

116TH CONGRESS  
2D SESSION

# H. R. 6340

To provide for mortgage forbearance during the COVID–19 emergency, and  
for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

MARCH 23, 2020

Mr. CLAY introduced the following bill; which was referred to the Committee  
on Financial Services

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## A BILL

To provide for mortgage forbearance during the COVID–  
19 emergency, 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. MORTGAGE FORBEARANCE.**

4       (a) FINDINGS.—

5               (1) FINDINGS.—Congress finds that—

6                       (A) the collection of debts involves the use  
7                       of the mails and wires and other instrumental-  
8                       ities of interstate commerce;

9                       (B) at times of major disaster or emer-  
10                      gency, the income of consumers is often im-

1           paired and their necessary daily expenses often  
2           increase;

3           (C) temporary forbearance benefits not  
4           only consumer and small business debtors, but  
5           also other creditors by avoiding downward col-  
6           lateral price spirals triggered by an increase in  
7           foreclosure activity;

8           (D) without forbearance, many consumers  
9           and small businesses are unlikely to be able to  
10          pay their obligations according to their original  
11          terms and are likely to default on obligations or  
12          file for bankruptcy, resulting in reduced recov-  
13          eries for creditors, and in the case of bank-  
14          ruptcy, no recovery of unaccrued interest;

15          (E) with forbearance, creditors are likely  
16          to realize greater long-term value because con-  
17          sumers and small businesses will be more likely  
18          to be able to repay their obligations after the  
19          major disaster or emergency has subsided;

20          (F) the legislative and administrative re-  
21          sponse to major disasters and emergencies may  
22          consist of multiple components divided among  
23          different statutes and programs; and

24          (G) when evaluating whether property has  
25          been taken from a person without just com-

1           pensation, a holistic evaluation of the burdens  
2           and benefits of all legislative and administrative  
3           responses, including indirect benefits from mac-  
4           roeconomic stabilization, is appropriate.

5           (2) FURTHER FINDINGS REGARDING MORTGAGE  
6           FORBEARANCE.—Congress further finds that—

7                   (A) ensuring that consumers are able to  
8                   remain in their residences reduces the disrup-  
9                   tions and economic harm caused by such disas-  
10                  ters and emergencies by ensuring that con-  
11                  sumers are able to continue their existing em-  
12                  ployment, education, childcare, and healthcare  
13                  arrangements, which are often geographically  
14                  based;

15                  (B) temporary forbearance on residential  
16                  mortgages is therefore critical to fostering eco-  
17                  nomic recovery and stability in the wake of  
18                  major disasters or emergencies;

19                  (C) temporary mortgage forbearance dur-  
20                  ing a declared disaster benefits not only mort-  
21                  gagors, but also mortgagees because mortga-  
22                  gors' ability to pay is likely to be restored after  
23                  a disaster or emergency subsides, so forbear-  
24                  ance may increase mortgagors' total recovery.  
25                  Without forbearance, mortgagors are likely to

1 default or file for bankruptcy, resulting in sig-  
2 nificant losses for mortgagees; and

3 (D) temporary mortgage forbearance dur-  
4 ing a declared disaster also benefits the mortga-  
5 gees of other properties because housing prices  
6 are geographically and serially correlated so an  
7 increase in foreclosures can drive down the  
8 value of collateral for all mortgage lenders, fur-  
9 ther destabilizing the economy.

10 (3) FURTHER FINDINGS REGARDING MORTGAGE  
11 SERVICERS.—Congress further finds that—

12 (A) mortgage servicers are often contrac-  
13 tually obligated to advance scheduled mortgage  
14 payments to securitization investors, irrespec-  
15 tive of whether the servicer collects the payment  
16 from the mortgagor;

17 (B) mortgage servicers are often thinly  
18 capitalized and with limited capacity for engag-  
19 ing in large scale advancing of payments to  
20 securitization investors;

21 (C) securitization investors have long been  
22 aware of servicers' thin capitalization;

23 (D) in the wake of the 2008 financial cri-  
24 sis, several servicers had difficulty obtaining  
25 sufficiently liquidity to make advances;

1 (E) mortgage servicing is a heavily regu-  
2 lated industry;

3 (F) in response to the 2008 financial cri-  
4 sis, Congress created a safe harbor for mort-  
5 gage servicers that undertook loan modifica-  
6 tions;

7 (G) in response to the 2008 financial cri-  
8 sis, the Home Affordable Modification Program  
9 paid mortgage servicers to undertake loan  
10 modifications;

11 (H) as part of the 2012 joint State-Fed-  
12 eral National Mortgage Settlement, mortgage  
13 servicers committed to undertaking loan modi-  
14 fications; and

15 (I) investors in mortgage securitizations  
16 are or should be aware of servicers' thin cap-  
17 italization, liquidity constraints, the extent and  
18 history of servicing regulation and therefore do  
19 not have a reasonable expectation that the  
20 terms of servicing contracts will be enforceable  
21 at times of national financial crisis.

