

113TH CONGRESS
2D SESSION

H. R. 5553

To provide access to information and loan modifications for successors in interest, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 18, 2014

Mrs. BEATTY (for herself and Mr. HECK of Washington) introduced the following bill; which was referred to the Committee on Financial Services

A BILL

To provide access to information and loan modifications for successors in interest, 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 “Preventing Improper
5 Foreclosures Act of 2014”.

6 **SEC. 2. ACCESS TO INFORMATION AND LOAN MODIFICA-**
7 **TIONS.**

8 Section 341 of the Garn-St Germain Depository In-
9 stitutions Act of 1982 (12 U.S.C. 1701j–3) is amended
10 by adding at the end the following:

1 “(h) ACCESS TO INFORMATION AND LOAN MODI-
2 FICATIONS.—

3 “(1) IN GENERAL.—In the case of a transfer
4 described under paragraph (3), (5), (6), (7), (8), or
5 (9) of subsection (d), a lender shall—

6 “(A) provide the successor homeowner with
7 information about the mortgage loan, including
8 the outstanding amount due, monthly payment,
9 if any, and available loan modification options;
10 and

11 “(B) with respect to a transfer involving a
12 real property loan other than a reverse mort-
13 gage—

14 “(i) promptly evaluate the successor
15 homeowner for a loan modification on the
16 same terms as if the successor homeowner
17 had been the original borrower and mort-
18 gagor; and

19 “(ii) perform such evaluation and
20 offer any available loss mitigation prior to
21 any assumption of the obligations under
22 the note.

23 “(2) RULE OF CONSTRUCTION.—Nothing in
24 this subsection shall be construed to—

1 “(A) limit or interfere with the inde-
 2 pendent rights of a successor homeowner to as-
 3 sume a mortgage under State law; or

4 “(B) empower a lender to place any re-
 5 strictions on the right of successor homeowners
 6 protected by subsection (d) to assume a mort-
 7 gage.

8 “(3) DEFENSE IN FORECLOSURE.—If a lender
 9 fails to comply with paragraph (1), such failure may
 10 be asserted as a defense to any judicial or non-judi-
 11 cial foreclosure.

12 “(4) RECOVERY OF STATUTORY DAMAGES, AC-
 13 TUAL DAMAGES, AND COSTS.—In any successful ac-
 14 tion brought by a successor homeowner under this
 15 subsection, the homeowner shall be entitled to re-
 16 cover statutory damages not to exceed \$1,000 per
 17 violation, actual damages, costs, and attorneys
 18 fees.”.

19 **SEC. 3. PROTECTION OF HOME EQUITY CONVERSION**
 20 **MORTGAGORS.**

21 (a) SAFEGUARD TO PREVENT DISPLACEMENT OF
 22 HOMEOWNER.—Subsection (j) of section 255 of the Na-
 23 tional Housing Act (12 U.S.C. 1715z–20(j)) is amended—

24 (1) in the first sentence by striking “the home-
 25 owner’s obligation to satisfy the loan obligation is

1 deferred until the homeowner’s death” and inserting
2 “maturity of the loan obligation is deferred until the
3 death of the homeowner and the homeowner’s
4 spouse, the permanent relocation of the homeowner
5 and the homeowner’s spouse”; and

6 (2) by striking the second sentence.

7 (b) SALE TERMS OF ELIGIBLE MORTGAGES.—Para-
8 graph (7) of section 255(d) of the National Housing Act
9 (12 U.S.C. 1715z–20(d)(7)) is amended—

10 (1) by redesignating subparagraphs (A) and
11 (B) as clauses (i) and (ii), respectively, and realign-
12 ing such subparagraphs, as so redesignated, so as to
13 be indented 6 ems from the left margin; and

14 (2) by striking the matter that precedes clause
15 (i) (as so redesignated by paragraph (1) of this sub-
16 section) and inserting the following:

17 “(7)(A) provide that—

18 “(i) the mortgagor may sell the dwelling
19 that is subject to the mortgage for at least the
20 lesser of the remaining balance on the mortgage
21 or the appraised value of such dwelling;

22 “(ii) if the loan is due and payable, the
23 mortgagor may sell the dwelling that is subject
24 to the mortgage for the lesser of the remaining
25 balance on the mortgage or the amount that is

1 equal to 5 percent less than the appraised value
2 of such dwelling; and

3 “(iii) upon the death of the mortgagor, the
4 estate or heirs of the mortgagor may satisfy the
5 loan obligation by paying the lesser of the re-
6 maining balance on the mortgage or the
7 amount that is equal to 5 percent less than the
8 appraised value of the dwelling that is subject
9 to the mortgage; and

10 “(B) provide that the mortgagor, the estate of
11 the mortgagor, or the heirs of the mortgagor shall
12 not be liable for any difference between the amount
13 of indebtedness under the mortgage and the amount
14 recovered by the mortgagee from—”.

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