) *TRANSFER OF FUNDS TO SERVICER.*—Not
 18 later than 30 days after notification by the servicer
 19 of termination or cancellation of private mortgage in-
 20 surance under this title with respect to a mortgagor,
 21 a mortgage insurer that is in possession of any un-
 22 earned premiums of that mortgagor shall transfer to
 23 the servicer of the subject mortgage an amount equal
 24 to the amount of the unearned premiums for repay-
 25 ment in accordance with paragraph (1).

1 (f) *EXCEPTIONS FOR HIGH RISK LOANS.*—

2 (1) *IN GENERAL.*—*The termination and can-*
3 *cellation provisions in subsections (a) and (b) do not*
4 *apply to any residential mortgage or mortgage trans-*
5 *action that, at the time at which the residential mort-*
6 *gage transaction is consummated, has high risks asso-*
7 *ciated with the extension of the loan—*

8 (A) *as determined in accordance with*
9 *guidelines established by the Federal National*
10 *Mortgage Association or the Federal Home Loan*
11 *Mortgage Corporation, in the case of a mortgage*
12 *loan with an original principal balance that*
13 *does not exceed the applicable annual conforming*
14 *loan limit for the secondary market established*
15 *pursuant to section 305(a)(2) of the Federal*
16 *Home Loan Mortgage Corporation Act, so as to*
17 *require the imposition or continuation of a pri-*
18 *vate mortgage insurance requirement beyond the*
19 *terms specified in subsection (a) or (b) of this*
20 *section; or*

21 (B) *as determined by the mortgagee in the*
22 *case of any other mortgage, except that termi-*
23 *nation shall occur—*

24 (i) *with respect to a fixed rate mort-*
25 *gage, on the date on which the principal*

balance of the mortgage, based solely on the initial amortization schedule for that mortgage, and irrespective of the outstanding balance for that mortgage on that date, is first scheduled to reach 77 percent of the original value of the property securing the loan; and

(ii) with respect to an adjustable rate mortgage, on the date on which the principal balance of the mortgage, based solely on amortization schedules for that mortgage, and irrespective of the outstanding balance for that mortgage on that date, is first scheduled to reach 77 percent of the original value of the property securing the loan.

(2) *TERMINATION AT MIDPOINT.*—A private mortgage insurance requirement in connection with a residential mortgage or mortgage transaction described in paragraph (1) shall terminate in accordance with subsection (c).

(3) *RULE OF CONSTRUCTION.*—Nothing in this subsection may be construed to require a mortgage or mortgage transaction described in paragraph (1)(A) to be purchased by the Federal National Mortgage As-

1 *sociation or the Federal Home Loan Mortgage Cor-*
 2 *poration.*

3 **SEC. 204. DISCLOSURE REQUIREMENTS.**

4 *(a) DISCLOSURES FOR NEW MORTGAGES AT TIME OF*
 5 *TRANSACTION.—*

6 *(1) DISCLOSURES FOR NON-EXEMPTED TRANS-*
 7 *ACTIONS.—In any case in which private mortgage in-*
 8 *surance is required in connection with a residential*
 9 *mortgage or mortgage transaction (other than a mort-*
 10 *gage or mortgage transaction described in section*
 11 *203(f)(1)), at the time at which the transaction is*
 12 *consummated, the mortgagee shall provide to the*
 13 *mortgagor—*

14 *(A) if the transaction relates to a fixed rate*
 15 *mortgage—*

16 *(i) a written initial amortization*
 17 *schedule; and*

18 *(ii) written notice—*

19 *(I) that the mortgagor may cancel*
 20 *the requirement in accordance with*
 21 *section 203(a) of this Act indicating*
 22 *the date on which the mortgagor may*
 23 *request cancellation, based solely on the*
 24 *initial amortization schedule;*

1 (II) that the mortgagor may re-
2 quest cancellation in accordance with
3 section 203(a) of this Act earlier than
4 provided for in the initial amortiza-
5 tion schedule, based on actual pay-
6 ments;

7 (III) that the requirement for pri-
8 vate mortgage insurance will auto-
9 matically terminate on the termination
10 date in accordance with section 203(b)
11 of this Act, and what that termination
12 date is with respect to that mortgage;
13 and

