

111TH CONGRESS
1ST SESSION

H. R. 1331

To replace the HOPE for Homeowners Program with a new program developed and implemented by the Secretary of Housing and Urban Development.

IN THE HOUSE OF REPRESENTATIVES

MARCH 5, 2009

Mrs. CAPITO (for herself, Mr. BACHUS, Mrs. BIGGERT, and Mr. SESSIONS) introduced the following bill; which was referred to the Committee on Financial Services

A BILL

To replace the HOPE for Homeowners Program with a new program developed and implemented by the Secretary of Housing and Urban Development.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Responsible, Equitable,
5 and Fair Insurance for Homeowners Act of 2009” or the
6 “REFI for Homeowners Act of 2009”.

1 **SEC. 2. REPLACEMENT OF HOPE FOR HOMEOWNERS PRO-**
 2 **GRAM WITH PROGRAM FOR INSURANCE OF**
 3 **HOMEOWNERSHIP RETENTION MORTGAGES.**

4 (a) REPLACEMENT OF PROGRAM.—Title II of the
 5 National Housing Act (12 U.S.C. 1707 et seq.) is amend-
 6 ed—

7 (1) in section 257 (12 U.S.C. 1715z–23), as
 8 added by section 1402(a) of Public Law 110–289—

9 (A) by striking subsections (a) through
 10 (k); and

11 (B) by striking subsections (n) through
 12 (v);

13 (2) by redesignating section 257 (12 U.S.C.
 14 1715z–24), as added by section 2124 of Public Law
 15 110–289, as section 259; and

16 (3) by inserting before such section 259 (as so
 17 redesignated) the following new section:

18 **“SEC. 258. INSURANCE OF HOMEOWNERSHIP RETENTION**
 19 **MORTGAGES.**

20 “(a) AUTHORITY.—The Secretary shall, subject only
 21 to the absence of qualified requests for insurance under
 22 this section and to the limitations under sections 257(m)
 23 and 531(a), make commitments to insure and insure any
 24 mortgage covering a 1- to 4-family residence that is made
 25 for the purpose of paying or prepaying outstanding obliga-
 26 tions under an existing mortgage or mortgages on the resi-

1 dence if the mortgage being insured under this section
2 meets the requirements of this section, as established by
3 the Secretary. The Secretary shall establish such mortgage
4 insurance products, and requirements and standards, in
5 accordance with this section as the Secretary considers ap-
6 propriate to carry out this section and shall prescribe such
7 regulations and provide such guidance as may be nec-
8 essary or appropriate to implement such products, require-
9 ments, and standards.

10 “(b) REQUIREMENTS OF INSURED MORTGAGE.—To
11 be eligible for insurance under this section, a mortgage
12 shall comply with all of the following requirements:

13 “(1) PRIMARY RESIDENCE.—The mortgagor
14 under the mortgage to be insured under this section
15 shall provide documentation satisfactory in the de-
16 termination of the Secretary to prove that the resi-
17 dence covered by the mortgage to be insured under
18 this section is occupied by the mortgagor as the pri-
19 mary residence of the mortgagor, and that such resi-
20 dence is the only residence in which the mortgagor
21 has any present ownership interest.

22 “(2) TROUBLED HOMEOWNER.—The mortgagor
23 under the mortgage to be insured under this section
24 shall be the mortgagor under the existing mortgage

1 to be refinanced by the insured mortgage and
2 shall—

3 “(A) be in default on the mortgagor’s obli-
4 gations under the existing mortgage;

5 “(B) be in danger of defaulting, as deter-
6 mined in accordance with standards established
7 by the Secretary, on the mortgagor’s obligations
8 under the existing mortgage; or

9 “(C) have a remaining principal obligation
10 amount under such existing mortgage that ex-
11 ceeds, at the time of the commitment for mort-
12 gage insurance under this section, the appraised
13 value of the property that is subject to such ex-
14 isting mortgage.

15 “(3) PROHIBITION ON REFINANCING LIAR
16 LOANS.—The Secretary may not insure a mortgage
17 under this section if the mortgagor under such mort-
18 gage has knowingly, or willfully and with actual
19 knowledge, furnished any material information re-
20 garding the income or financial worth of the mort-
21 gagor that is known to be false for the purpose of
22 obtaining the existing mortgage that is to be refi-
23 nanced by the mortgage to be insured under this
24 section.

1 “(4) PROHIBITION ON REFINANCING ZERO-
2 DOWN LOANS AND LOANS WITH EQUITY RE-
3 MOVED.—The Secretary may not insure a mortgage
4 under this section if—

5 “(A) under the existing mortgage to be re-
6 financed, the mortgagor did not make any pay-
7 ment on account of the property (or any pay-
8 ment exceeding such nominal amount as the
9 Secretary may establish), in cash or its equiva-
10 lent, in connection with acquisition of the prop-
11 erty; or

12 “(B) during the term of the existing mort-
13 gage to be refinanced, the mortgagor withdrew
14 all, or substantially all (in accordance with such
15 standards and guidelines as the Secretary shall
16 establish) of any equity of the mortgagor in the
17 property subject to such existing mortgage.

