

111TH CONGRESS
1ST SESSION

H. R. 47

To establish an Office of Housing Counseling to carry out and coordinate the responsibilities of the Department of Housing and Urban Development regarding counseling on homeownership and rental housing issues, to make grants to entities for providing such counseling, to launch a national housing counseling advertising campaign, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 6, 2009

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

A BILL

To establish an Office of Housing Counseling to carry out and coordinate the responsibilities of the Department of Housing and Urban Development regarding counseling on homeownership and rental housing issues, to make grants to entities for providing such counseling, to launch a national housing counseling advertising campaign, and for other purposes.

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

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Expand and Preserve
3 Home Ownership Through Counseling Act”.

4 **SEC. 2. ESTABLISHMENT OF OFFICE OF HOUSING COUN-**
5 **SELING.**

6 Section 4 of the Department of Housing and Urban
7 Development Act (42 U.S.C. 3533) is amended by adding
8 at the end the following new subsection:

9 “(g) OFFICE OF HOUSING COUNSELING.—

10 “(1) ESTABLISHMENT.—There is established,
11 in the Office of the Secretary, the Office of Housing
12 Counseling.

13 “(2) DIRECTOR.—There is established the posi-
14 tion of Director of Housing Counseling. The Direc-
15 tor shall be the head of the Office of Housing Coun-
16 seling and shall be appointed by the Secretary. Such
17 position shall be a career-reserved position in the
18 Senior Executive Service.

19 “(3) FUNCTIONS.—

20 “(A) IN GENERAL.—The Director shall
21 have ultimate responsibility within the Depart-
22 ment, except for the Secretary, for all activities
23 and matters relating to homeownership coun-
24 seling and rental housing counseling, includ-
25 ing—

1 “(i) research, grant administration,
2 public outreach, and policy development re-
3 lating to such counseling; and

4 “(ii) establishment, coordination, and
5 administration of all regulations, require-
6 ments, standards, and performance meas-
7 ures under programs and laws adminis-
8 tered by the Department that relate to
9 housing counseling, homeownership coun-
10 seling (including maintenance of homes),
11 mortgage-related counseling (including
12 home equity conversion mortgages and
13 credit protection options to avoid fore-
14 closure), and rental housing counseling, in-
15 cluding the requirements, standards, and
16 performance measures relating to housing
17 counseling.

18 “(B) SPECIFIC FUNCTIONS.—The Director
19 shall carry out the functions assigned to the Di-
20 rector and the Office under this section and any
21 other provisions of law. Such functions shall in-
22 clude establishing rules necessary for—

23 “(i) the counseling procedures under
24 section 106(g)(1) of the Housing and

1 Urban Development Act of 1968 (12
2 U.S.C. 1701x(h)(1));

3 “(ii) carrying out all other functions
4 of the Secretary under section 106(g) of
5 the Housing and Urban Development Act
6 of 1968, including the establishment, oper-
7 ation, and publication of the availability of
8 the toll-free telephone number under para-
9 graph (2) of such section;

10 “(iii) carrying out section 5 of the
11 Real Estate Settlement Procedures Act of
12 1974 (12 U.S.C. 2604) for home buying
13 information booklets prepared pursuant to
14 such section;

15 “(iv) carrying out the certification
16 program under section 106(e) of the Hous-
17 ing and Urban Development Act of 1968
18 (12 U.S.C. 1701x(e));

19 “(v) carrying out the assistance pro-
20 gram under section 106(a)(4) of the Hous-
21 ing and Urban Development Act of 1968,
22 including criteria for selection of applica-
23 tions to receive assistance;

24 “(vi) carrying out any functions re-
25 garding abusive, deceptive, or unscrupulous

1 lending practices relating to residential
2 mortgage loans that the Secretary con-
3 siders appropriate, which shall include con-
4 ducting the study under section 6 of the
5 Expand and Preserve Home Ownership
6 Through Counseling Act;

7 “(vii) providing for operation of the
8 advisory committee established under para-
9 graph (4) of this subsection;

10 “(viii) collaborating with community-
11 based organizations with expertise in the
12 field of housing counseling; and

13 “(ix) providing for the building of ca-
14 pacity to provide housing counseling serv-
15 ices in areas that lack sufficient services.