14 (IV) that there are exemptions to
15 the right to cancellation and automatic
16 termination of a requirement for pri-
17 vate mortgage insurance in accordance
18 with section 203(f) of this Act, and
19 whether such an exemption applies at
20 that time to that transaction; and

21 (B) if the transaction relates to an adjust-
22 able rate mortgage, a written notice that—

23 (i) the mortgagor may cancel the re-
24 quirement in accordance with section
25 203(a) of this Act on the cancellation date,

1 *and that the servicer will notify the mortga-*
2 *gor when the cancellation date is reached;*

3 *(ii) the requirement for private mort-*
4 *gage insurance will automatically terminate*
5 *on the termination date, and that on the*
6 *termination date, the mortgagor will be no-*
7 *tified of the termination or that the require-*
8 *ment will be terminated as soon as the*
9 *mortgagor is current on loan payments; and*

10 *(iii) there are exemptions to the right*
11 *of cancellation and automatic termination*
12 *of a requirement for private mortgage in-*
13 *surance in accordance with section 203(f) of*
14 *this Act, and whether such an exemption*
15 *applies at that time to that transaction.*

16 (2) *DISCLOSURES FOR EXCEPTED TRANS-*
17 *ACTIONS.—In the case of a mortgage or mortgage*
18 *transaction described in section 203(f)(1), at the time*
19 *at which the transaction is consummated, the mortga-*
20 *gee shall provide written notice to the mortgagor that*
21 *in no case may private mortgage insurance be re-*
22 *quired beyond the date that is the midpoint of the*
23 *amortization period of the loan, if the mortgagor is*
24 *current on payments required by the terms of the resi-*
25 *dential mortgage.*

1 (3) *ANNUAL DISCLOSURES.*—*If private mortgage*
2 *insurance is required in connection with a residential*
3 *mortgage transaction, the servicer shall disclose to the*
4 *mortgagor in each such transaction in an annual*
5 *written statement—*

6 *(A) the rights of the mortgagor under this*
7 *title to cancellation or termination of the private*
8 *mortgage insurance requirement; and*

9 *(B) an address and telephone number that*
10 *the mortgagor may use to contact the servicer to*
11 *determine whether the mortgagor may cancel the*
12 *private mortgage insurance.*

13 (4) *APPLICABILITY.*—*Paragraphs (1) through (3)*
14 *shall apply with respect to each residential mortgage*
15 *transaction consummated on or after the date that is*
16 *1 year after the date of enactment of this Act.*

17 (b) *DISCLOSURES FOR EXISTING MORTGAGES.*—*If*
18 *private mortgage insurance was required in connection*
19 *with a residential mortgage entered into at any time before*
20 *the effective date of this title, the servicer shall disclose to*
21 *the mortgagor in each such transaction in an annual writ-*
22 *ten statement—*

23 *(1) that the private mortgage insurance may,*
24 *under certain circumstances, be canceled by the mort-*

1 *gagor (with the consent of the mortgagee or in accord-*
 2 *ance with applicable State law); and*

3 *(2) an address and telephone number that the*
 4 *mortgagor may use to contact the servicer to deter-*
 5 *mine whether the mortgagor may cancel the private*
 6 *mortgage insurance.*

7 *(c) INCLUSION IN OTHER ANNUAL NOTICES.—The in-*
 8 *formation and disclosures required under subsection (b) and*
 9 *paragraphs (1)(B) and (3) of subsection (a) may be pro-*
 10 *vided on the annual disclosure relating to the escrow ac-*
 11 *count made as required under the Real Estate Settlement*
 12 *Procedures Act of 1974, or as part of the annual disclosure*
 13 *of interest payments made pursuant to Internal Revenue*
 14 *Service regulations, and on a form promulgated by the In-*
 15 *ternal Revenue Service for that purpose.*

16 *(d) STANDARDIZED FORMS.—The mortgagee or*
 17 *servicer may use standardized forms for the provision of*
 18 *disclosures required under this section.*