22 (4) DETERMINATION.—It is the sense of the  
23 Congress that, on the basis of the findings described  
24 under paragraphs (1), (2), and (3), the Congress de-  
25 termines that the provisions of this Act are nec-

1       essary and proper for the purpose of carrying into  
2       execution the powers of the Congress to regulate  
3       commerce among the several States and to establish  
4       uniform bankruptcy laws.

5       (b) PROHIBITION ON FORECLOSURES AND REPOS-  
6       SESSIONS DURING THE COVID–19 EMERGENCY.—

7               (1) PROHIBITION ON FORECLOSURES.—The  
8       Real Estate Settlement Procedures Act of 1974 (12  
9       U.S.C. 2601 et seq.) is amended—

10                   (A) in section 3 (12 U.S.C. 2602)—

11                           (i) in paragraph (8), by striking  
12                           “and” at the end;

13                           (ii) in paragraph (9), by striking the  
14                           period at the end and inserting “; and”;  
15                           and

16                           (iii) by adding at the end the fol-  
17                           lowing:

18                           “(10) the term ‘COVID–19 emergency’ means  
19                           the period that begins upon the date of the enact-  
20                           ment of this Act and ends on the date of the termi-  
21                           nation by the Federal Emergency Management  
22                           Agency of the emergency declared on March 13,  
23                           2020, by the President under the Robert T. Stafford  
24                           Disaster Relief and Emergency Assistance Act (42

1 U.S.C. 4121 et seq.) relating to the Coronavirus  
2 Disease 2019 (COVID–19) pandemic.”; and

3 (B) in section 6(k)(1) (12 U.S.C.  
4 2605(k)(1))—

5 (i) in subparagraph (D), by striking

6 “or” at the end;

7 (ii) by redesignating subparagraph

8 (E) as subparagraph (G); and

9 (iii) by inserting after subparagraph

10 (D) the following:

11 “(E) commence or continue any judicial  
12 foreclosure action or non-judicial foreclosure  
13 process or any action to evict a consumer fol-  
14 lowing a foreclosure during the COVID–19  
15 emergency or the 180-day period following such  
16 emergency (except that such prohibition shall  
17 not apply to a mortgage secured by a dwelling  
18 that the servicer has determined after exer-  
19 cising reasonable diligence is vacant or aban-  
20 doned);

21 “(F) fail to toll the time in a foreclosure  
22 process on a property during the COVID–19  
23 emergency or the 180-day period following such  
24 emergency (except that such prohibition shall  
25 not apply to a mortgage secured by a dwelling

1           that the servicer has determined after exer-  
2           cising reasonable diligence is vacant or aban-  
3           doned); or”.

4           (2) REPOSSESSION PROHIBITION.—During the  
5           COVID–19 emergency and for the 180-day period  
6           following such emergency, a servicer of a consumer  
7           loan secured by a manufactured home or a motor ve-  
8           hicle may not repossess such home or vehicle.

9           (c) FORBEARANCE OF RESIDENTIAL MORTGAGE  
10          LOAN PAYMENTS FOR SINGLE FAMILY PROPERTIES (1–  
11          4 UNITS).—Section 6 of the Real Estate Settlement Pro-  
12          cedures Act of 1974 (12 U.S.C. 2605) is amended by add-  
13          ing at the end the following:

14          “(n) FORBEARANCE DURING THE COVID–19 EMER-  
15          GENCY.—

16                 “(1) CONSUMER RIGHT TO REQUEST A FOR-  
17          BEARANCE.—

18                         “(A) REQUEST FOR FORBEARANCE.—A  
19                         borrower experiencing a financial hardship dur-  
20                         ing the COVID–19 emergency may request for-  
21                         bearance from any mortgage obligation, regard-  
22                         less of delinquency status, by submitting a re-  
23                         quest to the borrower’s servicer, either orally or  
24                         in writing, affirming that the borrower is expe-  
25                         riencing hardship during the COVID–19 emer-



1 agency. A borrower shall not be required to pro-  
2 vide any additional documentation to receive  
3 such forbearance.

