

AMENDMENT TO H.R. 1106
OFFERED BY MRS. CAPITO OF WEST VIRGINIA

Strike section 202 of the bill (relating to changes to HOPE for Homeowners Program) and insert the following new section:

1 **SEC. 202. REPLACEMENT OF HOPE FOR HOMEOWNERS**
2 **PROGRAM WITH PROGRAM FOR INSURANCE**
3 **OF HOMEOWNERSHIP RETENTION MORT-**
4 **GAGES.**

5 (a) **REPLACEMENT OF PROGRAM.**—Title II of the
6 National Housing Act (12 U.S.C. 1707 et seq.) is amend-
7 ed—

8 (1) in section 257 (12 U.S.C. 1715z-23), as
9 added by section 1402(a) of Public Law 110-289—

10 (A) by striking subsections (a) through
11 (k); and

12 (B) by striking subsections (n) through
13 (v);

14 (2) by redesignating section 257 (12 U.S.C.
15 1715z-24), as added by section 2124 of Public Law
16 110-289, as section 259; and

17 (3) by inserting before such section 259 (as so
18 redesignated) the following new section:

1 **“SEC. 258. INSURANCE OF HOMEOWNERSHIP RETENTION**
2 **MORTGAGES.**

3 “(a) **AUTHORITY.**—The Secretary shall, subject only
4 to the absence of qualified requests for insurance under
5 this section and to the limitations under sections 257(m)
6 and 531(a), make commitments to insure and insure any
7 mortgage covering a 1- to 4-family residence that is made
8 for the purpose of paying or prepaying outstanding obliga-
9 tions under an existing mortgage or mortgages on the resi-
10 dence if the mortgage being insured under this section
11 meets the requirements of this section, as established by
12 the Secretary. The Secretary shall establish such mortgage
13 insurance products, and requirements and standards, in
14 accordance with this section as the Secretary considers ap-
15 propriate to carry out this section and shall prescribe such
16 regulations and provide such guidance as may be nec-
17 essary or appropriate to implement such products, require-
18 ments, and standards.

19 “(b) **REQUIREMENTS OF INSURED MORTGAGE.**—To
20 be eligible for insurance under this section, a mortgage
21 shall comply with all of the following requirements:

22 “(1) **PRIMARY RESIDENCE.**—The mortgagor
23 under the mortgage to be insured under this section
24 shall provide documentation satisfactory in the de-
25 termination of the Secretary to prove that the resi-
26 dence covered by the mortgage to be insured under

1 this section is occupied by the mortgagor as the pri-
2 mary residence of the mortgagor, and that such resi-
3 dence is the only residence in which the mortgagor
4 has any present ownership interest.

5 “(2) TROUBLED HOMEOWNER.—The mortgagor
6 under the mortgage to be insured under this section
7 shall be the mortgagor under the existing mortgage
8 to be refinanced by the insured mortgage and
9 shall—

10 “(A) be in default on the mortgagor’s obli-
11 gations under the existing mortgage ;

12 “(B) be in danger of defaulting, as deter-
13 mined in accordance with standards established
14 by the Secretary, on the mortgagor’s obligations
15 under the existing mortgage; or

16 “(C) have a remaining principal obligation
17 amount under such existing mortgage that ex-
18 ceeds, at the time of the commitment for mort-
19 gage insurance under this section, the appraised
20 value of the property that is subject to such ex-
21 isting mortgage.

22 “(3) PROHIBITION ON REFINANCING LIAR
23 LOANS.—The Secretary may not insure a mortgage
24 under this section if the mortgagor under such mort-
25 gage has knowingly, or willfully and with actual

1 knowledge, furnished any material information re-
2 garding the income or financial worth of the mort-
3 gator that is known to be false for the purpose of
4 obtaining the existing mortgage that is to be refi-
5 nanced by the mortgage to be insured under this
6 section.

7 “(4) PROHIBITION ON REFINANCING ZERO-
8 DOWN LOANS AND LOANS WITH EQUITY RE-
9 MOVED.—The Secretary may not insure a mortgage
10 under this section if—

11 “(A) under the existing mortgage to be re-
12 financed, the mortgagor did not make any pay-
13 ment on account of the property (or any pay-
14 ment exceeding such nominal amount as the
15 Secretary may establish), in cash or its equiva-
16 lent, in connection with acquisition of the prop-
17 erty; or

18 “(B) during the term of the existing mort-
19 gage to be refinanced, the mortgagor withdrew
20 all, or substantially all (in accordance with such
21 standards and guidelines as the Secretary shall
22 establish) of any equity of the mortgagor in the
23 property subject to such existing mortgage.