16 “(4) ADVISORY COMMITTEE.—

17 “(A) IN GENERAL.—The Secretary shall
18 appoint an advisory committee to provide advice
19 regarding the carrying out of the functions of
20 the Director.

21 “(B) MEMBERS.—Such advisory committee
22 shall consist of not more than 12 individuals,
23 and the membership of the committee shall
24 equally represent all aspects of the mortgage
25 and real estate industry, including consumers.

1 “(C) TERMS.—Except as provided in sub-
2 paragraph (D), each member of the advisory
3 committee shall be appointed for a term of 3
4 years. Members may be reappointed at the dis-
5 cretion of the Secretary.

6 “(D) TERMS OF INITIAL APPOINTEES.—As
7 designated by the Secretary at the time of ap-
8 pointment, of the members first appointed to
9 the advisory committee, 4 shall be appointed for
10 a term of 1 year and 4 shall be appointed for
11 a term of 2 years.

12 “(E) PROHIBITION OF PAY; TRAVEL EX-
13 PENSES.—Members of the advisory committee
14 shall serve without pay, but shall receive travel
15 expenses, including per diem in lieu of subsist-
16 ence, in accordance with applicable provisions
17 under subchapter I of chapter 57 of title 5,
18 United States Code.

19 “(F) ADVISORY ROLE ONLY.—The advi-
20 sory committee shall have no role in reviewing
21 or awarding housing counseling grants.

22 “(5) SCOPE OF HOMEOWNERSHIP COUN-
23 SELING.—In carrying out the responsibilities of the
24 Director, the Director shall ensure that homeowner-
25 ship counseling provided by, in connection with, or

1 pursuant to any function, activity, or program of the
 2 Department addresses the entire process of home-
 3 ownership, including the decision to purchase a
 4 home, the selection and purchase of a home, issues
 5 arising during or affecting the period of ownership
 6 of a home (including refinancing, default and fore-
 7 closure, and other financial decisions), and the sale
 8 or other disposition of a home.”.

9 **SEC. 3. COUNSELING PROCEDURES.**

10 (a) IN GENERAL.—Section 106 of the Housing and
 11 Urban Development Act of 1968 (12 U.S.C. 1701x) is
 12 amended by adding at the end the following new sub-
 13 section:

14 “(g) PROCEDURES AND ACTIVITIES.—

15 “(1) COUNSELING PROCEDURES.—

16 “(A) IN GENERAL.—The Secretary shall
 17 establish, coordinate, and monitor the adminis-
 18 tration by the Department of Housing and
 19 Urban Development of the counseling proce-
 20 dures for homeownership counseling and rental
 21 housing counseling provided in connection with
 22 any program of the Department, including all
 23 requirements, standards, and performance
 24 measures that relate to homeownership and
 25 rental housing counseling.

1 “(B) HOMEOWNERSHIP COUNSELING.—
 2 For purposes of this subsection and as used in
 3 the provisions referred to in this subparagraph,
 4 the term ‘homeownership counseling’ means
 5 counseling related to homeownership and resi-
 6 dential mortgage loans. Such term includes
 7 counseling related to homeownership and resi-
 8 dential mortgage loans that is provided pursu-
 9 ant to—

10 “(i) section 105(a)(20) of the Housing
 11 and Community Development Act of 1974
 12 (42 U.S.C. 5305(a)(20));

13 “(ii) in the United States Housing
 14 Act of 1937—

15 “(I) section 9(e) (42 U.S.C.
 16 1437g(e));

17 “(II) section 8(y)(1)(D) (42
 18 U.S.C. 1437f(y)(1)(D));

19 “(III) section 18(a)(4)(D) (42
 20 U.S.C. 1437p(a)(4)(D));

21 “(IV) section 23(c)(4) (42 U.S.C.
 22 1437u(c)(4));

23 “(V) section 32(e)(4) (42 U.S.C.
 24 1437z-4(e)(4));

1 “(VI) section 33(d)(2)(B) (42
2 U.S.C. 1437z–5(d)(2)(B));

3 “(VII) sections 302(b)(6) and
4 303(b)(7) (42 U.S.C. 1437aaa–
5 1(b)(6), 1437aaa–2(b)(7)); and

6 “(VIII) section 304(c)(4) (42
7 U.S.C. 1437aaa–3(c)(4));