4 “(B) LENGTH OF FORBEARANCE; EXTEN-  
5 SION.—A forbearance requested pursuant to  
6 subparagraph (A) shall be provided for a period  
7 of 180 days, and may be extended upon request  
8 of the borrower for an additional 180 days.

9 “(C) TREATMENT OF TENANTS.—A bor-  
10 rower receiving a forbearance under this sub-  
11 section with respect to a mortgage secured by  
12 a dwelling that has tenants, whether or not the  
13 borrower also lives in the dwelling, shall provide  
14 the tenants with rent relief for a period not less  
15 than the period covered by the forbearance.

16 “(2) AUTOMATIC FORBEARANCE FOR DELIN-  
17 QUENT BORROWERS.—

18 “(A) IN GENERAL.—Notwithstanding any  
19 other law governing forbearance relief, during  
20 the COVID–19 emergency, any borrower who is  
21 or becomes 60 days or more delinquent on a  
22 mortgage obligation shall automatically be  
23 granted a 180-day forbearance, which may be  
24 extended upon request of the borrower for an  
25 additional 180 days. Such a borrower may elect

1 to continue making regular payments by noti-  
2 fying the servicer of the mortgage obligation of  
3 such election.

4 “(B) NOTICE TO BORROWER.—The  
5 servicer of a mortgage obligation placed in for-  
6 bearance pursuant to subparagraph (A) shall  
7 provide the borrower written notification of the  
8 forbearance and its duration as well as informa-  
9 tion about available loss mitigation options and  
10 the right to end the forbearance and resume  
11 making regular payments.

12 “(C) TREATMENT OF PAYMENTS DURING  
13 FORBEARANCE.—Any payments made by the  
14 borrower during the forbearance period shall be  
15 credited to the borrower’s account in accord-  
16 ance with section 129F of the Truth in Lending  
17 Act (15 U.S.C. 1639f) or as the borrower may  
18 otherwise instruct that is consistent with the  
19 terms of the mortgage loan contract.

20 “(3) REQUIREMENTS FOR SERVICERS.—

21 “(A) NOTIFICATION.—

22 “(i) IN GENERAL.—Each servicer of a  
23 federally related mortgage loan shall notify  
24 the borrower of their right to request for-  
25 bearance under paragraph (1)—

1           “(I) not later than 14 days after  
2 the date of enactment of this sub-  
3 section; and

4           “(II) until the end of COVID–19  
5 emergency—

6           “(aa) on each periodic state-  
7 ment provided to the borrower;  
8 and

9           “(bb) in any oral or written  
10 communication by the servicer  
11 with or to the borrower.

12           “(ii) MANNER OF NOTIFICATION.—

13           “(I) WRITTEN NOTIFICATION.—  
14 Any written notification required  
15 under this section—

16           “(aa) shall be provided—

17           “(AA) in English and  
18 Spanish and in any addi-  
19 tional languages in which  
20 the servicer communicates,  
21 including the language in  
22 which the loan was nego-  
23 tiated, to the extent known  
24 by the servicer; and

1                   “(BB) at least as clear-  
2                   ly and conspicuously as the  
3                   most clear and conspicuous  
4                   disclosure on the document;

5                   “(bb) shall include the noti-  
6                   fication of the availability of lan-  
7                   guage assistance and housing  
8                   counseling produced by the Fed-  
9                   eral Housing Finance Agency  
10                  under subsection (o); and

11                  “(cc) may be provided by  
12                  first-class mail or electronically,  
13                  if the borrower has otherwise  
14                  consented to electronic commu-  
15                  nication with the servicer and has  
16                  not revoked such consent.

17                  “(II) ORAL NOTIFICATION.—Any  
18                  oral notification required under clause  
19                  (i) shall be provided in the language  
20                  the servicer otherwise uses to commu-  
21                  nicate with the borrower.

22                  “(III) WRITTEN TRANS-  
23                  LATIONS.—In providing written notifi-  
24                  cations in languages other than  
25                  English under subclause (I), a

1           servicer may rely on written trans-  
2           lations developed by the Federal  
3           Housing Finance Agency or the Bu-  
4           reau.

