

110TH CONGRESS
1ST SESSION

H. R. 3019

To establish an Office of Housing Counseling to carry out and coordinate the responsibilities of the Department of Housing and Urban Development regarding counseling on homeownership and rental housing issues, to make grants to entities for providing such counseling, to launch a national housing counseling advertising campaign, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JULY 12, 2007

Mrs. BIGGERT introduced the following bill; which was referred to the
Committee on Financial Services

A BILL

To establish an Office of Housing Counseling to carry out and coordinate the responsibilities of the Department of Housing and Urban Development regarding counseling on homeownership and rental housing issues, to make grants to entities for providing such counseling, to launch a national housing counseling advertising campaign, 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,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Expand and Preserve
3 Home Ownership Through Counseling Act”.

4 **SEC. 2. ESTABLISHMENT OF OFFICE OF HOUSING COUN-**
5 **SELING.**

6 Section 4 of the Department of Housing and Urban
7 Development Act (42 U.S.C. 3533) is amended by adding
8 at the end the following new subsection:

9 “(g) OFFICE OF HOUSING COUNSELING.—

10 “(1) ESTABLISHMENT.—There is established,
11 in the Office of the Secretary, the Office of Housing
12 Counseling.

13 “(2) DIRECTOR.—There is established the posi-
14 tion of Director of Housing Counseling. The Direc-
15 tor shall be the head of the Office of Housing Coun-
16 seling and shall be appointed by the Secretary. Such
17 position shall be a career-reserved position in the
18 Senior Executive Service.

19 “(3) FUNCTIONS.—

20 “(A) IN GENERAL.—The Director shall
21 have ultimate responsibility within the Depart-
22 ment, except for the Secretary, for all activities
23 and matters relating to homeownership coun-
24 seling and rental housing counseling, includ-
25 ing—

1 “(i) research, grant administration,
2 public outreach, and policy development re-
3 lating to such counseling; and

4 “(ii) establishment, coordination, and
5 administration of all regulations, require-
6 ments, standards, and performance meas-
7 ures under programs and laws adminis-
8 tered by the Department that relate to
9 housing counseling, homeownership coun-
10 seling (including maintenance of homes),
11 mortgage-related counseling (including
12 home equity conversion mortgages and
13 credit protection options to avoid fore-
14 closure), and rental housing counseling, in-
15 cluding the requirements, standards, and
16 performance measures relating to housing
17 counseling.

18 “(B) SPECIFIC FUNCTIONS.—The Director
19 shall carry out the functions assigned to the Di-
20 rector and the Office under this section and any
21 other provisions of law. Such functions shall in-
22 clude establishing rules necessary for—

23 “(i) the counseling procedures under
24 section 106(h)(1) of the Housing and

1 Urban Development Act of 1968 (12
2 U.S.C. 1701x(h)(1));

3 “(ii) carrying out all other functions
4 of the Secretary under section 106(h) of
5 the Housing and Urban Development Act
6 of 1968, including the establishment, oper-
7 ation, and publication of the availability of
8 the toll-free telephone number under para-
9 graph (2) of such section;

10 “(iii) carrying out section 5 of the
11 Real Estate Settlement Procedures Act of
12 1974 (12 U.S.C. 2604) for home buying
13 information booklets prepared pursuant to
14 such section;

15 “(iv) carrying out the certification
16 program under section 106(e) of the Hous-
17 ing and Urban Development Act of 1968
18 (12 U.S.C. 1701x(e));

19 “(v) carrying out the assistance pro-
20 gram under section 106(a)(4) of the Hous-
21 ing and Urban Development Act of 1968,
22 including criteria for selection of applica-
23 tions to receive assistance;

24 “(vi) carrying out any functions re-
25 garding abusive, deceptive, or unscrupulous

1 lending practices relating to residential
2 mortgage loans that the Secretary con-
3 siders appropriate, which shall include con-
4 ducting the study under section 6 of the
5 Expand and Preserve Home Ownership
6 Through Counseling Act;

7 “(vii) providing for operation of the
8 advisory committee established under para-
9 graph (4) of this subsection; and

10 “(viii) collaborating with community-
11 based organizations with expertise in the
12 field of housing counseling.

