

114TH CONGRESS
1ST SESSION

H. R. 1878

To require servicers to establish a deed-for-lease program under which eligible mortgagors may remain in their homes as renters.

IN THE HOUSE OF REPRESENTATIVES

APRIL 16, 2015

Ms. MICHELLE LUJAN GRISHAM of New Mexico introduced the following bill;
which was referred to the Committee on Financial Services

A BILL

To require servicers to establish a deed-for-lease program under which eligible mortgagors may remain in their homes as renters.

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 “Keeping Families
5 Home Act of 2015”.

6 **SEC. 2. DEED-FOR-LEASE PROGRAM.**

7 (a) ESTABLISHMENT.—

8 (1) IN GENERAL.—Each servicer shall establish
9 a deed-for-lease program (hereinafter referred to as

1 the “Program”), which shall permit an eligible mort-
2 gator to—

3 (A) enter into a deed in lieu of foreclosure
4 agreement;

5 (B) continue to occupy and lease the prop-
6 erty that is the subject of such agreement for
7 a 1-year period that begins on the date of such
8 agreement; and

9 (C) have a right of first refusal to pur-
10 chase such property after the end of the 1-year
11 lease period, if the owner of the property in-
12 tends to sell the property at that time.

13 (2) EXCEPTION FOR SMALL SERVICERS.—The
14 Program requirement under paragraph (1) shall not
15 apply to a small servicer, as such term is defined by
16 the Secretary of Housing and Urban Development.

17 (b) NOTICE REQUIREMENT.—Servicers shall provide
18 each eligible mortgagor with information about the Pro-
19 gram and how to apply to participate in the Program.

20 (c) LEASE TERMS.—A lease entered into by an eligi-
21 ble mortgagor under the Program shall—

22 (1) carry a monthly rent amount equal to the
23 fair market rent for such property, as determined by
24 an independent private appraiser hired by and paid
25 by the servicer; and

1 (2) contain all typical lease provisions for simi-
2 lar rental property.

3 (d) APPLICATION PROCESS.—

4 (1) IN GENERAL.—An eligible mortgagor may
5 apply for the Program at any time.

6 (2) EFFECT OF FORECLOSURE SALE.—If there
7 is a foreclosure sale pending with respect to the
8 property—

9 (A) the eligible mortgagor may only apply
10 for the Program before the date that is 7 days
11 before the date of such foreclosure sale; and

12 (B) once the eligible mortgagor applies for
13 the Program, the foreclosure sale shall be halt-
14 ed until after the eligible mortgagor's Program
15 application has been evaluated.

16 (3) CONTENTS OF APPLICATION.—

17 (A) IN GENERAL.—In applying for the
18 Program, an eligible mortgagor shall provide
19 the servicer with proof of the following informa-
20 tion:

21 (i) The eligible mortgagor is subject
22 to a financial hardship that makes the eli-
23 gible mortgagor unable to continue making
24 timely payments on the eligible mortgage
25 loan.

1 (ii) The eligible mortgagor is eligible
2 to pay the monthly rent amount described
3 under subsection (c)(1) and such amount
4 is no more than 31 percent of the eligible
5 mortgagor's monthly income.

6 (iii) The eligible mortgagor currently
7 lives in the property and intends to con-
8 tinue doing so during the 1-year lease
9 term.

10 (B) ABILITY TO PAY HIGHER PERCENTAGE
11 OF INCOME IN RENT.—Notwithstanding sub-
12 paragraph (A)(ii), if an eligible mortgagor be-
13 lieves they are able pay the monthly rent
14 amount despite such amount exceeding 31 per-
15 cent of the eligible mortgagor's monthly income,
16 the eligible mortgagor may request that the De-
17 partment of Housing and Urban Development
18 review their information, along with any con-
19 tributing factors the eligible mortgagor may
20 have (such as a low debt burden) and, if the
21 Department notifies the eligible mortgagor that
22 the Department agrees that the eligible mort-
23 gagor is able to pay a monthly rent amount
24 that is equal to a percentage of their monthly
25 income that is higher than 31 percent, such

1 higher percentage shall be used for purposes of
2 subparagraph (A)(ii).

3 (4) EFFECT OF JUNIOR LIENS.—If an eligible
4 mortgagor applies for a Program with respect to a
5 single family property subject to a junior lien—

6 (A) if the servicer of the Program is also
7 the holder of the junior lien, the servicer shall
8 release the junior lien and, subject to the other
9 requirements of this section, the eligible mort-
10 gator shall be eligible to participate in the Pro-
11 gram; and

12 (B) if the servicer of the Program is not
13 the holder of the junior lien, the servicer shall
14 contact such junior lien holder and request that
15 the holder release the lien, and—

16 (i) if the holder releases the lien, then,
17 subject to the other requirements of this
18 section, the eligible mortgagor shall be eli-
19 gible to participate in the Program; and

20 (ii) if the holder does not release the
21 lien, then the eligible mortgagor shall not
22 be eligible to participate in the Program.

23 (e) EVALUATION AND NOTIFICATION.—

24 (1) DEADLINE FOR EVALUATION.—The servicer
25 shall evaluate the eligible mortgagor's application

1 within 30 days of receiving such application and
2 shall accept an eligible mortgagor into the Program
3 if the eligible mortgagor has provided the proof de-
4 scribed under subsection (d)(3)(A).

5 (2) NOTIFICATION.—Promptly after making a
6 determination under paragraph (1), the servicer
7 shall notify the eligible mortgagor of such deter-
8 mination in writing and, if the servicer determines
9 that the eligible mortgagor may not be accepted into
10 the Program, the servicer shall specifically explain in
11 writing why the eligible mortgage was not accepted.

12 (f) SUBSEQUENT OWNERS FOLLOW PROGRAM RE-
13 QUIREMENTS.—Any subsequent owner of the property
14 being leased pursuant to the Program shall—

15 (1) maintain the Program and abide by the
16 terms of the Program to the same extent as the
17 servicer of the eligible mortgage; and

18 (2) certify to the Department of Housing and
19 Urban Development, before finalizing any purchase
20 of the property, that they will abide by the terms of
21 the Program.

22 (g) RULEMAKING; COMPLIANCE EVALUATION.—The
23 Department of Housing and Urban Development shall—

24 (1) issue such regulations as may be necessary
25 to carry out this section;

1 (2) evaluate the compliance by servicers and
2 owners with the requirements of this section; and

3 (3) enforce the requirements of this section.

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

5 (1) ELIGIBLE MORTGAGOR.—The term “eligible
6 mortgagor” means a mortgagor under an eligible
7 mortgage.

8 (2) ELIGIBLE MORTGAGE.—The term “eligible
9 mortgage” means a first or subordinate mortgage on
10 a property that—

11 (A) is a single family property; and

12 (B) is currently being used as the principal
13 residence of the eligible mortgagor.

14 (3) SINGLE FAMILY PROPERTY.—The term
15 “single family property” means—

16 (A) a structure consisting of 1 to 4 dwell-
17 ing units;

18 (B) a dwelling unit in a multi-unit condo-
19 minium property together with an undivided in-
20 terest in the common areas and facilities serv-
21 ing the property;

22 (C) a dwelling unit in a multi-unit project
23 for which purchase of stock or a membership
24 interest entitles the purchaser to permanent oc-
25 cupancy of that unit; or

1 (D) a manufactured housing unit.

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