5           “(B) OTHER REQUIREMENTS.—

6           “(i) FORBEARANCE REQUIRED.—

7           Upon receiving a request for forbearance  
8           from a consumer under paragraph (1) or  
9           placing a borrower in automatic forbear-  
10          ance under paragraph (2), a servicer shall  
11          provide the forbearance for not less than  
12          180 days, and an additional 180 days at  
13          the request of the borrower, provided that  
14          the borrower will have the option to dis-  
15          continue the forbearance at any time.

16          “(ii) PROHIBITION ON FEES, PEN-  
17          ALTIES, AND INTEREST.—During the pe-  
18          riod of a forbearance under this sub-  
19          section, no fees, penalties or additional in-  
20          terest beyond the amounts scheduled or  
21          calculated as if the borrower made all con-  
22          tractual payments on time and in full  
23          under the terms of the mortgage contract  
24          in effect at the time the borrower enters  
25          into the forbearance shall accrue.

1           “(iii) TREATMENT OF ESCROW PAY-  
2           MENTS.—If a borrower in forbearance  
3           under this subsection is required to make  
4           payments to an escrow account, the  
5           servicer shall pay or advance the escrow  
6           disbursements in a timely manner (defined  
7           as on or before the deadline to avoid a  
8           penalty), regardless of the status of the  
9           borrower’s payments. The servicer may col-  
10          lect any resulting escrow shortage or defi-  
11          ciency from the borrower after the forbear-  
12          ance period ends, in a lump sum payment,  
13          spread over 60 months, or capitalized into  
14          the loan, at the borrower’s election.”.

15          (d) NOTIFICATION OF LANGUAGE ASSISTANCE AND  
16 HOUSING COUNSELING.—Section 6 of the Real Estate  
17 Settlement Procedures Act of 1974 (12 U.S.C. 2605), as  
18 amended by subsection (c), is further amended by adding  
19 at the end the following:

20          “(o) NOTIFICATION OF LANGUAGE ASSISTANCE AND  
21 HOUSING COUNSELING.—

22                 “(1) IN GENERAL.—The Federal Housing Fi-  
23                 nance Agency shall, within 30 days of the date of  
24                 enactment of this Act, make available a document  
25                 providing notice of the availability of language as-

1       sistance and housing counseling in substantially the  
2       same form, and in at least the same languages, as  
3       the existing Language Translation Disclosure.

4               “(2) MINIMUM REQUIREMENT.—The document  
5       described under subsection (a) shall include the no-  
6       tice in at least all the languages for which Federal  
7       Housing Finance Agency currently has translations  
8       on its existing Language Translation Disclosure  
9       available.

10              “(3) PROVISION TO SERVICERS.—The Federal  
11       Housing Finance Agency shall make this document  
12       available to servicers to fulfill their requirements  
13       under subsection (n).”.

14       (e) UNITED STATES DEPARTMENT OF AGRICULTURE  
15       DIRECT LOAN PROGRAM.—Section 505 of the Housing  
16       Act of 1949 (42 U.S.C. 1475) is amended—

17              (1) by redesignating subsection (b) as sub-  
18       section (c); and

19              (2) by inserting after subsection (a) the fol-  
20       lowing:

21       “(b) LOAN MODIFICATION.—

22              “(1) IN GENERAL.—The Secretary shall imple-  
23       ment a loan modification program to modify the  
24       terms of outstanding loans for borrowers who face  
25       financial hardship.

1           “(2) AFFORDABLE PAYMENTS.—The Sec-  
2           retary’s loan modification program under paragraph  
3           (1) shall be designed so as to provide affordable pay-  
4           ments for borrowers. In defining ‘affordable pay-  
5           ments’ the Secretary shall consult definitions of af-  
6           fordability promulgated by the Federal Housing Fi-  
7           nance Authority, the Department of Housing and  
8           Urban Development, and the Bureau of Consumer  
9           Financial Protection.

