

112TH CONGRESS
2D SESSION

H. R. 4219

To amend section 1451 of the Dodd-Frank Wall Street Reform and Consumer Protection Act to establish programs to provide counseling to homebuyers regarding voluntary home inspections and to train counselors to provide such counseling, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MARCH 20, 2012

Ms. VELÁZQUEZ introduced the following bill; which was referred to the Committee on Financial Services

A BILL

To amend section 1451 of the Dodd-Frank Wall Street Reform and Consumer Protection Act to establish programs to provide counseling to homebuyers regarding voluntary home inspections and to train counselors to provide such counseling, 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,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Consumer Protection
5 Home Inspection Counseling Act of 2012”.

1 **SEC. 2. HOME INSPECTION COUNSELING.**

2 Section 1451 of the Dodd-Frank Wall Street Reform
3 and Consumer Protection Act (12 U.S.C. 1701x–1) is
4 amended—

5 (1) in subsection (b)—

6 (A) by striking the subsection designation
7 and all that follows through “Each” and insert-
8 ing the following:

9 “(b) REQUIREMENT FOR FHA-APPROVED LEND-
10 ERS.—

11 “(1) REQUIREMENT.—Each”; and

12 (B) by adding at the end the following new
13 paragraph:

14 “(2) EFFECTIVE DATE; MORTGAGEE LETTER.—

15 Not later than the expiration of the 90-day period
16 beginning upon the date of the enactment of the
17 Consumer Protection Home Inspection Counseling
18 Act of 2012, the Secretary shall publish a Mortgagee
19 Letter informing mortgagees of their obligation
20 under paragraph (1).”;

21 (2) in subsection (c)—

22 (A) by striking the subsection designation
23 and all that follows through “Each” and insert-
24 ing the following:

25 “(c) REQUIREMENTS FOR HUD-APPROVED COUN-
26 SELING AGENCIES.—

1 “(1) PROVISION OF MATERIALS.—Each”;
2 (B) by striking “subparagraphs (C) and
3 (D) of”; and
4 (C) by adding at the end the following new
5 paragraphs:

6 “(2) REQUIREMENTS FOR HOUSING COUN-
7 SELORS.—Each person providing counseling for a
8 housing counseling entity authorized, certified, or
9 funded in whole or in part under section 106 of the
10 Housing and Urban Development Act of 1968 (12
11 U.S.C. 1701x) shall be trained through the vol-
12 untary home inspection training module established
13 pursuant to subsection (d), shall distribute the coun-
14 seling aids to be developed under this section, and
15 shall explain the materials specified in subsection
16 (a)(1) and other aids and materials set forth in this
17 section.

18 “(3) REQUIREMENTS FOR HOMEOWNERSHIP
19 COUNSELING PROGRAMS.—Any homeownership
20 counseling program required under, or provided in
21 connection with, any program administered by the
22 Department of Housing and Urban Development
23 shall be provided only by organizations or counselors
24 certified by the Secretary pursuant to this section as

1 competent to provide voluntary home inspection
2 counseling.

3 “(4) SANCTIONS.—The Secretary may withhold,
4 withdraw, or suspend housing counseling certifi-
5 cations for any housing counselor or counseling enti-
6 ty that fails to meet the requirements of this sec-
7 tion.”;

8 (3) in subsection (d)—

9 (A) in paragraph (3), by striking “and” at
10 the end;

11 (B) in paragraph (4), by striking the pe-
12 riod at the end and inserting “; and”;

13 (C) by redesignating paragraphs (1)
14 through (4) (as so amended) as subparagraphs
15 (A) through (D), respectively, and realigning
16 such subparagraphs (as so redesignated) so as
17 to be indented 4 ems from the left margin;

18 (D) by striking the subsection designation
19 and all that follows through “shall include—”
20 and inserting the following:

21 “(d) TRAINING.—

22 “(1) ESTABLISHMENT.—The Secretary shall es-
23 tablish a comprehensive program to train staff of
24 the Department, contractors, individuals, and enti-
25 ties that provide housing counseling under programs

1 authorized, certified, or funded under section 106 of
2 the Housing and Urban Development Act of 1968
3 (12 U.S.C. 1701x) to also provide counseling to con-
4 sumers on voluntary home inspection.

