

112TH CONGRESS
1ST SESSION

H. R. 1131

To authorize the Secretary of Housing and Urban Development to provide grants to State and local governments to carry out programs to provide mediation between mortgagees and mortgagors facing foreclosure.

IN THE HOUSE OF REPRESENTATIVES

MARCH 16, 2011

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

A BILL

To authorize the Secretary of Housing and Urban Development to provide grants to State and local governments to carry out programs to provide mediation between mortgagees and mortgagors facing foreclosure.

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 Home-
5 owners from Foreclosure Act of 2011”.

6 **SEC. 2. FORECLOSURE MEDIATION GRANT PROGRAM.**

7 (a) ESTABLISHMENT.—The Secretary of Housing
8 and Urban Development (in this section referred to as the

1 “Secretary”) shall carry out a program to make competi-
2 tive grants to States and units of local government to es-
3 tablish mediation programs that assist mortgagors under
4 home mortgages facing foreclosure on such mortgages.

5 (b) FORECLOSURE MEDIATION PROGRAM REQUIRE-
6 MENTS.—Amounts from a grant under this section may
7 be used only for costs of a foreclosure mediation program
8 that provides as follows:

9 (1) SCOPE.—

10 (A) STATE GRANTEES.—In the case of a
11 grant under this section to a State, the pro-
12 gram shall be carried out in at least one unit
13 of local government within such State.

14 (B) LOCAL GOVERNMENT GRANTEES.—In
15 the case of a grant made to a unit of local gov-
16 ernment, the program shall be carried out in
17 such unit of local government.

18 (2) APPLICABILITY.—The program shall apply
19 to—

20 (A) any mortgagee that, after the expira-
21 tion of the 90-day period beginning upon re-
22 ceipt, by the grant recipient, of amounts from
23 a grant under this section, initiates a fore-
24 closure proceeding on a home mortgage for a
25 mortgaged home that is located in the jurisdic-

1 tion within which such program is being carried
2 out, pursuant to paragraph (1); and

3 (B) any mortgagor under such a home
4 mortgage who is subject to a foreclosure pro-
5 ceeding.

6 (3) REFERRAL TO ATTORNEY OR HOUSING
7 COUNSELOR.—The program shall provide the mort-
8 gagor with a referral and contact information for a
9 paid or pro bono attorney, or a housing counselor
10 certified by the Secretary.

11 (4) REQUIRED MEETING AND MEDIATION.—The
12 program shall require that, as soon as is practicable
13 after the initiation of a foreclosure proceeding on a
14 home mortgage or a mortgagee has provided the re-
15 quired foreclosure notice on a home mortgage to the
16 mortgagor in accordance with applicable State or
17 local law, as applicable, and, in any event, before
18 entry of any foreclosure judgment on or foreclosure
19 sale for, as applicable, the home mortgage—

20 (A) any representative obtained by the
21 mortgagor (including a representative obtained
22 pursuant to a referral under paragraph (3))
23 shall meet with the mortgagor; and

1 (B) the mortgagee shall conduct, con-
2 sistent with any applicable State or local law, a
3 mediation conference that—

4 (i) is held to resolve issues relating to
5 the foreclosure, with the aim of avoiding
6 the foreclosure, through mediation;

7 (ii) is held in an appropriate court in
8 the jurisdiction of the grant recipient or, in
9 the case of jurisdiction that does not pro-
10 vide for judicial foreclosure, such other ap-
11 propriate venue;

12 (iii) involves the participation of a
13 neutral, third party mediator selected by
14 the court or the administrator of the fore-
15 closure mediation program; and

16 (iv) is attended by—

17 (I) the mortgagee or, if the mort-
18 gagee or an agent of the mortgagee
19 having authority to execute a settle-
20 ment of all matters relating to the
21 mortgage is immediately accessible by
22 telephone, by a representative of the
23 mortgagee; and

24 (II) the mortgagor, or any rep-
25 resentative obtained by the mortgagor

1 (including a representative obtained
2 pursuant to a referral under para-
3 graph (3)), or both.

4 If the mortgagor fails to attend the conference, the
5 requirement under this paragraph for a mediation
6 conference shall be deemed to be satisfied upon
7 verification by the administrator of the mediation
8 program that the required foreclosure notice has
9 been provided and issuance by such administrator of
10 an order authorizing initiation of such foreclosure
11 proceeding.

12 (5) OUTREACH.—The grant recipient shall es-
13 tablish an outreach program to raise homeowner
14 awareness of the existence of the foreclosure medi-
15 ation program. Such outreach program shall include
16 providing access to information regarding the fore-
17 closure mediation program through a telephone hot-
18 line or a World Wide Web site, or both.

19 (c) SELECTION OF GRANT RECIPIENTS.—The Sec-
20 retary shall select applicants to receive grants under this
21 section under a competition based on selection criteria
22 that the Secretary shall establish by regulation.

23 (d) RECORDKEEPING.—Each grant recipient shall
24 maintain a record of the outcome of each mediation con-
25 ference carried out under the mediation program assisted

1 with the grant amounts, including the nature of any loan
2 modification made as a result of participation in the medi-
3 ation program.

4 (e) DEFINITIONS.—For purposes of this Act, the fol-
5 lowing definitions shall apply:

6 (1) FORECLOSURE PROCEEDING.—The term
7 “foreclosure proceeding” means any proceeding or
8 procedure under applicable law, including judicial
9 and non-judicial procedures, including a sheriff sale,
10 to foreclose on a home mortgage.

11 (2) HOME MORTGAGE.—The term “home mort-
12 gage” means a mortgage loan, repayment of which
13 is secured by an interest in a one- to four-family res-
14 idence that is the principal residence of the mort-
15 gator.

16 (3) GRANT RECIPIENT.—The term “grant re-
17 cipient” means a State or unit of local government
18 that receives grant amounts under this section.

19 (4) MORTGAGED HOME.—The term “mortgaged
20 home” means, with respect to a home mortgage, the
21 residence that is subject to the interest that secures
22 repayment of the home mortgage.

23 (5) REQUIRED FORECLOSURE NOTICE.—The
24 term “required foreclosure notice” means any initial
25 notice that is required under the law of a State to

1 be submitted to the mortgagor under a residential
2 mortgage as a condition precedent to foreclosure on
3 such mortgage.

4 (6) STATE.—The term “State” means the
5 States of the United States, the District of Colum-
6 bia, the Commonwealth of Puerto Rico, the Com-
7 monwealth of the Northern Mariana Islands, Guam,
8 the Virgin Islands, American Samoa, the Trust Ter-
9 ritory of the Pacific Islands, and any other territory
10 or possession of the United States.

11 (f) AUTHORIZATION OF APPROPRIATIONS.—There is
12 authorized to be appropriated for grants under this section
13 such sums as may be necessary for each of fiscal years
14 2012 through 2016.

15 (g) REGULATIONS.—The Secretary of Housing and
16 Urban Development shall issue any regulations necessary
17 to carry out this section.

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