10           “(3) ADDITIONAL PROGRAM REQUIREMENTS.—  
11           The Secretary’s loan modification program under  
12           paragraph (1) shall allow for measures including ex-  
13           tension of the remaining loan term to up to 480  
14           months and a reduction in interest rate to the mar-  
15           ket interest rate as defined by regulations of the  
16           Secretary. The modification program shall be avail-  
17           able for borrowers in a moratorium and for bor-  
18           rowers not already in a moratorium who qualify  
19           under the terms established by the Secretary. The  
20           Secretary may also establish reasonable additional  
21           measures for providing affordable loan modifications  
22           to borrowers.”;

23           (3) in subsection (c), as so redesignated, by  
24           adding at the end the following: “Acceleration of the  
25           promissory note and initiation of foreclosure pro-



1       ceedings shall not terminate a borrower’s eligibility  
2       for a moratorium, loan reamortization, special serv-  
3       icing, or other foreclosure alternative.”; and

4               (4) by adding at the end the following:

5       “(d) REQUIREMENT.—The Secretary shall comply  
6 with subsection (k)(1), (n), and (o) of section 6 of the  
7 Real Estate Settlement Procedures Act of 1974 with re-  
8 spect to any single-family loans it holds or services.”.

9       (f) FORBEARANCE OF RESIDENTIAL MORTGAGE  
10 LOAN PAYMENTS FOR MULTIFAMILY PROPERTIES (5+  
11 UNITS).—

12               (1) IN GENERAL.—During the COVID–19  
13 emergency, a multifamily borrower experiencing a fi-  
14 nancial hardship due, directly or indirectly, to the  
15 COVID–19 emergency may request a forbearance  
16 under the terms set forth in this section.

17               (2) REQUEST FOR RELIEF.—A multifamily bor-  
18 rower may submit a request for forbearance under  
19 paragraph (1) to the borrower’s servicer, either oral-  
20 ly or in writing, affirming that the multifamily bor-  
21 rower is experiencing hardship during the COVID–  
22 19 emergency.

23               (3) FORBEARANCE PERIOD.—

1 (A) IN GENERAL.—Upon receipt of an oral  
2 or written request for forbearance from a multi-  
3 family borrower, a servicer shall—

4 (i) document the financial hardship;

5 (ii) provide the forbearance for not  
6 less than 180 days; and

7 (iii) provide the forbearance for an ad-  
8 ditional 180 days upon the request of the  
9 borrower at least 30 days prior to the end  
10 of the forbearance period described under  
11 subparagraph (A).

12 (B) RIGHT TO DISCONTINUE.—A multi-  
13 family borrower shall have the option to dis-  
14 continue the forbearance at any time.

15 (4) RENTER PROTECTIONS.—During the term  
16 of a forbearance under this section, a multifamily  
17 borrower may not—

18 (A) evict a tenant for nonpayment of rent;

19 or

20 (B) apply or accrue any fees or other pen-  
21 alties on renters for nonpayment of rent.

22 (5) OBLIGATION TO BRING THE LOAN CUR-  
23 RENT.—A multifamily borrower shall bring a loan  
24 placed in forbearance under this section current  
25 within the earlier of—

1 (A) 12 months after the conclusion of the  
2 forbearance period; or

3 (B) receipt of any business interruption in-  
4 surance proceeds by the multifamily borrower.

5 (6) DEFINITION.—For the purposes of this sub-  
6 section, the term “multifamily borrower” means a  
7 borrower of a residential mortgage loan that is se-  
8 cured by a lien against a property comprising five or  
9 more dwelling units.

10 (g) FEDERAL RESERVE CREDIT FACILITY FOR  
11 MORTGAGE SERVICERS.—

12 (1) IN GENERAL.—The Board of Governors of  
13 the Federal Reserve System and the Secretary of the  
14 Treasury, pursuant to the authority granted under  
15 section 13(3) of the Federal Reserve Act, directly  
16 (or indirectly through an intermediary, such as the  
17 Federal National Mortgage Association, the Federal  
18 Home Loan Mortgage Corporation, the Government  
19 National Mortgage Association, an insured deposi-  
20 tory institution, non-depository lending institution,  
21 or a special purpose vehicle)—

22 (A) shall extend credit to mortgage  
23 servicers and other obligated advancing parties  
24 that in each case have liquidity needs due to the  
25 COVID–19 emergency or compliance with this

1 Act with respect to mortgage loans (the “af-  
2 fected mortgages”); and

3 (B) may extend further credit to mortgage  
4 servicers for other liquidity needs due to the ac-  
5 tual or imminent delinquency or default on  
6 mortgage loans due to the COVID–19 emer-  
7 gency.

8 (2) NON-COMPLIANT SERVICERS.—A mortgage  
9 servicer shall not be eligible for assistance under  
10 paragraph (1) if the provider is in violation of any  
11 requirement under this Act, and fails to promptly  
12 cure any such violation upon notice or discovery  
13 thereof.