19 **SEC. 205. NOTIFICATION UPON CANCELLATION OR TERMI-**
 20 **NATION.**

21 *(a) IN GENERAL.—Not later than 30 days after the*
 22 *date of cancellation or termination of a private mortgage*
 23 *insurance requirement in accordance with this title, the*
 24 *servicer shall notify the mortgagor in writing—*

1 (1) *that the private mortgage insurance has ter-*
 2 *minated and that the mortgagor no longer has private*
 3 *mortgage insurance; and*

4 (2) *that no further premiums, payments, or other*
 5 *fees shall be due or payable by the mortgagor in con-*
 6 *nection with the private mortgage insurance.*

7 (b) *NOTICE OF GROUNDS.—*

8 (1) *IN GENERAL.—If a servicer determines that*
 9 *a mortgage did not meet the requirements for termi-*
 10 *nation or cancellation of private mortgage insurance*
 11 *under subsection (a) or (b) of section 203, the servicer*
 12 *shall provide written notice to the mortgagor of the*
 13 *grounds relied on to make the determination (includ-*
 14 *ing the results of any appraisal used to make the de-*
 15 *termination).*

16 (2) *TIMING.—Notice required by paragraph (1)*
 17 *shall be provided—*

18 (A) *with respect to cancellation of private*
 19 *mortgage insurance under section 203(a), not*
 20 *later than 30 days after the later of—*

21 (i) *the date on which a request is re-*
 22 *ceived under section 203(a)(1); or*

23 (ii) *the date on which the mortgagor*
 24 *satisfies any evidence and certification re-*
 25 *quirements under section 203(a)(3); and*

1 (B) with respect to termination of private
 2 mortgage insurance under section 203(b), not
 3 later than 30 days after the scheduled termi-
 4 nation date.

5 **SEC. 206. DISCLOSURE REQUIREMENTS FOR LENDER PAID**
 6 **MORTGAGE INSURANCE.**

7 (a) *DEFINITIONS.*—For purposes of this section—

8 (1) the term “borrower paid mortgage insur-
 9 ance” means private mortgage insurance that is re-
 10 quired in connection with a residential mortgage
 11 transaction, payments for which are made by the bor-
 12 rower;

13 (2) the term “lender paid mortgage insurance”
 14 means private mortgage insurance that is required in
 15 connection with a residential mortgage transaction,
 16 payments for which are made by a person other than
 17 the borrower; and

18 (3) the term “loan commitment” means a pro-
 19 spective mortgagee’s written confirmation of its ap-
 20 proval, including any applicable closing conditions,
 21 of the application of a prospective mortgagor for a
 22 residential mortgage loan.

23 (b) *EXCLUSION.*—Sections 203 through 205 do not
 24 apply in the case of lender paid mortgage insurance.

1 (c) *NOTICES TO MORTGAGOR.*—*In the case of lender*
2 *paid mortgage insurance that is required in connection*
3 *with a residential mortgage or a residential mortgage trans-*
4 *action—*

5 (1) *not later than the date on which a loan com-*
6 *mitment is made for the residential mortgage trans-*
7 *action, the prospective mortgagee shall provide to the*
8 *prospective mortgagor a written notice—*

9 (A) *that lender paid mortgage insurance*
10 *differs from borrower paid mortgage insurance,*
11 *in that lender paid mortgage insurance may not*
12 *be canceled by the mortgagor, while borrower*
13 *paid mortgage insurance could be cancelable by*
14 *the mortgagor in accordance with section 203(a)*
15 *of this Act, and could automatically terminate*
16 *on the termination date in accordance with sec-*
17 *tion 203(b) of this Act;*

18 (B) *that lender paid mortgage insurance—*

19 (i) *usually results in a residential*
20 *mortgage having a higher interest rate than*
21 *it would in the case of borrower paid mort-*
22 *gage insurance; and*

23 (ii) *terminates only when the residen-*
24 *tial mortgage is refinanced, paid off, or oth-*
25 *erwise terminated;*

1 (C) that lender paid mortgage insurance
2 and borrower paid mortgage insurance both have
3 benefits and disadvantages, including a generic
4 analysis of the differing costs and benefits of a
5 residential mortgage in the case lender paid
6 mortgage insurance versus borrower paid mort-
7 gage insurance over a 10-year period, assuming
8 prevailing interest and property appreciation
9 rates; and