13 “(4) ADVISORY COMMITTEE.—

14 “(A) IN GENERAL.—The Secretary shall
15 appoint an advisory committee to provide advice
16 and oversight regarding the carrying out of the
17 functions of the Director.

18 “(B) MEMBERS.—Such advisory committee
19 shall consist of not more than 12 individuals,
20 and the membership of the committee shall
21 equally represent all aspects of the mortgage
22 and real estate industry, including consumers.

23 “(C) TERMS.—Except as provided in sub-
24 paragraph (D), each member of the advisory
25 committee shall be appointed for a term of 3

1 years. Members may be reappointed at the dis-
2 cretion of the Secretary.

3 “(D) TERMS OF INITIAL APPOINTEES.—As
4 designated by the Secretary at the time of ap-
5 pointment, of the members first appointed to
6 the advisory committee, 4 shall be appointed for
7 a term of 1 year and 4 shall be appointed for
8 a term of 2 years.

9 “(E) PROHIBITION OF PAY; TRAVEL EX-
10 PENSES.—Members of the advisory committee
11 shall serve without pay, but shall receive travel
12 expenses, including per diem in lieu of subsist-
13 ence, in accordance with applicable provisions
14 under subchapter I of chapter 57 of title 5,
15 United States Code.

16 “(F) ADVISORY ROLE ONLY.—The advi-
17 sory committee shall have no role in reviewing
18 or awarding housing counseling grants.

19 “(5) SCOPE OF HOMEOWNERSHIP COUN-
20 SELING.—In carrying out the responsibilities of the
21 Director, the Director shall ensure that homeowner-
22 ship counseling provided by, in connection with, or
23 pursuant to any function, activity, or program of the
24 Department addresses the entire process of home-
25 ownership, including the decision to purchase a

1 home, the selection and purchase of a home, issues
2 arising during or affecting the period of ownership
3 of a home (including refinancing, default and fore-
4 closure, and other financial decisions), and the sale
5 or other disposition of a home.”.

6 **SEC. 3. COUNSELING PROCEDURES.**

7 (a) IN GENERAL.—Section 106 of the Housing and
8 Urban Development Act of 1968 (12 U.S.C. 1701x), as
9 amended by the preceding provisions of this title, is fur-
10 ther amended by adding at the end the following new sub-
11 section:

12 “(h) PROCEDURES AND ACTIVITIES.—

13 “(1) COUNSELING PROCEDURES.—

14 “(A) IN GENERAL.—The Secretary shall
15 establish, coordinate, and monitor the adminis-
16 tration by the Department of Housing and
17 Urban Development of the counseling proce-
18 dures for homeownership counseling and rental
19 housing counseling provided in connection with
20 any program of the Department, including all
21 requirements, standards, and performance
22 measures that relate to homeownership and
23 rental housing counseling.

24 “(B) HOMEOWNERSHIP COUNSELING.—

25 For purposes of this subsection and as used in

1 the provisions referred to in this subparagraph,
2 the term ‘homeownership counseling’ means
3 counseling related to homeownership and resi-
4 dential mortgage loans. Such term includes
5 counseling related to homeownership and resi-
6 dential mortgage loans that is provided pursu-
7 ant to—

8 “(i) section 105(a)(20) of the Housing
9 and Community Development Act of 1974
10 (42 U.S.C. 5305(a)(20));

11 “(ii) in the United States Housing
12 Act of 1937—

13 “(I) section 9(e) (42 U.S.C.
14 1437g(e));

15 “(II) section 8(y)(1)(D) (42
16 U.S.C. 1437f(y)(1)(D));

17 “(III) section 18(a)(4)(D) (42
18 U.S.C. 1437p(a)(4)(D));

19 “(IV) section 23(c)(4) (42 U.S.C.
20 1437u(c)(4));

21 “(V) section 32(e)(4) (42 U.S.C.
22 1437z-4(e)(4));

23 “(VI) section 33(d)(2)(B) (42
24 U.S.C. 1437z-5(d)(2)(B));

1 “(VII) sections 302(b)(6) and
2 303(b)(7) (42 U.S.C. 1437aaa–
3 1(b)(6), 1437aaa–2(b)(7)); and

4 “(VIII) section 304(c)(4) (42
5 U.S.C. 1437aaa–3(c)(4));