14 (3) PAYMENTS AND PURCHASES.—Credit ex-  
15 tended under paragraph (1)(A) shall be in an  
16 amount sufficient to—

17 (A) cover—

18 (i) the pass-through payment of prin-  
19 cipal and interest to mortgage-backed se-  
20 curities holders;

21 (ii) the payment of taxes and insur-  
22 ance to third parties; and

23 (iii) the temporary reimbursement of  
24 modification costs and fees due to servicers  
25 that will be deferred until such time as a

1           forbearance period terminates, due in each  
2           case on, or in respect of, such affected  
3           mortgage loans or related mortgage-backed  
4           securities; and

5           (B) purchase affected mortgages from  
6           pools of securitized mortgages.

7           (4) COLLATERAL.—The credit authorized by  
8           this section shall be secured by the pledgor’s interest  
9           in accounts receivable, loans, or related interests re-  
10          sulting from the payment advances made on the af-  
11          fected mortgages by the mortgage servicers.

12          (5) CREDIT SUPPORT.—The Secretary of the  
13          Treasury shall provide credit support to the Board  
14          of Governors of the Federal Reserve System for the  
15          program required by this section.

16          (6) CONFLICT WITH OTHER LAWS.—Notwith-  
17          standing any Federal or State law to the contrary,  
18          the Federal National Mortgage Association, the Fed-  
19          eral Home Loan Mortgage Corporation, and the  
20          Government National Mortgage Association may  
21          permit the pledge or grant of a security interest in  
22          the pledgor’s interest in such accounts receivable or  
23          loans or related interests and honor or permit the  
24          enforcement of such pledge or grant in accordance  
25          with its terms.

1           (7) DURATION.—The extension of credit by the  
2 Board of Governors of the Federal Reserve System  
3 and credit support from the Secretary of the Treas-  
4 ury under this section shall be available until the  
5 later of—

6                   (A) 6 months after the end of the COVID-  
7 19 emergency; and

8                   (B) the date on which the Board of Gov-  
9 ernors of the Federal Reserve System and the  
10 Secretary of the Treasury determine such credit  
11 and credit support should no longer be available  
12 to address the liquidity concern addressed by  
13 this section.

14           (8) AMENDMENTS TO NATIONAL HOUSING  
15 ACT.—Section 306(g)(1) of the National Housing  
16 Act (12 U.S.C. 1721(g)(1)) is amended—

17                   (A) by inserting the following new sentence  
18 after the fourth sentence in the paragraph: “In  
19 any case in which (I) the President declares a  
20 major disaster or emergency for the Nation or  
21 any area that in either case has been affected  
22 by damage or other adverse effects of sufficient  
23 severity and magnitude to warrant major dis-  
24 aster assistance under the Robert T. Stafford  
25 Disaster Relief and Emergency Assistance Act

1 or other Federal law, (II) upon request of an  
2 Issuer of any security, the Association elects to  
3 extend to the Issuer one or more of the disaster  
4 assistance or emergency programs that the As-  
5 sociation determines to be available to account  
6 for the Issuer's failure or anticipated failure to  
7 receive from the mortgagor the full amount of  
8 principal and interest due, then (III) the Asso-  
9 ciation may elect not to declare the Issuer to be  
10 in default because of such request for such dis-  
11 aster or emergency assistance.”;

12 (B) by inserting after the word “issued” in  
13 the sixth sentence, as redesignated, the fol-  
14 lowing: “subject to any pledge or grant of secu-  
15 rity interest of the pledgor's interest in and to  
16 any such mortgage or mortgages or any interest  
17 therein and the proceeds thereon, which the As-  
18 sociation may elect to approve;”; and

19 (C) by inserting after the word “issued” in  
20 the seventh sentence, as redesignated, the fol-  
21 lowing: “, or (D) its approval and honoring of  
22 any pledge or grant of security interest of the  
23 pledgor's interest in and to any such mortgage  
24 or mortgages or any interest therein and pro-  
25 ceeds thereon.”.