10 (D) that lender paid mortgage insurance
11 may be tax-deductible for purposes of Federal in-
12 come taxes, if the mortgagor itemizes expenses for
13 that purpose; and

14 (2) not later than 30 days after the termination
15 date that would apply in the case of borrower paid
16 mortgage insurance, the servicer shall provide to the
17 mortgagor a written notice indicating that the mort-
18 gagor may wish to review financing options that
19 could eliminate the requirement for private mortgage
20 insurance in connection with the residential mort-
21 gage.

22 (d) *STANDARD FORMS.*—The servicer of a residential
23 mortgage may develop and use a standardized form or
24 forms for the provision of notices to the mortgagor, as re-
25 quired under subsection (c).

1 **SEC. 207. FEES FOR DISCLOSURES.**

2 *No fee or other cost may be imposed on any mortgagor*
3 *with respect to the provision of any notice or information*
4 *to the mortgagor pursuant to this title.*

5 **SEC. 208. CIVIL LIABILITY.**

6 *(a) IN GENERAL.—Any servicer, mortgagee, or mort-*
7 *gage insurer that violates a provision of this title shall be*
8 *liable to each mortgagor to whom the violation relates for—*

9 *(1) in the case of an action by an individual, or*
10 *a class action in which the liable party is not subject*
11 *to section 210, any actual damages sustained by the*
12 *mortgagor as a result of the violation, including in-*
13 *terest (at a rate determined by the court) on the*
14 *amount of actual damages, accruing from the date on*
15 *which the violation commences;*

16 *(2) in the case of—*

17 *(A) an action by an individual, such statu-*
18 *tory damages as the court may allow, not to ex-*
19 *ceed \$2,000; and*

20 *(B) in the case of a class action—*

21 *(i) in which the liable party is subject*
22 *to section 210, such amount as the court*
23 *may allow, except that the total recovery*
24 *under this subparagraph in any class ac-*
25 *tion or series of class actions arising out of*
26 *the same violation by the same liable party*

1 *shall not exceed the lesser of \$500,000 or 1*
 2 *percent of the net worth of the liable party,*
 3 *as determined by the court; and*

4 (ii) *in which the liable party is not*
 5 *subject to section 210, such amount as the*
 6 *court may allow, not to exceed \$1000 as to*
 7 *each member of the class, except that the*
 8 *total recovery under this subparagraph in*
 9 *any class action or series of class actions*
 10 *arising out of the same violation by the*
 11 *same liable party shall not exceed the lesser*
 12 *of \$500,000 or 1 percent of the gross reve-*
 13 *nues of the liable party, as determined by*
 14 *the court;*

15 (3) *costs of the action; and*

16 (4) *reasonable attorney fees, as determined by the*
 17 *court.*

18 (b) *TIMING OF ACTIONS.*—*No action may be brought*
 19 *by a mortgagor under subsection (a) later than 2 years after*
 20 *the date of the discovery of the violation that is the subject*
 21 *of the action.*

22 (c) *LIMITATIONS ON LIABILITY.*—

23 (1) *IN GENERAL.*—*With respect to a residential*
 24 *mortgage transaction, the failure of a servicer to com-*
 25 *ply with the requirements of this title due to the fail-*

1 *ure of a mortgage insurer or a mortgagee to comply*
 2 *with the requirements of this title, shall not be con-*
 3 *strued to be a violation of this title by the servicer.*

4 (2) *RULE OF CONSTRUCTION.*—*Nothing in para-*
 5 *graph (1) shall be construed to impose any additional*
 6 *requirement or liability on a mortgage insurer, a*
 7 *mortgagee, or a holder of a residential mortgage.*

