

**[DISCUSSION DRAFT]**116<sup>TH</sup> CONGRESS  
1<sup>ST</sup> SESSION**H. R.** \_\_\_\_\_

To authorize the Government National Mortgage Association to facilitate modification of delinquent or imminently delinquent mortgages and provide additional loss mitigation options to the Federal Housing Administration and the Rural Housing Service to avoid foreclosures, and for other purposes.

\_\_\_\_\_  
IN THE HOUSE OF REPRESENTATIVES

M. \_\_\_\_\_ introduced the following bill; which was referred to the  
Committee on \_\_\_\_\_

**A BILL**

To authorize the Government National Mortgage Association to facilitate modification of delinquent or imminently delinquent mortgages and provide additional loss mitigation options to the Federal Housing Administration and the Rural Housing Service to avoid foreclosures, 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 “Helping Borrowers  
5 Avoid Foreclosure Act of 2019”.

1 **SEC. 2. GNMA REGULATIONS.**

2 Not later than the expiration of the [\_\_\_\_]-month  
3 period beginning on the date of the enactment of this Act,  
4 pursuant to the authority under section 306(g) of the Na-  
5 tional Housing Act (12 U.S.C. 1721(g)), the Government  
6 National Mortgage Association shall revise its regulations  
7 as necessary to authorize, in the case of mortgages in  
8 pools backing a trust certificate or other security that is  
9 guaranteed by the Association after the date of the enact-  
10 ment of this Act, the recasting of such mortgages that  
11 are in default or imminent default following a partial in-  
12 surance claim payment in connection with the mortgages  
13 as provided under section 230(b) of the National Housing  
14 Act (12 U.S.C. 1715u(b)) or section 502(h)(14) of the  
15 Housing Act of 1949 (42 U.S.C. 1472(h)) without remov-  
16 ing them from such pools.

17 **SEC. 3. AUTHORITY TO REDUCE FHA MORTGAGE INSUR-**  
18 **ANCE PREMIUMS IN CONNECTION WITH RE-**  
19 **CAST OR MODIFICATION OF MORTGAGE.**

20 Subsection (r) of section 203 of the National Housing  
21 Act (12 U.S.C. 1709(r)) is amended—

22 (1) in paragraph (3), by striking “and” at the  
23 end;

24 (2) in paragraph (4), by striking the period at  
25 the end and inserting “; and”; and

1           (3) by inserting after paragraph (4) the fol-  
2           lowing new paragraph:

3           “(5) notwithstanding any other provision of this  
4           section, in the discretion of the Secretary, reducing  
5           the premium charged for insurance for mortgages  
6           that have been recast or modified pursuant to a de-  
7           fault or imminent default.”.

8   **SEC. 4. AUTHORITY TO REAMORTIZE AND REDUCE GUAR-**  
9                           **ANTEE FEES FOR RURAL HOUSING LOANS.**

10          (a) REAMORTIZATION.—Subsection (a) of section 505  
11          of the Housing Act of 1949 (42 U.S.C. 1475(a)) is amend-  
12          ed—

13                 (1) by striking “(a) MORATORIUM.—During”  
14                 and inserting the following:

15                 “(a) MORATORIUM.—

16                         “(1) IN GENERAL.—During”;

17                         (2) by striking “his control” and all that follows  
18                         through “living.” and inserting “the borrower house-  
19                         hold’s control, the household is unable to continue  
20                         making payments of such principal and interest  
21                         when due without unduly impairing the household’s  
22                         standard of living.”;

23                         (3) By striking “In cases” and inserting the  
24                         following:

1           “(2) CASES OF EXTREME HARDSHIP.—In  
2 cases”;

3           (4) by striking “foregoing circumstances” and  
4 inserting “circumstances described in paragraph  
5 (1)”;

6           (5) by striking “Should any foreclosure” and  
7 inserting the following:

8           “(3) EXTENSION AND REAMORTIZATION OF  
9 LOAN.—If the Secretary cancels the interest due on  
10 a loan during the moratorium for the loan pursuant  
11 to paragraph (2) and the borrower is (A) still rea-  
12 sonably unable to resume making regular payments  
13 of principal and interest, or (B) eligible for a pay-  
14 ment subsidy and still reasonably unable to make re-  
15 calculated subsidized payments of principal and in-  
16 terest on the loan, the Secretary shall extend the  
17 loan and reamortize the post-moratorium loan bal-  
18 ance so that the borrower’s monthly payments of  
19 principal and interest or recalculated subsidized pay-  
20 ments of principal and interest, as applicable, do not  
21 exceed 20 percent of the borrower’s household’s ad-  
22 justed income. Any loan extension pursuant to this  
23 paragraph shall be made for the minimum period  
24 that will enable the borrower to retain his or her

1 home but in no case for a period exceeding 360  
2 months.

3 “(4) PROHIBITION ON DEFICIENCY JUDGE-  
4 MENT.—Should any foreclosure”; and  
5 (6) by inserting “pursuant to paragraph (1)”  
6 after “granted”.

7 (b) REDUCED GUARANTEE FEES.—Paragraph (8) of  
8 section 502(h) of the Housing Act of 1949 (42 U.S.C.  
9 1472(h)(8)) is amended by adding after and below sub-  
10 paragraph (B) the following new flush matter:

11 “Notwithstanding any other provision of this para-  
12 graph, in the case of a loan guaranteed pursuant to  
13 this subsection that has been recast or modified pur-  
14 suant to a default or imminent default, the Sec-  
15 retary may, in the discretion of the Secretary,  
16 charge and collect a guarantee fee in an amount  
17 that is less than the amount otherwise required by  
18 this paragraph.”.

19 **SEC. 5. HUD SHORT SALE AUTHORITY.**

20 Subparagraph (D) of section 204(a)(1) of the Na-  
21 tional Housing Act (12 U.S.C. 1710(a)(1)(D)) is amended  
22 by inserting after “default” the following: “, or in a case  
23 of imminent default resulting from a mortgagor hardship  
24 as demonstrated by the mortgagor in accordance with  
25 such guidelines as the Secretary shall establish,”.