1 (h) SAFE HARBOR.—

2 (1) IN GENERAL.—Notwithstanding any other  
3 provision of law, whenever a servicer of residential  
4 mortgages of residential mortgage-backed securi-  
5 ties—

6 (A) grants a borrower relief under section  
7 6(n) and 6(p) of the Real Estate Settlement  
8 Procedures Act of 1974 with respect to a resi-  
9 dential mortgage originated before April 1,  
10 2020, including a mortgage held in a  
11 securitization or other investment vehicle; and

12 (B) the servicer or trustee or issuer owes  
13 a duty to investors or other parties regarding  
14 the standard for servicing such mortgage,  
15 the servicer shall be deemed to have satisfied such  
16 a duty, and the servicer shall not be liable to any  
17 party who is owed such a duty and shall not be sub-  
18 ject to any injunction, stay, or other equitable relief  
19 to such party, based upon its good faith compliance  
20 with the provisions of 6(n) and 6(p) of the Real Es-  
21 tate Settlement Procedures Act of 1974. Any per-  
22 son, including a trustee or issuer, who cooperates  
23 with a servicer when such cooperation is necessary  
24 for the servicer to implement the provisions of 6(n)  
25 and 6(p) of the Real Estate Settlement Procedures



1 Act of 1974 shall be protected from liability in the  
2 same manner.

3 (2) STANDARD INDUSTRY PRACTICE.—Compli-  
4 ance with 6(n) and 6(p) of the Real Estate Settle-  
5 ment Procedures Act of 1974 during the COVID–19  
6 emergency shall constitute standard industry prac-  
7 tice for purposes of all Federal and State laws.

8 (3) DEFINITIONS.—As used in this sub-  
9 section—

10 (A) the term “servicer” has the meaning  
11 given that term under section 6(i)(2) of the  
12 Real Estate Settlement Procedures Act of 1974  
13 (12 U.S.C. 2605(i)(2)); and

14 (B) the term “securitization vehicle” has  
15 the meaning given that term under section  
16 129A(f)(3) of the Truth in Lending Act (15  
17 U.S.C. 1639a(f)(3)).

18 (4) RULE OF CONSTRUCTION.—No provision of  
19 paragraph (1) or (2) shall be construed as affecting  
20 the liability of any servicer or person for actual  
21 fraud in servicing of a loan or for the violation of  
22 a State or Federal law.

23 (i) POST-PANDEMIC MORTGAGE REPAYMENT OP-  
24 TIONS.—Section 6 of the Real Estate Settlement Proce-  
25 dures Act of 1974 (12 U.S.C. 2605), as amended by sub-

1 section (d), is further amended by adding at the end the  
2 following:

3 “(p) POST-PANDEMIC MORTGAGE REPAYMENT OP-  
4 TIONS.—With respect to a federally related residential  
5 mortgage loan, before the end of any forbearance provided  
6 under subsection (n), servicers shall—

7 “(1) evaluate the borrower’s ability to return to  
8 making regular mortgage payments;

9 “(2) if the borrower is able to return to making  
10 regular mortgage payments at the end of the for-  
11 bearance period—

12 “(A) modify the borrower’s loan to extend  
13 the term for the same period as the length of  
14 the forbearance, with all payments that were  
15 not made during the forbearance distributed at  
16 the same intervals as the borrower’s existing  
17 payment schedule and evenly distributed across  
18 those intervals, with no penalties, late fees, ad-  
19 ditional interest accrued beyond the amounts  
20 scheduled or calculated as if the borrower made  
21 all contractual payments on time and in full  
22 under the terms of the mortgage contract in ef-  
23 fect at the time the borrower entered into the  
24 forbearance, and with no modification fee  
25 charged to the borrower; or

1           “(B) if the borrower elects to modify the  
2 loan to capitalize a resulting escrow shortage or  
3 deficiency, the servicer may modify the bor-  
4 rower’s loan by re-amortizing the principal bal-  
5 ance and extending the term of the loan suffi-  
6 cient to maintain the regular mortgage pay-  
7 ments; and

8           “(C) notify the borrower in writing of the  
9 extension, including provision of a new payment  
10 schedule and date of maturity, and that the  
11 borrower shall have the election of prepaying  
12 the suspended payments at any time, in a lump  
13 sum or otherwise;

14           “(3) if the borrower is financially unable to re-  
15 turn to making periodic mortgage payments as pro-  
16 vided for in the mortgage contract at the end of the  
17 COVID–19 emergency—

18           “(A) evaluate the borrower for all loan  
19 modification options, without regard to whether  
20 the borrower has previously requested, been of-  
21 fered, or provided a loan modification or other  
22 loss mitigation option and without any require-  
23 ment that the borrower come current before  
24 such evaluation or as a condition of eligibility  
25 for such modification, including—