5 “(2) REQUIREMENTS.—The training program
6 established pursuant to this subsection shall include
7 development of a training module to train counselors
8 as well as counseling aids to be used by housing
9 counselors and suitable for distribution to con-
10 sumers. The training materials shall be written in
11 plain language and shall be comprehensible to un-
12 trained consumers with or without ongoing assist-
13 ance from housing counselors. Training provided
14 under the program shall include—”;

15 (E) in paragraph (2), as added by the
16 amendment made by subparagraph (D) of this
17 paragraph, by adding at the end the following
18 new subparagraph:

19 “(E) Internet website references and infor-
20 mation sufficient for counselors and home-
21 buyers to locate and select a local professional
22 home inspector.”; and

23 (F) by adding at the end the following new
24 paragraphs:

1 “(3) CONTENT.—At a minimum, the home in-
2 spection counseling program established under this
3 subsection, and the training module and counseling
4 aids developed under this subsection, shall convey
5 the following information:

6 “(A) That a home inspection in connection
7 with purchase of a home is voluntary, but not
8 mandatory, which means that the homebuyer
9 must make a personal choice whether to obtain
10 a home inspection.

11 “(B) That the Department of Housing and
12 Urban Development recommends that home-
13 buyers obtain a voluntary home inspection.

14 “(C) That a home inspection is an in-depth
15 technical and objective examination of the phys-
16 ical structure and internal systems of the home,
17 from the foundation to the roof, and should be
18 performed by a trained and experienced profes-
19 sional home inspector.

20 “(D) That a home inspection is not re-
21 quired in the case of an FHA loan insured
22 under title II of the National Housing Act (12
23 U.S.C. 1707 et seq.) and that a home inspec-
24 tion is not performed by FHA.

1 “(E) That in most cases, no home inspec-
2 tion will be performed unless the homebuyer re-
3 quests one.

4 “(F) That it is the burden of the home-
5 buyer to arrange for a home inspection if one
6 is requested.

7 “(G) That an appraisal is not equivalent to
8 a home inspection.

9 “(H) That if the homebuyer chooses to ob-
10 tain a home inspection, it is generally to the
11 homebuyer’s benefit to do so as early as pos-
12 sible.

13 “(I) That the homebuyer may ask to make
14 the transaction contingent on the outcome of
15 the home inspection and that the homebuyer
16 may realize substantial financial benefits from
17 the home inspection, including from identifying
18 possible repairs that could be performed and
19 paid for by the seller prior to the closing.

20 “(J) That the homebuyer should consider
21 requesting a voluntary home inspection.

22 “(4) ADDITIONAL GUIDANCE MATERIALS.—The
23 Secretary shall develop, in consultation with national
24 professional home inspector associations, additional
25 guidance materials to educate housing counselors on

1 how to advise consumers how to locate, interview,
2 and select a professional home inspector, and on how
3 consumers may independently locate, interview, and
4 select a professional home inspector. The Secretary
5 shall require that these materials be made available
6 to counselors providing housing counseling under the
7 programs referred to in this section.”; and

8 (4) by adding at the end the following new sub-
9 sections:

10 “(e) CERTIFICATION OF COUNSELORS.—

11 “(1) PROTOCOL.—The Secretary shall, in the
12 discretion of the Secretary, develop a new inde-
13 pendent protocol, or amend existing protocols, to
14 certify that housing counselors whose activities are
15 authorized, certified, or funded in whole or in part
16 under section 106 of the Housing and Urban Devel-
17 opment Act of 1968 (12 U.S.C. 1701x) have suc-
18 cessfully completed training using the voluntary
19 home inspection training module and counseling aids
20 established and developed pursuant to this section.

21 “(2) STANDARDS FOR MATERIALS AND
22 FORMS.—The Secretary shall establish standards
23 and requirements for voluntary home inspection
24 counseling materials and forms to be used, as appro-
25 priate, by organizations providing voluntary home

1 inspection counseling. Such standards shall conform
2 with the content requirements under this section.

3 “(f) REPORT.—Not later than the expiration of the
4 12-month period beginning upon the date of the enact-
5 ment of the Consumer Protection Home Inspection Coun-
6 seling Act of 2012, the Secretary shall submit a report
7 to the Congress describing the actions that have been un-
8 dertaken to comply with this section, disclosing the actions
9 that are required under this section but have not at such
10 time been addressed, assessing the results of this section
11 that have been achieved at such time, identifying areas
12 for improvement in the implementation of this section, and
13 making recommendations to enhance implementation of
14 this section.”.

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