6 “(iii) section 302(a)(4) of the Amer-
7 ican Homeownership and Economic Oppor-
8 tunity Act of 2000 (42 U.S.C. 1437f note);

9 “(iv) sections 233(b)(2) and 258(b) of
10 the Cranston-Gonzalez National Affordable
11 Housing Act (42 U.S.C. 12773(b)(2),
12 12808(b));

13 “(v) this section and section 101(e) of
14 the Housing and Urban Development Act
15 of 1968 (12 U.S.C. 1701x, 1701w(e));

16 “(vi) section 220(d)(2)(G) of the Low-
17 Income Housing Preservation and Resident
18 Homeownership Act of 1990 (12 U.S.C.
19 4110(d)(2)(G));

20 “(vii) sections 422(b)(6), 423(b)(7),
21 424(c)(4), 442(b)(6), and 443(b)(6) of the
22 Cranston-Gonzalez National Affordable
23 Housing Act (42 U.S.C. 12872(b)(6),
24 12873(b)(7), 12874(c)(4), 12892(b)(6),
25 and 12893(b)(6));

1 “(viii) section 491(b)(1)(F)(iii) of the
2 McKinney-Vento Homeless Assistance Act
3 (42 U.S.C. 11408(b)(1)(F)(iii));

4 “(ix) sections 202(3) and
5 810(b)(2)(A) of the Native American
6 Housing and Self-Determination Act of
7 1996 (25 U.S.C. 4132(3), 4229(b)(2)(A));

8 “(x) in the National Housing Act—

9 “(I) in section 203 (12 U.S.C.
10 1709), the penultimate undesignated
11 paragraph of paragraph (2) of sub-
12 section (b), subsection (c)(2)(A), and
13 subsection (r)(4);

14 “(II) subsections (a) and (c)(3)
15 of section 237 (12 U.S.C. 1715z-2);
16 and

17 “(III) subsections (d)(2)(B) and
18 (m)(1) of section 255 (12 U.S.C.
19 1715z-20);

20 “(xi) section 502(h)(4)(B) of the
21 Housing Act of 1949 (42 U.S.C.
22 1472(h)(4)(B)); and

23 “(xii) section 508 of the Housing and
24 Urban Development Act of 1970 (12
25 U.S.C. 1701z-7).

1 “(C) RENTAL HOUSING COUNSELING.—
2 For purposes of this subsection, the term ‘rent-
3 al housing counseling’ means counseling related
4 to rental of residential property, which may in-
5 clude counseling regarding future homeownership
6 opportunities and providing referrals for
7 renters and prospective renters to entities pro-
8 viding counseling and shall include counseling
9 related to such topics that is provided pursuant
10 to—

11 “(i) section 105(a)(20) of the Housing
12 and Community Development Act of 1974
13 (42 U.S.C. 5305(a)(20));

14 “(ii) in the United States Housing
15 Act of 1937—

16 “(I) section 9(e) (42 U.S.C.
17 1437g(e));

18 “(II) section 18(a)(4)(D) (42
19 U.S.C. 1437p(a)(4)(D));

20 “(III) section 23(c)(4) (42
21 U.S.C. 1437u(c)(4));

22 “(IV) section 32(e)(4) (42 U.S.C.
23 1437z-4(e)(4));

24 “(V) section 33(d)(2)(B) (42
25 U.S.C. 1437z-5(d)(2)(B)); and

1 “(VI) section 302(b)(6) (42
2 U.S.C. 1437aaa–1(b)(6));

3 “(iii) section 233(b)(2) of the Cran-
4 ston-Gonzalez National Affordable Housing
5 Act (42 U.S.C. 12773(b)(2));

6 “(iv) section 106 of the Housing and
7 Urban Development Act of 1968 (12
8 U.S.C. 1701x);

9 “(v) section 422(b)(6) of the Cran-
10 ston-Gonzalez National Affordable Housing
11 Act (42 U.S.C. 12872(b)(6));

12 “(vi) section 491(b)(1)(F)(iii) of the
13 McKinney-Vento Homeless Assistance Act
14 (42 U.S.C. 11408(b)(1)(F)(iii));

15 “(vii) sections 202(3) and
16 810(b)(2)(A) of the Native American
17 Housing and Self-Determination Act of
18 1996 (25 U.S.C. 4132(3), 4229(b)(2)(A));
19 and

20 “(viii) the rental assistance program
21 under section 8 of the United States Hous-
22 ing Act of 1937 (42 U.S.C. 1437f).

