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112TH CONGRESS
2D SESSION

H. R. 5884

To establish a 1-year pilot program to reduce up-front premiums on FHA mortgage insurance for first-time homebuyers who complete a homeownership counseling program and thereby help to reduce default rates on residential mortgages.

IN THE HOUSE OF REPRESENTATIVES

JUNE 1, 2012

Ms. BASS of California (for herself, Mr. DOLD, and Mr. GUTIERREZ) introduced the following bill; which was referred to the Committee on Financial Services

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A BILL

To establish a 1-year pilot program to reduce up-front premiums on FHA mortgage insurance for first-time homebuyers who complete a homeownership counseling program and thereby help to reduce default rates on residential mortgages.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ‘‘Homeownership Preservation Education Act of 2012’’.

SEC. 2. PILOT PROGRAM FOR REDUCTION OF FHA UP-FRONT-PREMIUMS FOR FIRST-TIME HOME-BUYERS.

(a) IN GENERAL.—The Secretary of Housing and Urban Development (in this section referred to as the ''Secretary'') shall carry out a pilot program under this section to evaluate the effectiveness, in reducing defaults on residential mortgages, of reducing up-front premiums for mortgage insurance made available by the Secretary pursuant to title II of National Housing Act for mortgagors who are first-time homebuyers who complete a homeownership counseling program that provides for one-on-one prepurchase counseling.

(b) REDUCED PREMIUMS.—Subject to subsection (c) of this section and notwithstanding the second sentence of subparagraph (A) of section 203(c)(2) of the National Housing Act (12 U.S.C. 1709(c)(2)(A)), in the case of a mortgage secured by a 1- to 4-family dwelling that is an obligation of the Mutual Mortgage Insurance Fund for which the mortgagor is a first-time homebuyer who completes a program of counseling with respect to the responsibilities and financial management involved in homeownership that is approved by the Secretary and provides for one-on-one pre-purchase counseling of the homebuyer by a nonprofit housing counseling agency approved by the Secretary, the amount of the premium payment for mortgage insurance under title II of such Act that is collected at the time of insurance shall be discounted, from the premium payment that would otherwise be collected at such time if such mortgagor were not a first-time homebuyer, by an amount equal to 0.25 percent of the original insured principal obligation of the mortgage.

(c) DURATION.—Subsection (b) shall apply only to mortgages insured during the 12-month period beginning upon such date that the Secretary implements the pilot program under this section, which shall not be later than the expiration of the 90-day period beginning on the date of the enactment of this Act.

(d) REPORT TO CONGRESS.—Not later than 180 days before the expiration of the period referred to in subsection (c), the Secretary shall submit to the Congress a report regarding the use and impact of the pilot program under this section. The report shall include—

(1) a review and analysis of the effectiveness of the program in—

(A) increasing the number of homebuyers accessing prepurchase housing counseling;

(B) reducing the rate of mortgage default and delinquency;

(C) preventing foreclosure; and

(D) supporting stable homeownership; and

(2) any recommendations the Secretary considers appropriate regarding the program.

(e) CONFORMING AMENDMENT.—Section 203(c)(2) of the National Housing Act (12 U.S.C. 1709(c)(2)(A)) is amended, in the matter preceding subparagraph (A), by striking "Notwithstanding" and inserting "Except as provided under section 2 of the Homeownership Preservation Education Act of 2012 and notwithstanding".

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