8 “(iii) section 302(a)(4) of the Amer-
9 ican Homeownership and Economic Oppor-
10 tunity Act of 2000 (42 U.S.C. 1437f note);

11 “(iv) sections 233(b)(2) and 258(b) of
12 the Cranston-Gonzalez National Affordable
13 Housing Act (42 U.S.C. 12773(b)(2),
14 12808(b));

15 “(v) this section and section 101(e) of
16 the Housing and Urban Development Act
17 of 1968 (12 U.S.C. 1701x, 1701w(e));

18 “(vi) section 220(d)(2)(G) of the Low-
19 Income Housing Preservation and Resident
20 Homeownership Act of 1990 (12 U.S.C.
21 4110(d)(2)(G));

22 “(vii) sections 422(b)(6), 423(b)(7),
23 424(c)(4), 442(b)(6), and 443(b)(6) of the
24 Cranston-Gonzalez National Affordable
25 Housing Act (42 U.S.C. 12872(b)(6),

1 12873(b)(7), 12874(c)(4), 12892(b)(6),
2 and 12893(b)(6));

3 “(viii) section 491(b)(1)(F)(iii) of the
4 McKinney-Vento Homeless Assistance Act
5 (42 U.S.C. 11408(b)(1)(F)(iii));

6 “(ix) sections 202(3) and
7 810(b)(2)(A) of the Native American
8 Housing and Self-Determination Act of
9 1996 (25 U.S.C. 4132(3), 4229(b)(2)(A));

10 “(x) in the National Housing Act—

11 “(I) in section 203 (12 U.S.C.
12 1709), the penultimate undesignated
13 paragraph of paragraph (2) of sub-
14 section (b), subsection (c)(2)(A), and
15 subsection (r)(4);

16 “(II) subsections (a) and (c)(3)
17 of section 237 (12 U.S.C. 1715z–2);
18 and

19 “(III) subsections (d)(2)(B) and
20 (m)(1) of section 255 (12 U.S.C.
21 1715z–20);

22 “(xi) section 502(h)(4)(B) of the
23 Housing Act of 1949 (42 U.S.C.
24 1472(h)(4)(B)); and

1 “(xii) section 508 of the Housing and
2 Urban Development Act of 1970 (12
3 U.S.C. 1701z-7).

4 “(C) RENTAL HOUSING COUNSELING.—
5 For purposes of this subsection, the term ‘rent-
6 al housing counseling’ means counseling related
7 to rental of residential property, which may in-
8 clude counseling regarding future homeowner-
9 ship opportunities and providing referrals for
10 renters and prospective renters to entities pro-
11 viding counseling and shall include counseling
12 related to such topics that is provided pursuant
13 to—

14 “(i) section 105(a)(20) of the Housing
15 and Community Development Act of 1974
16 (42 U.S.C. 5305(a)(20));

17 “(ii) in the United States Housing
18 Act of 1937—

19 “(I) section 9(e) (42 U.S.C.
20 1437g(e));

21 “(II) section 18(a)(4)(D) (42
22 U.S.C. 1437p(a)(4)(D));

23 “(III) section 23(c)(4) (42
24 U.S.C. 1437u(c)(4));

1 “(IV) section 32(e)(4) (42 U.S.C.
2 1437z-4(e)(4));

3 “(V) section 33(d)(2)(B) (42
4 U.S.C. 1437z-5(d)(2)(B)); and

5 “(VI) section 302(b)(6) (42
6 U.S.C. 1437aaa-1(b)(6));

7 “(iii) section 233(b)(2) of the Cran-
8 ston-Gonzalez National Affordable Housing
9 Act (42 U.S.C. 12773(b)(2));

10 “(iv) section 106 of the Housing and
11 Urban Development Act of 1968 (12
12 U.S.C. 1701x);

13 “(v) section 422(b)(6) of the Cran-
14 ston-Gonzalez National Affordable Housing
15 Act (42 U.S.C. 12872(b)(6));

16 “(vi) section 491(b)(1)(F)(iii) of the
17 McKinney-Vento Homeless Assistance Act
18 (42 U.S.C. 11408(b)(1)(F)(iii));

19 “(vii) sections 202(3) and
20 810(b)(2)(A) of the Native American
21 Housing and Self-Determination Act of
22 1996 (25 U.S.C. 4132(3), 4229(b)(2)(A));
23 and

1 “(viii) the rental assistance program
2 under section 8 of the United States Hous-
3 ing Act of 1937 (42 U.S.C. 1437f).