23 “(2) STANDARDS FOR MATERIALS.—The Sec-
24 retary, in conjunction with the advisory committee
25 established under subsection (g)(4), shall establish

1 standards for materials and forms to be used, as ap-
2 propriate, by organizations providing homeownership
3 counseling services, including any recipients of as-
4 sistance pursuant to subsection (a)(4).

5 “(3) MORTGAGE SOFTWARE SYSTEMS.—

6 “(A) CERTIFICATION.—The Secretary shall
7 provide for the certification of various computer
8 software programs for consumers to use in eval-
9 uating different residential mortgage loan pro-
10 posals. The Secretary shall require, for such
11 certification, that the mortgage software sys-
12 tems take into account—

13 “(i) the consumer’s financial situation
14 and the cost of maintaining a home, in-
15 cluding insurance, taxes, and utilities;

16 “(ii) the amount of time the consumer
17 expects to remain in the home or expected
18 time to maturity of the loan;

19 “(iii) such other factors as the Sec-
20 retary considers appropriate to assist the
21 consumer in evaluating whether to pay
22 points, to lock in an interest rate, to select
23 an adjustable or fixed rate loan, to select
24 a conventional or government-insured or

1 guaranteed loan and to make other choices
2 during the loan application process.

3 If the Secretary determines that available exist-
4 ing software is inadequate to assist consumers
5 during the residential mortgage loan application
6 process, the Secretary shall arrange for the de-
7 velopment by private sector software companies
8 of new mortgage software systems that meet
9 the Secretary's specifications.

10 “(B) USE AND INITIAL AVAILABILITY.—
11 Such certified computer software programs
12 shall be used to supplement, not replace, hous-
13 ing counseling. The Secretary shall provide that
14 such programs are initially used only in connec-
15 tion with the assistance of housing counselors
16 certified pursuant to subsection (e).

17 “(C) AVAILABILITY.—After a period of ini-
18 tial availability under subparagraph (B) as the
19 Secretary considers appropriate, the Secretary
20 shall take reasonable steps to make mortgage
21 software systems certified pursuant to this
22 paragraph widely available through the Internet
23 and at public locations, including public librar-
24 ies, senior-citizen centers, public housing sites,
25 offices of public housing agencies that admin-

1 ister rental housing assistance vouchers, and
2 housing counseling centers.

3 “(4) NATIONAL PUBLIC SERVICE MULTIMEDIA
4 CAMPAIGNS TO PROMOTE HOUSING COUNSELING.—

5 “(A) IN GENERAL.—The Director of Hous-
6 ing Counseling shall develop, implement, and
7 conduct national public service multimedia cam-
8 paigns designed to make persons facing mort-
9 gage foreclosure, persons considering a
10 subprime mortgage loan to purchase a home, el-
11 derly persons, persons who face language bar-
12 riers, low-income persons, and other potentially
13 vulnerable consumers aware that it is advisable,
14 before seeking or maintaining a residential
15 mortgage loan, to obtain homeownership coun-
16 seling from an unbiased and reliable sources
17 and that such homeownership counseling is
18 available, including through programs spon-
19 sored by the Secretary of Housing and Urban
20 Development.

21 “(B) CONTACT INFORMATION.—Each seg-
22 ment of the multimedia campaign under sub-
23 paragraph (A) shall publicize the toll-free tele-
24 phone number and web site of the Department
25 of Housing and Urban Development through

1 which persons seeking housing counseling can
2 locate a housing counseling agency in their
3 State that is certified by the Secretary of Hous-
4 ing and Urban Development and can provide
5 advice on buying a home, renting, defaults,
6 foreclosures, credit issues, and reverse mort-
7 gages.

8 “(C) AUTHORIZATION OF APPROPRIA-
9 TIONS.—There are authorized to be appro-
10 priated to the Secretary, not to exceed
11 \$3,000,000 for fiscal years 2008, 2009, and
12 2010, for the develop, implement, and conduct
13 of national public service multimedia campaigns
14 under this paragraph.