1                   “(i) further extending the borrower’s  
2                   repayment period;

3                   “(ii) reducing the principal balance of  
4                   the loan; or

5                   “(iii) other modification or loss miti-  
6                   gation options available to the servicer  
7                   under the terms of any investor require-  
8                   ments and existing laws and policies; and

9                   “(B) if the borrower qualifies for such a  
10                  modification, the service shall offer a loan with  
11                  such terms as to provide a loan with such terms  
12                  as to provide an affordable payment, with no  
13                  penalties, late fees, additional interest beyond  
14                  the amounts scheduled or calculated as if the  
15                  borrower made all contractual payments on  
16                  time and in full under the terms of the mort-  
17                  gage contract in effect at the time the borrower  
18                  entered into the forbearance, and with no modi-  
19                  fication fees charged to the borrower; and

20                  “(4) if a borrower is granted a forbearance on  
21                  payments that would be owed pursuant to a trial  
22                  loan modification plan—

23                         “(A) any forbearance of payments shall  
24                         not be treated as missed or delinquent pay-

1           ments or otherwise negatively affect the bor-  
2           rower’s ability to complete their trial plan;

3           “(B) any past due amounts as of the end  
4           of the trial period, including unpaid interest,  
5           real estate taxes, insurance premiums, and as-  
6           sessments paid on the borrower’s behalf, will be  
7           added to the mortgage loan balance, but only to  
8           the extent that such charges are not fees associ-  
9           ated with the granting of the forbearance, such  
10          as late fees, modification fees, or unpaid inter-  
11          est from the period of the forbearance beyond  
12          the amounts scheduled or calculated as if the  
13          borrower made all contractual payments on  
14          time and in full under the terms of the mort-  
15          gage contract in effect at the time the borrower  
16          entered into the forbearance; and

17          “(C) if the borrower is unable to resume  
18          payments on the trial modification at the end of  
19          the forbearance period, re-evaluate the borrower  
20          for all available loan modifications under para-  
21          graph 3, without any requirement that the bor-  
22          rower become current before such evaluation or  
23          as a condition of eligibility for such modifica-  
24          tion.”.

1 (j) CLAIMS OF AFFECTED INVESTORS AND OTHER  
2 PARTIES.—Any action asserting a taking under the Fifth  
3 Amendment to the Constitution of the United States as  
4 a result of this subsection shall be brought not later than  
5 180 days after the end of the COVID–19 emergency.

6 (k) EXTENSION OF THE GSE PATCH.—The Director  
7 of the Bureau of Consumer Financial Protection shall re-  
8 vise section 1026.43(e)(4)(iii)(B) of title 12, Code of Fed-  
9 eral Regulations, to extend the sunset of the special rule  
10 provided under such section 1026.43(e)(4) until January  
11 1, 2022, or such later date as may be determined by the  
12 Bureau.

13 (l) DEFINITIONS.—In this section:

14 (1) COVID–19 EMERGENCY.—The term  
15 “COVID–19 emergency” means the period that be-  
16 gins upon the date of the enactment of this Act and  
17 ends on the date of the termination by the Federal  
18 Emergency Management Agency of the emergency  
19 declared on March 13, 2020, by the President under  
20 the Robert T. Stafford Disaster Relief and Emer-  
21 gency Assistance Act (42 U.S.C. 4121 et seq.) relat-  
22 ing to the Coronavirus Disease 2019 (COVID–19)  
23 pandemic.

24 (2) MANUFACTURED HOME.—The term “manu-  
25 factured home” has the meaning given that term

1 under section 603 of the National Manufactured  
2 Housing Construction and Safety Standards Act of  
3 1974 (42 U.S.C. 5402).

4 (3) MOTOR VEHICLE.—The term “motor vehi-  
5 cle” has the meaning given that term under Section  
6 1029(f) of the Consumer Financial Protection Act of  
7 2010 (12 U.S.C. 5519(f)).

8 (4) RESIDENTIAL MORTGAGE LOAN.—The term  
9 “residential mortgage loan” means any consumer  
10 credit transaction that is secured by a mortgage,  
11 deed of trust, or other equivalent consensual security  
12 interest on residence consisting of a single dwelling  
13 unit that is occupied by the mortgagor.

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