4 “(2) STANDARDS FOR MATERIALS.—The Sec-
5 retary, in conjunction with the advisory committee
6 established under section 4(g)(4) of the Department
7 of Housing and Urban Development Act (42 U.S.C.
8 3533(g)(4), shall establish standards for materials
9 and forms to be used, as appropriate, by organiza-
10 tions providing homeownership counseling services,
11 including any recipients of assistance pursuant to
12 subsection (a)(4).

13 “(3) MORTGAGE SOFTWARE SYSTEMS.—

14 “(A) CERTIFICATION.—The Secretary shall
15 provide for the certification of various computer
16 software programs for consumers to use in eval-
17 uating different residential mortgage loan pro-
18 posals. The Secretary shall require, for such
19 certification, that the mortgage software sys-
20 tems take into account—

21 “(i) the consumer’s financial situation
22 and the cost of maintaining a home, in-
23 cluding insurance, taxes, and utilities;

1 “(ii) the amount of time the consumer
2 expects to remain in the home or expected
3 time to maturity of the loan;

4 “(iii) such other factors as the Sec-
5 retary considers appropriate to assist the
6 consumer in evaluating whether to pay
7 points, to lock in an interest rate, to select
8 an adjustable or fixed rate loan, to select
9 a conventional or government-insured or
10 guaranteed loan and to make other choices
11 during the loan application process.

12 If the Secretary determines that available exist-
13 ing software is inadequate to assist consumers
14 during the residential mortgage loan application
15 process, the Secretary shall arrange for the de-
16 velopment by private sector software companies
17 of new mortgage software systems that meet
18 the Secretary’s specifications.

19 “(B) USE AND INITIAL AVAILABILITY.—
20 Such certified computer software programs
21 shall be used to supplement, not replace, hous-
22 ing counseling. The Secretary shall provide that
23 such programs are initially used only in connec-
24 tion with the assistance of housing counselors
25 certified pursuant to subsection (e).

1 “(C) AVAILABILITY.—After a period of ini-
2 tial availability under subparagraph (B) as the
3 Secretary considers appropriate, the Secretary
4 shall take reasonable steps to make mortgage
5 software systems certified pursuant to this
6 paragraph widely available through the Internet
7 and at public locations, including public librar-
8 ies, senior-citizen centers, public housing sites,
9 offices of public housing agencies that admin-
10 ister rental housing assistance vouchers, and
11 housing counseling centers.

12 “(4) NATIONAL PUBLIC SERVICE MULTIMEDIA
13 CAMPAIGNS TO PROMOTE HOUSING COUNSELING.—

14 “(A) IN GENERAL.—The Director of Hous-
15 ing Counseling shall develop, implement, and
16 conduct national public service multimedia cam-
17 paigns designed to make persons facing mort-
18 gage foreclosure, persons considering a
19 subprime mortgage loan to purchase a home, el-
20 derly persons, persons who face language bar-
21 riers, low-income persons, and other potentially
22 vulnerable consumers aware that it is advisable,
23 before seeking or maintaining a residential
24 mortgage loan, to obtain homeownership coun-
25 seling from an unbiased and reliable sources

1 and that such homeownership counseling is
2 available, including through programs spon-
3 sored by the Secretary of Housing and Urban
4 Development.

5 “(B) CONTACT INFORMATION.—Each seg-
6 ment of the multimedia campaign under sub-
7 paragraph (A) shall publicize the toll-free tele-
8 phone number and web site of the Department
9 of Housing and Urban Development through
10 which persons seeking housing counseling can
11 locate a housing counseling agency in their
12 State that is certified by the Secretary of Hous-
13 ing and Urban Development and can provide
14 advice on buying a home, renting, defaults,
15 foreclosures, credit issues, and reverse mort-
16 gages.

17 “(C) AUTHORIZATION OF APPROPRIA-
18 TIONS.—There are authorized to be appro-
19 priated to the Secretary, not to exceed
20 \$3,000,000 for fiscal years 2009, 2010, and
21 2011, for the development, implementation, and
22 conducting of national public service multimedia
23 campaigns under this paragraph.