15 “(5) EDUCATION PROGRAMS.—The Secretary
16 shall provide advice and technical assistance to
17 States, units of general local government, and non-
18 profit organizations regarding the establishment and
19 operation of, including assistance with the develop-
20 ment of content and materials for, educational pro-
21 grams to inform and educate consumers, particularly
22 those most vulnerable with respect to residential
23 mortgage loans (such as elderly persons, persons
24 facing language barriers, low-income persons, and
25 other potentially vulnerable consumers), regarding

1 home mortgages, mortgage refinancing, home equity
2 loans, and home repair loans.”.

3 (b) CONFORMING AMENDMENTS TO GRANT PRO-
4 GRAM FOR HOMEOWNERSHIP COUNSELING ORGANIZA-
5 TIONS.—Section 106(c)(5)(A)(ii) of the Housing and
6 Urban Development Act of 1968 (12 U.S.C.
7 1701x(c)(5)(A)(ii)) is amended—

8 (1) in subclause (II), by striking “and” at the
9 end;

10 (2) in subclause (III) by striking the period at
11 the end and inserting “; and”; and

12 (3) by inserting after subclause (III) the fol-
13 lowing new subclause:

14 “(IV) notify the housing or mort-
15 gage applicant of the availability of
16 mortgage software systems provided
17 pursuant to subsection (h)(4).”.

18 **SEC. 4. GRANTS FOR HOUSING COUNSELING ASSISTANCE.**

19 Section 106(a) of the Housing and Urban Develop-
20 ment Act of 1968 (12 U.S.C. 1701x(a)(3)) is amended
21 by adding at the end the following new paragraph:

22 “(4) HOMEOWNERSHIP AND RENTAL COUNSELING
23 ASSISTANCE.—

24 “(A) IN GENERAL.—The Secretary shall make
25 financial assistance available under this paragraph

1 to States, units of general local governments, and
2 nonprofit organizations providing homeownership or
3 rental counseling (as such terms are defined in sub-
4 section (h)(1)).

5 “(B) QUALIFIED ENTITIES.—The Secretary
6 shall establish standards and guidelines for eligibility
7 of organizations (including governmental and non-
8 profit organizations) to receive assistance under this
9 paragraph.

10 “(C) DISTRIBUTION.—Assistance made avail-
11 able under this paragraph shall be distributed in a
12 manner that encourages efficient and successful
13 counseling programs.

14 “(D) AUTHORIZATION OF APPROPRIATIONS.—
15 There are authorized to be appropriated
16 \$45,000,000 for each of fiscal years 2008 through
17 2011 for—

18 “(i) the operations of the Office of Hous-
19 ing Counseling of the Department of Housing
20 and Urban Development;

21 “(ii) the responsibilities of the Secretary
22 under paragraphs (2) through (6) of subsection
23 (h); and

1 “(iii) assistance pursuant to this para-
2 graph for entities providing homeownership and
3 rental counseling.”.

4 **SEC. 5. REQUIREMENTS TO USE HUD-CERTIFIED COUN-**
5 **SELORS UNDER HUD PROGRAMS.**

6 Section 106(e) of the Housing and Urban Develop-
7 ment Act of 1968 (12 U.S.C. 1701x(e)) is amended—

8 (1) by striking paragraph (1) and inserting the
9 following new paragraph:

10 “(1) REQUIREMENT FOR ASSISTANCE.—An or-
11 ganization may not receive assistance for counseling
12 activities under subsection (a)(1)(iii), (a)(2), (a)(4),
13 (c), or (d) of this section, or under section 101(e),
14 unless the organization, or the individuals through
15 which the organization provides such counseling, has
16 been certified by the Secretary under this subsection
17 as competent to provide such counseling.”;

18 (2) in paragraph (2)—

19 (A) by inserting “and for certifying organi-
20 zations” before the period at the end of the
21 first sentence; and

22 (B) in the second sentence by striking “for
23 certification” and inserting “, for certification
24 of an organization, that each individual through
25 which the organization provides counseling shall

1 demonstrate, and, for certification of an indi-
2 vidual,”;

3 (3) in paragraph (3), by inserting “organiza-
4 tions and” before “individuals”;

5 (4) by redesignating paragraph (3) as para-
6 graph (5); and

7 (5) by inserting after paragraph (2) the fol-
8 lowing new paragraphs:

9 “(3) REQUIREMENT UNDER HUD PROGRAMS.—
10 Any homeownership counseling or rental housing
11 counseling (as such terms are defined in subsection
12 (h)(1)) required under, or provided in connection
13 with, any program administered by the Department
14 of Housing and Urban Development shall be pro-
15 vided only by organizations or counselors certified by
16 the Secretary under this subsection as competent to
17 provide such counseling.