18 “(5) TERMS.—The mortgage to be insured
19 under this section shall have such terms and condi-
20 tions as the Secretary shall provide, except that such
21 mortgage shall—

22 “(A) have a term to maturity not exceed-
23 ing 40 years; and

24 “(B) bear interest at an annual rate that
25 is fixed for the entire term of the mortgage.

1 “(6) REQUIRED WAIVER OF PREPAYMENT PEN-
2 ALTIES AND FEES.—All penalties for prepayment or
3 refinancing of the existing mortgage, and all fees
4 and penalties related to default or delinquency on
5 the existing mortgage, shall be waived or forgiven.

6 “(7) SHARED APPRECIATION.—The Secretary
7 shall provide that, with respect to each mortgage in-
8 sured under this section, upon any sale or disposi-
9 tion of the property subject to such mortgage occur-
10 ring during the 5-year period beginning on the date
11 of the insurance of the mortgage, to the extent of
12 any principal write- down or interest rate subsidy
13 provided in connection with the mortgage, the Sec-
14 retary and the mortgagee shall be entitled to a per-
15 centage of any appreciation in value of such prop-
16 erty that has occurred since the date that such
17 mortgage was insured under this section, which per-
18 centage shall decrease over time, and the mortgagor
19 shall be entitled to the remainder of any such appre-
20 ciation.

21 “(8) MAXIMUM LOAN AMOUNT.—The principal
22 obligation amount of the mortgage to be insured
23 under this section shall not exceed the applicable
24 dollar amount limitation in effect under section
25 305(a)(2) of the Federal Home Loan Mortgage Cor-

1 poration (12 U.S.C. 1452(a)(2)) for a property of
2 the applicable size for the area in which the property
3 is located.

4 “(9) TERM; INTEREST RATE.—The refinanced
5 eligible mortgage to be insured shall—

6 “(A) bear interest at a single rate that is
7 fixed for the entire term of the mortgage; and

8 “(B) have a maturity of not less than 30
9 years from the date of the beginning of amorti-
10 zation of such refinanced eligible mortgage.

11 “(c) EXIT FEE.—The Secretary may establish a fee,
12 charge, or other mechanism for recovering, upon sale or
13 other disposition of the property that is subject to the
14 mortgage insured under this section or upon the subse-
15 quent refinancing of the mortgage, a portion of the equity
16 or appreciation in the property.

17 “(d) GNMA PRICING.—In order to facilitate favor-
18 able pricing for loans insured under this section, the
19 Board of Governors of the Federal Reserve System, the
20 Secretary of the Treasury, the Federal National Mortgage
21 Association, and the Federal Home Loan Mortgage Cor-
22 poration are authorized to purchase mortgage-backed se-
23 curities guaranteed by the Government National Mortgage
24 Association that are backed by loans originated under this
25 section or whole loans originated and purchased under this

1 section. The Government National Mortgage Association
2 is authorized to hold, sell, and securitize whole loans origi-
3 nated under this section.

4 “(e) SUNSET.—The Secretary may not enter into any
5 new commitment to insure any refinanced eligible mort-
6 gage, or newly insure any refinanced eligible mortgage
7 pursuant to this section after the expiration of the 3-year
8 period beginning upon the date of the enactment of this
9 section.”.

10 (b) USE OF AGGREGATE INSURANCE AUTHORITY
11 AND FUNDS UNDER HOPE FOR HOMEOWNERS PRO-
12 GRAM.—Section 257 of the National Housing Act (12
13 U.S.C. 1715z–24), as added by section 1402(a) of Public
14 Law 110–289), is amended—

15 (1) in subsection (l)(1), by striking “this sec-
16 tion” and inserting “section 258”;

17 (2) in subsection (m), by striking “this section”
18 and inserting “section 258”;

19 (3) in subsection (w)—

20 (A) in paragraphs (1) and (3), by striking
21 “HOPE for Homeowners Program” each place
22 such term appears and inserting “mortgage in-
23 surance program under section 258”; and

24 (B) in paragraph (4) by striking “HOPE
25 for Homeowners Program in accordance with

1 subsections (i) and (k)” and inserting “mort-
2 gage insurance program under section 258”;

3 (4) by redesignating subsections (l), (m), and
4 (w) as subsections (a), (b), and (c), respectively; and

5 (5) by striking the section heading and insert-
6 ing the following: “**HOPE FUND AND HOPE**
7 **BONDS.**”

8 (c) REDUCING TARP FUNDS TO OFFSET COSTS OF
9 PROGRAM.—Paragraph (3) of section 115(a) of the Emer-
10 gency Economic Stabilization Act of 2008 (12 U.S.C.
11 5225) is amended by inserting “, as such amount is re-
12 duced by \$1,000,000,000,” after “\$700,000,000,000”.

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