24 “(5) EDUCATION PROGRAMS.—The Secretary
25 shall provide advice and technical assistance to

1 States, units of general local government, and non-
2 profit organizations regarding the establishment and
3 operation of, including assistance with the develop-
4 ment of content and materials for, educational pro-
5 grams to inform and educate consumers, particularly
6 those most vulnerable with respect to residential
7 mortgage loans (such as elderly persons, persons
8 facing language barriers, low-income persons, and
9 other potentially vulnerable consumers), regarding
10 home mortgages, mortgage refinancing, home equity
11 loans, and home repair loans.”.

12 (b) CONFORMING AMENDMENTS TO GRANT PRO-
13 GRAM FOR HOMEOWNERSHIP COUNSELING ORGANIZA-
14 TIONS.—Section 106(c)(5)(A)(ii) of the Housing and
15 Urban Development Act of 1968 (12 U.S.C.
16 1701x(c)(5)(A)(ii)) is amended—

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

19 (2) in subclause (IV) by striking the period at
20 the end and inserting “; and”; and

21 (3) by inserting after subclause (IV) the fol-
22 lowing new subclause:

23 “(V) notify the housing or mort-
24 gage applicant of the availability of

1 mortgage software systems provided
2 pursuant to subsection (g)(3).”.

3 **SEC. 4. GRANTS FOR HOUSING COUNSELING ASSISTANCE.**

4 Section 106(a) of the Housing and Urban Develop-
5 ment Act of 1968 (12 U.S.C. 1701x(a)(3)) is amended
6 by adding at the end the following new paragraph:

7 “(4) HOMEOWNERSHIP AND RENTAL COUNSELING
8 ASSISTANCE.—

9 “(A) IN GENERAL.—The Secretary shall make
10 financial assistance available under this paragraph
11 to States, units of general local governments, and
12 nonprofit organizations providing homeownership or
13 rental counseling (as such terms are defined in sub-
14 section (g)(1)).

15 “(B) QUALIFIED ENTITIES.—The Secretary
16 shall establish standards and guidelines for eligibility
17 of organizations (including governmental and non-
18 profit organizations) to receive assistance under this
19 paragraph.

20 “(C) DISTRIBUTION.—Assistance made avail-
21 able under this paragraph shall be distributed in a
22 manner that encourages efficient and successful
23 counseling programs.

24 “(D) AUTHORIZATION OF APPROPRIATIONS.—
25 There are authorized to be appropriated

1 \$45,000,000 for each of fiscal years 2009 through
2 2012 for—

3 “(i) the operations of the Office of Hous-
4 ing Counseling of the Department of Housing
5 and Urban Development;

6 “(ii) the responsibilities of the Secretary
7 under paragraphs (2) through (5) of subsection
8 (g); and

9 “(iii) assistance pursuant to this para-
10 graph for entities providing homeownership and
11 rental counseling.”.

12 **SEC. 5. REQUIREMENTS TO USE HUD-CERTIFIED COUN-**
13 **SELORS UNDER HUD PROGRAMS.**

14 Section 106(e) of the Housing and Urban Develop-
15 ment Act of 1968 (12 U.S.C. 1701x(e)) is amended—

16 (1) by striking paragraph (1) and inserting the
17 following new paragraph:

18 “(1) REQUIREMENT FOR ASSISTANCE.—An or-
19 ganization may not receive assistance for counseling
20 activities under subsection (a)(1)(iii), (a)(2), (a)(4),
21 (c), or (d) of this section, or under section 101(e),
22 unless the organization, or the individuals through
23 which the organization provides such counseling, has
24 been certified by the Secretary under this subsection
25 as competent to provide such counseling.”;

1 (2) in paragraph (2)—

2 (A) by inserting “and for certifying organi-
3 zations” before the period at the end of the
4 first sentence; and

5 (B) in the second sentence by striking “for
6 certification” and inserting “, for certification
7 of an organization, that each individual through
8 which the organization provides counseling shall
9 demonstrate, and, for certification of an indi-
10 vidual,”;

11 (3) in paragraph (3), by inserting “organiza-
12 tions and” before “individuals”;

13 (4) by redesignating paragraph (3) as para-
14 graph (5); and

15 (5) by inserting after paragraph (2) the fol-
16 lowing new paragraphs:

17 “(3) REQUIREMENT UNDER HUD PROGRAMS.—
18 Any homeownership counseling or rental housing
19 counseling (as such terms are defined in subsection
20 (g)(1)) required under, or provided in connection
21 with, any program administered by the Department
22 of Housing and Urban Development shall be pro-
23 vided only by organizations or counselors certified by
24 the Secretary under this subsection as competent to
25 provide such counseling.

