

## HR 3451

Foreclosure Prevention and Sound Mortgage Servicing Act of 2009

**Congress:** 111 (2009–2011, Ended)

**Chamber:** House

**Policy Area:** Housing and Community Development

**Introduced:** Jul 31, 2009

**Current Status:** Referred to the House Committee on Financial Services.

**Latest Action:** Referred to the House Committee on Financial Services. (Jul 31, 2009)

**Official Text:** <https://www.congress.gov/bill/111th-congress/house-bill/3451>

### Sponsor

**Name:** Rep. Waters, Maxine [D-CA-35]

**Party:** Democratic • **State:** CA • **Chamber:** House

### Cosponsors

*No cosponsors are listed for this bill.*

### Committee Activity

Committee	Chamber	Activity	Date
Financial Services Committee	House	Referred To	Jul 31, 2009

### Subjects & Policy Tags

**Policy Area:**

Housing and Community Development

### Related Bills

*No related bills are listed.*

Foreclosure Prevention and Sound Mortgage Servicing Act of 2009 - Amends the Real Estate Settlement Procedures Act of 1974 (RESPA) to require the mortgagee, upon default of a federally related mortgage loan secured by a lien on the borrower's principal residence, to engage in loss mitigation activities that provide for: (1) the long-term affordability of the loan; and (2) the maximum retention of home equity.

Prohibits initiation of foreclosure on any mortgage loan if the mortgagee or servicer has at any time failed to comply with specified loss mitigation requirements.

Specifies priority, secondary, and last-resort mitigation activities, including the appropriate circumstances for each kind.

Sets forth criteria governing the affordability of scheduled payments due from the borrower pursuant to loss mitigation activities.

Requires the mortgagee or servicer to notify the mortgagor in writing within certain deadlines concerning prospective adjustable rate mortgage increases.

Requires a mortgagee or servicer to provide the borrower with direct access to authorized loss mitigation personnel.

Sets general rules for third-party modification of a mortgage loan and consequent loss mitigation activities.

Requires the servicer or mortgagee to forward to a housing counseling agency approved by the Secretary of Housing and Urban Development (HUD) the contact information of any borrower whose federally related mortgage loan payment is more than 60 days late.

Prohibits a mortgagee from requiring a borrower, as a condition of loss mitigation activities, to: (1) waive or limit rights to certain legal actions against the mortgagee or servicer as a condition of accepting an offer of any loss mitigation activities; or (2) agree to arbitration as a condition of receiving loan modification activities.

Subjects a mortgagee to reporting requirements regarding loss mitigation activities.

Directs the Comptroller of the Currency and the Director of the Office of Thrift Supervision to: (1) compile annually aggregate data by census tract for certain mortgagees in certain statistical areas; and (2) report to Congress on mortgagee compliance with this Act.

Requires the servicer of a mortgage loan to make available without charge, upon borrower's written request, specified account status information and documentation. Prohibits foreclosure proceedings while such a request is pending and the mortgagee or servicer has not complied with related requirements.

Amends the Truth in Lending Act to prescribe: (1) the duties of standard of care governing lenders and loan servicers; and (2) fee assessments and disclosures.

Prohibits fees for payoff statements.

Amends RESPA to specify additional account information for the required notice by the transferor of a loan servicing contract at time of transfer.

Directs the Secretary and the federal banking regulatory agencies to establish procedures and standards for servicer compensation that do not provide incentives for mortgage foreclosure or disincentives to engaging in loss mitigation activities.

Declares void and unenforceable any investment contract executed between a servicer of pooled residential mortgages and an investor after enactment of this Act that is inconsistent with it.

Directs the Secretary and the Secretary of the Treasury to implement jointly a pilot program to encourage Federal National Mortgage Association (Fannie Mae), the Federal Home Loan Mortgage Corporation (Freddie Mac), and the Federal Home Loan Banks (government-sponsored enterprises, or GSEs) to enter into contracts for insured community development financial institutions to provide mortgage servicing for mortgages they own or securitize.

### **Actions Timeline**

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- **Jul 31, 2009:** Introduced in House
- **Jul 31, 2009:** Referred to the House Committee on Financial Services.