

114TH CONGRESS  
1ST SESSION

# H. R. 125

To authorize a pilot program to improve asset recovery levels, asset management, and homeownership retention with respect to delinquent single-family mortgages insured under the FHA mortgage insurance programs by providing for in-person contact outreach activities with mortgagors under such mortgages, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

JANUARY 6, 2015

Mr. AL GREEN of Texas introduced the following bill; which was referred to the Committee on Financial Services

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## A BILL

To authorize a pilot program to improve asset recovery levels, asset management, and homeownership retention with respect to delinquent single-family mortgages insured under the FHA mortgage insurance programs by providing for in-person contact outreach activities with mortgagors under such mortgages, 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 “FHA In-Person Serv-  
5 icing Improvement Act of 2015”.

1 **SEC. 2. PILOT PROGRAM.**

2 (a) **AUTHORITY.**—The Secretary of Housing and  
3 Urban Development shall carry out a pilot program under  
4 this section to use the authority under section 204(a)(2)  
5 of the National Housing Act (12 U.S.C. 1710(a)(2)) to  
6 make payments to a qualified entity or entities to com-  
7 pensate for their costs of making in-person contact with  
8 mortgagors whose payments under covered mortgages are  
9 more than 60 days past due, for the purpose of—

10 (1) identifying mortgagors eligible for loan  
11 modifications or refinances and providing packages  
12 to the mortgagee for such purposes;

13 (2) identifying mortgagors not eligible for a  
14 loan modification or refinance but willing to engage  
15 in pre-foreclosure sales or deeds in lieu of fore-  
16 closure, and providing information to the mortgagee  
17 in order to facilitate such actions;

18 (3) identifying whether a home's current occu-  
19 pant is the mortgagor or a renter, and if not occu-  
20 pied, taking steps to locate and make contact with  
21 the mortgagor;

22 (4) providing information to the Secretary and  
23 the mortgagee regarding the condition of the home,  
24 in order to facilitate any actions needed to prevent  
25 the deterioration and loss of value of the home and

1 assist the Department more generally in its asset  
2 management responsibilities; and

3 (5) providing all relevant information on mort-  
4 gators and homes to the mortgagee on the loan and  
5 the Secretary in a format, approved by the Sec-  
6 retary, which helps improve asset management and  
7 maximize asset recovery of these delinquent loans.

8 (b) QUALIFIED ENTITIES.—For purposes of this sec-  
9 tion, the term “qualified entity” means a single entity or  
10 a consortia or partnership of entities that—

11 (1) have experience in carrying out the activi-  
12 ties identified in subsection (a);

13 (2) are not affiliated with the mortgagor under  
14 any of the covered mortgages for which it is author-  
15 ized to carry out actions under the pilot program  
16 under this section; and

17 (3) comply with all relevant State and Federal  
18 laws.

19 (c) SELECTION OF A QUALIFIED ENTITY OR ENTI-  
20 TIES.—

21 (1) SCOPE.—The Secretary shall have the dis-  
22 cretion to select qualified entities to participate in  
23 the pilot program under this section.

24 (2) CRITERIA.—Such selection shall be based  
25 on the qualifications and experience of the entity or

1 entities to carry out the specific activities identified  
2 in subsection (a), including the level of infrastruc-  
3 ture capability in reporting detailed information on  
4 the mortgage loan, underlying property, and the  
5 mortgagor.

6 (3) PARTICIPATING LOANS.—The Secretary  
7 shall make available not less than 50,000 and not  
8 more than 100,000 loans that meet the delinquency  
9 criteria of subsection (a) for this pilot program.

10 (4) TIMING.—The Secretary shall select the  
11 qualified entity and entities and make available  
12 loans under the pilot for their performance within  
13 90 days of the enactment of the Act.

14 (d) PAYMENTS.—Payments to the entity or entities  
15 selected to carry out the pilot program under this section  
16 may be based on—

17 (1) a flat amount per covered mortgage;

18 (2) a performance success basis based on—

19 (A) completed packages; or

20 (B) completed loan modifications, pre-fore-  
21 closure sales, and deeds in lieu of foreclosure;

22 or

23 (3) a combination of the methods under para-  
24 graphs (1) and (2).

1 (e) PROHIBITION ON FEES.—Entities selected to par-  
2 ticipate in the pilot program under this section may not  
3 charge any fees or require any payments, directly or indi-  
4 rectly, from the mortgagor or the mortgagee of a covered  
5 mortgage in connection any activities under the program.

6 (f) HUD REVIEW AND REPORTING.—The Secretary  
7 shall publish periodic updates on the status of the pilot  
8 program under this section, commencing not later than  
9 30 days after the completion of actions under subsection  
10 (c)(1) and (c)(3), and thereafter not less often than every  
11 90 days until termination of the pilot program under sub-  
12 section (h). Not later than 60 days after termination of  
13 the pilot program, the Secretary shall submit to the Con-  
14 gress and make publicly available a final report on the  
15 pilot program, including information and analysis of per-  
16 formance characteristics, which may include comparisons  
17 of estimated asset recovery levels under the pilot program  
18 compared to comparable loans not included in the pilot  
19 and loans that have gone through loan sales.

20 (g) DEFINITIONS.—For purposes of this section, the  
21 following definitions shall apply:

22 (1) COVERED MORTGAGE.—The term “covered  
23 mortgage” means a mortgage on a 1- to 4-family  
24 residence insured under subsection (b) or (k) of sec-  
25 tion 203, section 234(c), or 251 of the National

1       Housing Act (12 U.S.C. 1709 (b) or (k), 1715y(c),  
2       1715z-16).

3               (2) SECRETARY.—The term “Secretary” means  
4       the Secretary of Housing and Urban Development.

5       (h) TERMINATION.—The Secretary may not make  
6       any payments under the pilot program under this section  
7       to any qualified entity for any in-person contact with a  
8       mortgagor that occurs after the expiration of the 24-  
9       month period beginning upon the completion of the actions  
10      under subsection (c)(1) and (c)(3).

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