1 “(4) OUTREACH.—The Secretary shall take
2 such actions as the Secretary considers appropriate
3 to ensure that individuals and organizations pro-
4 viding homeownership or rental housing counseling
5 are aware of the certification requirements and
6 standards of this subsection and of the training and
7 certification programs under subsection (f).”.

8 **SEC. 6. STUDY OF DEFAULTS AND FORECLOSURES.**

9 The Secretary of Housing and Urban Development
10 shall conduct an extensive study of the root causes of de-
11 fault and foreclosure of home loans, using as much empir-
12 ical data as are available. The study shall also examine
13 the role of escrow accounts in helping prime and nonprime
14 borrowers to avoid defaults and foreclosures. Not later
15 than 12 months after the date of the enactment of this
16 Act, the Secretary shall submit to the Congress a prelimi-
17 nary report regarding the study. Not later than 24 months
18 after such date of enactment, the Secretary shall submit
19 a final report regarding the results of the study, which
20 shall include any recommended legislation relating to the
21 study, and recommendations for best practices and for a
22 process to identify populations that need counseling the
23 most.

1 **SEC. 7. DEFINITIONS FOR COUNSELING-RELATED PRO-**
2 **GRAMS.**

3 Section 106 of the Housing and Urban Development
4 Act of 1968 (12 U.S.C. 1701x), as amended by the pre-
5 ceding provisions of this Act, is further amended by add-
6 ing at the end the following new subsection:

7 “(h) DEFINITIONS.—For purposes of this section:

8 “(1) NONPROFIT ORGANIZATION.—The term
9 ‘nonprofit organization’ has the meaning given such
10 term in section 104(5) of the Cranston-Gonzalez Na-
11 tional Affordable Housing Act (42 U.S.C.
12 12704(5)), except that subparagraph (D) of such
13 section shall not apply for purposes of this section.

14 “(2) STATE.—The term ‘State’ means each of
15 the several States, the Commonwealth of Puerto
16 Rico, the District of Columbia, the Commonwealth
17 of the Northern Mariana Islands, Guam, the Virgin
18 Islands, American Samoa, the Trust Territories of
19 the Pacific, or any other possession of the United
20 States.

21 “(3) UNIT OF GENERAL LOCAL GOVERN-
22 MENT.—The term ‘unit of general local government’
23 means any city, county, parish, town, township, bor-
24 ough, village, or other general purpose political sub-
25 division of a State.”.

1 **SEC. 8. UPDATING AND SIMPLIFICATION OF MORTGAGE IN-**
2 **FORMATION BOOKLET.**

3 Section 5 of the Real Estate Settlement Procedures
4 Act of 1974 (12 U.S.C. 2604) is amended—

5 (1) in the section heading, by striking “SPE-
6 CIAL” and inserting “HOME BUYING”;

7 (2) by striking subsections (a) and (b) and in-
8 serting the following new subsections:

9 “(a) **PREPARATION AND DISTRIBUTION.**—The Sec-
10 retary shall prepare, at least once every 5 years, a booklet
11 to help consumers applying for federally related mortgage
12 loans to understand the nature and costs of real estate
13 settlement services. The Secretary shall prepare the book-
14 let in various languages and cultural styles, as the Sec-
15 retary determines to be appropriate, so that the booklet
16 is understandable and accessible to homebuyers of dif-
17 ferent ethnic and cultural backgrounds. The Secretary
18 shall distribute such booklets to all lenders that make fed-
19 erally related mortgage loans. The Secretary shall also dis-
20 tribute to such lenders lists, organized by location, of
21 homeownership counselors certified under section 106(e)
22 of the Housing and Urban Development Act of 1968 (12
23 U.S.C. 1701x(e)) for use in complying with the require-
24 ment under subsection (c) of this section.