24 “(5) TERMS.—The mortgage to be insured
25 under this section shall have such terms and condi-

1 tions as the Secretary shall provide, except that such
2 mortgage shall—

3 “(A) have a term to maturity not exceed-
4 ing 40 years; and

5 “(B) bear interest at an annual rate that
6 is fixed for the entire term of the mortgage.

7 “(6) REQUIRED WAIVER OF PREPAYMENT PEN-
8 ALTIES AND FEES.—All penalties for prepayment or
9 refinancing of the existing mortgage, and all fees
10 and penalties related to default or delinquency on
11 the existing mortgage, shall be waived or forgiven.

12 “(7) SHARED APPRECIATION.—The Secretary
13 shall provide that, with respect to each mortgage in-
14 sured under this section, upon any sale or disposi-
15 tion of the property subject to such mortgage occur-
16 ring during the 5-year period beginning on the date
17 of the insurance of the mortgage, to the extent of
18 any principal write- down or interest rate subsidy
19 provided in connection with the mortgage, the Sec-
20 retary and the mortgagee shall be entitled to a per-
21 centage of any appreciation in value of such prop-
22 erty that has occurred since the date that such
23 mortgage was insured under this section, which per-
24 centage shall decrease over time, and the mortgagor

1 shall be entitled to the remainder of any such appre-
2 ciation.

3 “(8) MAXIMUM LOAN AMOUNT.—The principal
4 obligation amount of the mortgage to be insured
5 under this section shall not exceed the applicable
6 dollar amount limitation in effect under section
7 305(a)(2) of the Federal Home Loan Mortgage Cor-
8 poration (12 U.S.C. 1452(a)(2)) for a property of
9 the applicable size for the area in which the property
10 is located .

11 “(9) TERM; INTEREST RATE.—The refinanced
12 eligible mortgage to be insured shall—

13 “(A) bear interest at a single rate that is
14 fixed for the entire term of the mortgage; and

15 “(B) have a maturity of not less than 30
16 years from the date of the beginning of amorti-
17 zation of such refinanced eligible mortgage.

18 “(c) EXIT FEE.—The Secretary may establish a fee,
19 charge, or other mechanism for recovering, upon sale or
20 other disposition of the property that is subject to the
21 mortgage insured under this section or upon the subse-
22 quent refinancing of the mortgage, a portion of the equity
23 or appreciation in the property.

24 “(d) GNMA PRICING.—In order to facilitate favor-
25 able pricing for loans insured under this section, the

1 Board of Governors of the Federal Reserve System, the
2 Secretary of the Treasury, the Federal National Mortgage
3 Association, and the Federal Home Loan Mortgage Cor-
4 poration are authorized to purchase mortgage- backed se-
5 curities guaranteed by the Government National Mortgage
6 Association that are backed by loans originated under this
7 section or whole loans originated and purchased under this
8 section. The Government National Mortgage Association
9 is authorized to hold, sell, and securitize whole loans origi-
10 nated under this section.

11 “(e) SUNSET.—The Secretary may not enter into any
12 new commitment to insure any refinanced eligible mort-
13 gage, or newly insure any refinanced eligible mortgage
14 pursuant to this section after the expiration of the 3-year
15 period beginning upon the date of the enactment of this
16 section.”.

17 (b) USE OF AGGREGATE INSURANCE AUTHORITY
18 AND FUNDS UNDER HOPE FOR HOMEOWNERS PRO-
19 GRAM.—Section 257 of the National Housing Act (12
20 U.S.C. 1715z-24), as added by section 1402(a) of Public
21 Law 110-289), is amended—

22 (1) in subsection (l)(1), by striking “this sec-
23 tion” and inserting “section 258”;

24 (2) in subsection (m), by striking “this section”
25 and inserting “section 258”;

1 (3) in subsection (w)—

2 (A) in paragraphs (1) and (3), by striking
3 “HOPE for Homeowners Program” each place
4 such term appears and inserting “mortgage in-
5 surance program under section 258”; and

6 (B) in paragraph (4) by striking “HOPE
7 for Homeowners Program in accordance with
8 subsections (i) and (k)” and inserting “mort-
9 gage insurance program under section 258”;

10 (4) by redesignating subsections (l), (m), and
11 (w) as subsections (a), (b), and (c), respectively; and

12 (5) by striking the section heading and insert-
13 ing the following: “**HOPE FUND AND HOPE**
14 **BONDS.**”

15 (c) **REDUCING TARP FUNDS TO OFFSET COSTS OF**
16 **PROGRAM.**—Paragraph (3) of section 115(a) of the Emer-
17 gency Economic Stabilization Act of 2008 (12 U.S.C.
18 5225) is amended by inserting “, as such amount is re-
19 duced by \$1,000,000,000,” after “\$700,000,000,000”.