8 **SEC. 209. EFFECT ON OTHER LAWS AND AGREEMENTS.**

9 (a) *EFFECT ON STATE LAW.*—

10 (1) *IN GENERAL.*—*With respect to any residen-*
 11 *tial mortgage or residential mortgage transaction con-*
 12 *summated after the effective date of this title, and ex-*
 13 *cept as provided in paragraph (2), the provisions of*
 14 *this title shall supersede any provisions of the law of*
 15 *any State relating to requirements for obtaining or*
 16 *maintaining private mortgage insurance in connec-*
 17 *tion with residential mortgage transactions, cancella-*
 18 *tion or automatic termination of such private mort-*
 19 *gage insurance, any disclosure of information ad-*
 20 *dressed by this title, and any other matter specifically*
 21 *addressed by this title.*

22 (2) *CONTINUED APPLICATION OF CERTAIN PROVI-*
 23 *SIONS.*—*This title does not supersede any provision of*
 24 *the law of a State in effect on or before September 1,*
 25 *1989, pertaining to the termination of private mort-*

1 *gage insurance or other mortgage guaranty insurance,*
 2 *to the extent that such law requires termination of*
 3 *such insurance at an earlier date or when a lower*
 4 *mortgage loan principal balance is achieved than as*
 5 *provided in this title.*

6 *(b) EFFECT ON OTHER AGREEMENTS.—The provisions*
 7 *of this title shall supersede any conflicting provision con-*
 8 *tained in any agreement relating to the servicing of a resi-*
 9 *dential mortgage loan entered into by the Federal National*
 10 *Mortgage Association, the Federal Home Loan Mortgage*
 11 *Corporation, or any private investor or note holder (or any*
 12 *successors thereto).*

13 **SEC. 210. ENFORCEMENT.**

14 *(a) IN GENERAL.—Compliance with the requirements*
 15 *imposed under this title shall be enforced under—*

16 *(1) section 8 of the Federal Deposit Insurance*
 17 *Act—*

18 *(A) by the appropriate Federal banking*
 19 *agency (as defined in section 3(q) of the Federal*
 20 *Deposit Insurance Act) in the case of insured de-*
 21 *pository institutions (as defined in section*
 22 *3(c)(2) of that Act);*

23 *(B) by the Federal Deposit Insurance Cor-*
 24 *poration in the case of depository institutions*
 25 *described in clause (i), (ii), or (iii) of section*

1 *19(b)(1)(A) of the Federal Reserve Act that are*
 2 *not insured depository institutions (as defined in*
 3 *section 3(c)(2) of the Federal Deposit Insurance*
 4 *Act); and*

5 *(C) by the Director of the Office of Thrift*
 6 *Supervision in the case of depository institutions*
 7 *described in clause (v) and or (vi) of section*
 8 *19(b)(1)(A) of the Federal Reserve Act that are*
 9 *not insured depository institutions (as defined in*
 10 *section 3(c)(2) of the Federal Deposit Insurance*
 11 *Act);*

12 *(2) the Federal Credit Union Act, by the Na-*
 13 *tional Credit Union Administration Board in the*
 14 *case of depository institutions described in clause (iv)*
 15 *of section 19(b)(1)(A) of the Federal Reserve Act; and*

16 *(3) part C of title V of the Farm Credit Act of*
 17 *1971 (12 U.S.C. 2261 et seq.), by the Farm Credit*
 18 *Administration in the case of an institution that is*
 19 *a member of the Farm Credit System.*

20 *(b) ADDITIONAL ENFORCEMENT POWERS.—*

21 *(1) VIOLATION OF THIS TITLE TREATED AS VIO-*
 22 *LATION OF OTHER ACTS.—For purposes of the exercise*
 23 *by any agency referred to in subsection (a) of such*
 24 *agency's powers under any Act referred to in such*
 25 *subsection, a violation of a requirement imposed*

1 *under this title shall be deemed to be a violation of*
2 *a requirement imposed under that Act.*

3 (2) *ENFORCEMENT AUTHORITY UNDER OTHER*
4 *ACTS.—In addition to the powers of any agency re-*
5 *ferred to in subsection (a) under any provision of law*
6 *specifically referred to in such subsection, each such*
7 *agency may exercise, for purposes of enforcing compli-*
8 *ance with any requirement imposed under this title,*
9 *any other authority conferred on such agency by law.*

10 (c) *ENFORCEMENT AND REIMBURSEMENT.—In carry-*
11 *ing out its enforcement activities under this section, each*
12 *agency referred to in subsection (a) shall—*