25 “(b) **CONTENTS.**—Each booklet shall be in such form
26 and detail as the Secretary shall prescribe and, in addition

1 to such other information as the Secretary may provide,
2 shall include in plain and understandable language the fol-
3 lowing information:

4 “(1) A description and explanation of the na-
5 ture and purpose of the costs incident to a real es-
6 tate settlement or a federally related mortgage loan.
7 The description and explanation shall provide gen-
8 eral information about the mortgage process as well
9 as specific information concerning, at a minimum—

10 “(A) balloon payments;

11 “(B) prepayment penalties; and

12 “(C) the trade-off between closing costs
13 and the interest rate over the life of the loan.

14 “(2) An explanation and sample of the uniform
15 settlement statement required by section 4.

16 “(3) A list and explanation of lending practices,
17 including those prohibited by the Truth in Lending
18 Act or other applicable Federal law, and of other un-
19 fair practices and unreasonable or unnecessary
20 charges to be avoided by the prospective buyer with
21 respect to a real estate settlement.

22 “(4) A list and explanation of questions a con-
23 sumer obtaining a federally related mortgage loan
24 should ask regarding the loan, including whether the
25 consumer will have the ability to repay the loan,

1 whether the consumer sufficiently shopped for the
2 loan, whether the loan terms include prepayment
3 penalties or balloon payments, and whether the loan
4 will benefit the borrower.

5 “(5) An explanation of the right of rescission as
6 to certain transactions provided by sections 125 and
7 129 of the Truth in Lending Act.

8 “(6) A brief explanation of the nature of a vari-
9 able rate mortgage and a reference to the booklet
10 entitled ‘Consumer Handbook on Adjustable Rate
11 Mortgages’, published by the Board of Governors of
12 the Federal Reserve System pursuant to section
13 226.19(b)(1) of title 12, Code of Federal Regula-
14 tions, or to any suitable substitute of such booklet
15 that such Board of Governors may subsequently
16 adopt pursuant to such section.

17 “(7) A brief explanation of the nature of a
18 home equity line of credit and a reference to the
19 pamphlet required to be provided under section
20 127A of the Truth in Lending Act.

21 “(8) Information about homeownership coun-
22 seling services made available pursuant to section
23 106(a)(4) of the Housing and Urban Development
24 Act of 1968 (12 U.S.C. 1701x(a)(4)), a rec-
25 ommendation that the consumer use such services,

1 and notification that a list of certified providers of
2 homeownership counseling in the area, and their
3 contact information, is available.

4 “(9) An explanation of the nature and purpose
5 of escrow accounts when used in connection with
6 loans secured by residential real estate and the re-
7 quirements under section 10 of this Act regarding
8 such accounts.

9 “(10) An explanation of the choices available to
10 buyers of residential real estate in selecting persons
11 to provide necessary services incidental to a real es-
12 tate settlement.

13 “(11) An explanation of a consumer’s respon-
14 sibilities, liabilities, and obligations in a mortgage
15 transaction.

16 “(12) An explanation of the nature and purpose
17 of real estate appraisals, including the difference be-
18 tween an appraisal and a home inspection.

19 “(13) Notice that the Office of Housing of the
20 Department of Housing and Urban Development has
21 made publicly available a brochure regarding loan
22 fraud and a World Wide Web address and toll-free
23 telephone number for obtaining the brochure.

24 The booklet prepared pursuant to this section shall take
25 into consideration differences in real estate settlement pro-

1 cedures that may exist among the several States and terri-
2 tories of the United States and among separate political
3 subdivisions within the same State and territory.”;

4 (3) in subsection (c), by inserting at the end
5 the following new sentence: “Each lender shall also
6 include with the booklet a reasonably complete or
7 updated list of homeownership counselors who are
8 certified pursuant to section 106(e) of the Housing
9 and Urban Development Act of 1968 (12 U.S.C.
10 1701x(e)) and located in the area of the lender.”;
11 and

12 (4) in subsection (d), by inserting after the pe-
13 riod at the end of the first sentence the following:
14 “The lender shall provide the HUD-issued booklet in
15 the version that is most appropriate for the person
16 receiving it.”.

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