18 “(4) OUTREACH.—The Secretary shall take
19 such actions as the Secretary considers appropriate
20 to ensure that individuals and organizations pro-
21 viding homeownership or rental housing counseling
22 are aware of the certification requirements and
23 standards of this subsection and of the training and
24 certification programs under subsection (f).”.

1 **SEC. 6. STUDY OF DEFAULTS AND FORECLOSURES.**

2 The Secretary of Housing and Urban Development
3 shall conduct an extensive study of the root causes of de-
4 fault and foreclosure of home loans, using as much empir-
5 ical data as are available. The study shall also examine
6 the role of escrow accounts in helping prime and nonprime
7 borrowers to avoid defaults and foreclosures. Not later
8 than 12 months after the date of the enactment of this
9 Act, the Secretary shall submit to the Congress a prelimi-
10 nary report regarding the study. Not later than 24 months
11 after such date of enactment, the Secretary shall submit
12 a final report regarding the results of the study, which
13 shall include any recommended legislation relating to the
14 study, and recommendations for best practices and for a
15 process to identify populations that need counseling the
16 most.

17 **SEC. 7. DEFINITIONS FOR COUNSELING-RELATED PRO-**
18 **GRAMS.**

19 Section 106 of the Housing and Urban Development
20 Act of 1968 (12 U.S.C. 1701x), as amended by the pre-
21 ceding provisions of this title, is further amended by add-
22 ing at the end the following new subsection:

23 “(i) DEFINITIONS.—For purposes of this section:

24 “(1) NONPROFIT ORGANIZATION.—The term
25 ‘nonprofit organization’ has the meaning given such
26 term in section 104(5) of the Cranston-Gonzalez Na-

1 tional Affordable Housing Act (42 U.S.C.
2 12704(5)), except that subparagraph (D) of such
3 section shall not apply for purposes of this section.

4 “(2) STATE.—The term ‘State’ means each of
5 the several States, the Commonwealth of Puerto
6 Rico, the District of Columbia, the Commonwealth
7 of the Northern Mariana Islands, Guam, the Virgin
8 Islands, American Samoa, the Trust Territories of
9 the Pacific, or any other possession of the United
10 States.

11 “(3) UNIT OF GENERAL LOCAL GOVERN-
12 MENT.—The term ‘unit of general local government’
13 means any city, county, parish, town, township, bor-
14 ough, village, or other general purpose political sub-
15 division of a State.”.

16 **SEC. 8. UPDATING AND SIMPLIFICATION OF MORTGAGE IN-**
17 **FORMATION BOOKLET.**

18 Section 5 of the Real Estate Settlement Procedures
19 Act of 1974 (12 U.S.C. 2604) is amended—

20 (1) in the section heading, by striking “SPE-
21 CIAL” and inserting “HOME BUYING” ;

22 (2) by striking subsections (a) and (b) and in-
23 serting the following new subsections:

24 “(a) PREPARATION AND DISTRIBUTION.—The Sec-
25 retary shall prepare, at least once every 5 years, a booklet

1 to help consumers applying for federally related mortgage
2 loans to understand the nature and costs of real estate
3 settlement services. The Secretary shall prepare the book-
4 let in various languages and cultural styles, as the Sec-
5 retary determines to be appropriate, so that the booklet
6 is understandable and accessible to homebuyers of dif-
7 ferent ethnic and cultural backgrounds. The Secretary
8 shall distribute such booklets to all lenders that make fed-
9 erally related mortgage loans. The Secretary shall also dis-
10 tribute to such lenders lists, organized by location, of
11 homeownership counselors certified under section 106(e)
12 of the Housing and Urban Development Act of 1968 (12
13 U.S.C. 1701x(e)) for use in complying with the require-
14 ment under subsection (c) of this section.