13 (1) *notify the mortgagee or servicer of any fail-*
14 *ure of the mortgagee or servicer to comply with 1 or*
15 *more provisions of this title;*

16 (2) *with respect to each such failure to comply,*
17 *require the mortgagee or servicer, as applicable, to*
18 *correct the account of the mortgagor to reflect the date*
19 *on which the mortgage insurance should have been*
20 *canceled or terminated under this title; and*

21 (3) *require the mortgagee or servicer, as applica-*
22 *ble, to reimburse the mortgagor in an amount equal*
23 *to the total unearned premiums paid by the mortga-*
24 *gor after the date on which the obligation to pay those*
25 *premiums ceased under this title.*

1 **SEC. 211. CONSTRUCTION.**

2 *Nothing in this title shall be construed to impose any*
 3 *requirement for private mortgage insurance in connection*
 4 *with a residential mortgage transaction.*

5 **SEC. 212. EFFECTIVE DATE.**

6 *This title shall become effective 1 year after the date*
 7 *of enactment of this Act.*

8 **TITLE III—ABOLISHMENT OF**
 9 **THE THRIFT DEPOSITOR PRO-**
 10 **TECTION OVERSIGHT BOARD**

11 **SEC. 301. ABOLISHMENT.**

12 *(a) IN GENERAL.—Effective at the end of the 3-month*
 13 *period beginning on the date of enactment of this Act, the*
 14 *Thrift Depositor Protection Oversight Board established*
 15 *under section 21A of the Federal Home Loan Bank Act*
 16 *(hereafter in this section referred to as the “Oversight*
 17 *Board”)* *is hereby abolished.*

18 *(b) DISPOSITION OF AFFAIRS.—*

19 *(1) POWER OF CHAIRPERSON.—Effective on the*
 20 *date of enactment of this Act, the Chairperson of the*
 21 *Oversight Board (or the designee of the Chairperson)*
 22 *may exercise on behalf of the Oversight Board any*
 23 *power of the Oversight Board necessary to settle and*
 24 *conclude the affairs of the Oversight Board.*

25 *(2) AVAILABILITY OF FUNDS.—Funds available*
 26 *to the Oversight Board shall be available to the Chair-*

1 *person of the Oversight Board to pay expenses in-*
 2 *curred in carrying out paragraph (1).*

3 *(c) SAVINGS PROVISION.—*

4 *(1) EXISTING RIGHTS, DUTIES, AND OBLIGA-*
 5 *TIONS NOT AFFECTED.—No provision of this section*
 6 *shall be construed as affecting the validity of any*
 7 *right, duty, or obligation of the United States, the*
 8 *Oversight Board, the Resolution Trust Corporation,*
 9 *or any other person that—*

10 *(A) arises under or pursuant to the Federal*
 11 *Home Loan Bank Act, or any other provision of*
 12 *law applicable with respect to the Oversight*
 13 *Board; and*

14 *(B) existed on the day before the abolish-*
 15 *ment of the Oversight Board in accordance with*
 16 *subsection (a).*

17 *(2) CONTINUATION OF SUITS.—No action or*
 18 *other proceeding commenced by or against the Over-*
 19 *sight Board with respect to any function of the Over-*
 20 *sight Board shall abate by reason of the enactment of*
 21 *this section.*

22 *(3) LIABILITIES.—*

23 *(A) IN GENERAL.—All liabilities arising out*
 24 *of the operation of the Oversight Board during*
 25 *the period beginning on August 9, 1989, and the*

1 *date that is 3 months after the date of enactment*
2 *of this Act shall remain the direct liabilities of*
3 *the United States.*

4 (B) NO SUBSTITUTION.—*The Secretary of*
5 *the Treasury shall not be substituted for the*
6 *Oversight Board as a party to any action or*
7 *proceeding referred to in subparagraph (A).*

8 (4) CONTINUATIONS OF ORDERS, RESOLUTIONS,
9 *DETERMINATIONS, AND REGULATIONS PERTAINING TO*
10 *THE RESOLUTION FUNDING CORPORATION.—*

11 (A) IN GENERAL.—*All orders, resolutions,*
12 *determinations, and regulations regarding the*
13 *Resolution Funding Corporation shall continue*
14 *in effect according to the terms of such orders,*
15 *resolutions, determinations, and regulations*
16 *until modified, terminated, set aside, or super-*
17 *seded in accordance with applicable law if such*
18 *orders, resolutions, determinations, or regula-*
19 *tions—*

20 (i) *have been issued, made, and pre-*
21 *scribed, or allowed to become effective by the*
22 *Oversight Board, or by a court of competent*
23 *jurisdiction, in the performance of functions*
24 *transferred by this section; and*

1 (ii) are in effect at the end of the 3-
 2 month period beginning on the date of en-
 3 actment of this section.

4 (B) *ENFORCEABILITY OF ORDERS, RESOLU-*
 5 *TIONS, DETERMINATIONS, AND REGULATIONS BE-*
 6 *FORE TRANSFER.*—Before the effective date of the
 7 transfer of the authority and duties of the Reso-
 8 lution Funding Corporation to the Secretary of
 9 the Treasury under subsection (d), all orders,
 10 resolutions, determinations, and regulations per-
 11 taining to the Resolution Funding Corporation
 12 shall be enforceable by and against the United
 13 States.

14 (C) *ENFORCEABILITY OF ORDERS, RESOLU-*
 15 *TIONS, DETERMINATIONS, AND REGULATIONS*
 16 *AFTER TRANSFER.*—On and after the effective
 17 date of the transfer of the authority and duties
 18 of the Resolution Funding Corporation to the
 19 Secretary of the Treasury under subsection (d),
 20 all orders, resolutions, determinations, and regu-
 21 lations pertaining to the Resolution Funding
 22 Corporation shall be enforceable by and against
 23 the Secretary of the Treasury.

24 (d) *TRANSFER OF THRIFT DEPOSITOR PROTECTION*
 25 *OVERSIGHT BOARD AUTHORITY AND DUTIES OF RESOLU-*

1 TION FUNDING CORPORATION TO SECRETARY OF THE
 2 TREASURY.—Effective at the end of the 3-month period be-
 3 ginning on the date of enactment of this Act, the authority
 4 and duties of the Oversight Board under sections
 5 21A(a)(6)(I) and 21B of the Federal Home Loan Bank Act
 6 are transferred to the Secretary of the Treasury (or the des-
 7 ignee of the Secretary).

8 (e) MEMBERSHIP OF THE AFFORDABLE HOUSING AD-
 9 VISORY BOARD.—Effective on the date of enactment of this
 10 Act, section 14(b)(2) of the Resolution Trust Corporation
 11 Completion Act (12 U.S.C. 1831q note) is amended—

12 (1) by striking subparagraph (C); and
 13 (2) by redesignating subparagraphs (D) and (E)
 14 as subparagraphs (C) and (D), respectively.

15 (f) TIME OF MEETINGS OF THE AFFORDABLE HOUS-
 16 ING ADVISORY BOARD.—

17 (1) IN GENERAL.—Section 14(b)(6)(A) of the
 18 Resolution Trust Corporation Completion Act (12
 19 U.S.C. 1831q note) is amended—

20 (A) by striking “4 times a year, or more
 21 frequently if requested by the Thrift Depositor
 22 Protection Oversight Board or” and inserting “2
 23 times a year or at the request of”; and
 24 (B) by striking the second sentence.

1 (2) *CLERICAL AMENDMENT.—Section 14(b)(6)(A)*
2 *of the Resolution Trust Corporation Completion Act*
3 *(12 U.S.C. 1831q note) is amended, in the subpara-*
4 *graph heading, by striking “AND LOCATION”.*

Amend the title so as to read: “An Act to amend the National Housing Act to prevent the funding of unnecessary or excessive costs for obtaining a home equity conversion mortgage, to require automatic cancellation and notice of cancellation rights with respect to private mortgage insurance required as a condition for entering into a residential mortgage transaction, to abolish the Thrift Depositor Protection Oversight Board, and for other purposes.”.

Attest:

Secretary.

105TH CONGRESS
1ST SESSION

H. R. 607

AMENDMENTS