15 “(b) CONTENTS.—Each booklet shall be in such form
16 and detail as the Secretary shall prescribe and, in addition
17 to such other information as the Secretary may provide,
18 shall include in plain and understandable language the fol-
19 lowing information:

20 “(1) A description and explanation of the na-
21 ture and purpose of the costs incident to a real es-
22 tate settlement or a federally related mortgage loan.
23 The description and explanation shall provide gen-
24 eral information about the mortgage process as well
25 as specific information concerning, at a minimum—

1 “(A) balloon payments;

2 “(B) prepayment penalties; and

3 “(C) the trade-off between closing costs
4 and the interest rate over the life of the loan.

5 “(2) An explanation and sample of the uniform
6 settlement statement required by section 4.

7 “(3) A list and explanation of lending practices,
8 including those prohibited by the Truth in Lending
9 Act or other applicable Federal law, and of other un-
10 fair practices and unreasonable or unnecessary
11 charges to be avoided by the prospective buyer with
12 respect to a real estate settlement.

13 “(4) A list and explanation of questions a con-
14 sumer obtaining a federally related mortgage loan
15 should ask regarding the loan, including whether the
16 consumer will have the ability to repay the loan,
17 whether the consumer sufficiently shopped for the
18 loan, whether the loan terms include prepayment
19 penalties or balloon payments, and whether the loan
20 will benefit the borrower.

21 “(5) An explanation of the right of rescission as
22 to certain transactions provided by sections 125 and
23 129 of the Truth in Lending Act.

24 “(6) A brief explanation of the nature of a vari-
25 able rate mortgage and a reference to the booklet

1 entitled ‘Consumer Handbook on Adjustable Rate
2 Mortgages’, published by the Board of Governors of
3 the Federal Reserve System pursuant to section
4 226.19(b)(1) of title 12, Code of Federal Regula-
5 tions, or to any suitable substitute of such booklet
6 that such Board of Governors may subsequently
7 adopt pursuant to such section.

8 “(7) A brief explanation of the nature of a
9 home equity line of credit and a reference to the
10 pamphlet required to be provided under section
11 127A of the Truth in Lending Act.

12 “(8) Information about homeownership coun-
13 seling services made available pursuant to section
14 106(a)(4) of the Housing and Urban Development
15 Act of 1968 (12 U.S.C. 1701x(a)(4)), a rec-
16 ommendation that the consumer use such services,
17 and notification that a list of certified providers of
18 homeownership counseling in the area, and their
19 contact information, is available.

20 “(9) An explanation of the nature and purpose
21 of escrow accounts when used in connection with
22 loans secured by residential real estate and the re-
23 quirements under section 10 of this Act regarding
24 such accounts.

1 “(10) An explanation of the choices available to
2 buyers of residential real estate in selecting persons
3 to provide necessary services incidental to a real es-
4 tate settlement.

5 “(11) An explanation of a consumer’s respon-
6 sibilities, liabilities, and obligations in a mortgage
7 transaction.

8 “(12) An explanation of the nature and purpose
9 of real estate appraisals, including the difference be-
10 tween an appraisal and a home inspection.

11 “(13) Notice that the Office of Housing of the
12 Department of Housing and Urban Development has
13 made publicly available a brochure regarding loan
14 fraud and a World Wide Web address and toll-free
15 telephone number for obtaining the brochure.

16 The booklet prepared pursuant to this section shall take
17 into consideration differences in real estate settlement pro-
18 cedures that may exist among the several States and terri-
19 tories of the United States and among separate political
20 subdivisions within the same State and territory.”;

21 (3) in subsection (c), by striking the last sen-
22 tence and inserting the following new sentence:
23 “Each lender shall also include with the booklet a
24 reasonably complete or updated list of homeowner-
25 ship counselors who are certified pursuant to section

1 106(e) of the Housing and Urban Development Act
2 of 1968 (12 U.S.C. 1701x(e)) and located in the
3 area of the lender.”; and

4 (4) in subsection (d), by inserting after the pe-
5 riod at the end of the first sentence the following:
6 “The lender shall provide the HUD-issued booklet in
7 the version that is most appropriate for the person
8 receiving it.”.

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