

HR 3841

Principal Reduction Act of 2012

Congress: 112 (2011–2013, Ended)

Chamber: House

Policy Area: Housing and Community Development

Introduced: Jan 31, 2012

Current Status: Referred to the Subcommittee on Capital Markets and Government Sponsored Enterprises.

Latest Action: Referred to the Subcommittee on Capital Markets and Government Sponsored Enterprises. (Feb 9, 2012)

Official Text: <https://www.congress.gov/bill/112th-congress/house-bill/3841>

Sponsor

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

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

Cosponsors (13 total)

Cosponsor	Party / State	Role	Date Joined
Rep. Berman, Howard L. [D-CA-28]	D · CA		Jan 31, 2012
Rep. Blumenauer, Earl [D-OR-3]	D · OR		Jan 31, 2012
Rep. Clarke, Hansen [D-MI-13]	D · MI		Jan 31, 2012
Rep. Conyers, John, Jr. [D-MI-14]	D · MI		Jan 31, 2012
Rep. Filner, Bob [D-CA-51]	D · CA		Jan 31, 2012
Rep. Grijalva, Raúl M. [D-AZ-7]	D · AZ		Jan 31, 2012
Rep. Gutierrez, Luis V. [D-IL-4]	D · IL		Jan 31, 2012
Rep. Schakowsky, Janice D. [D-IL-9]	D · IL		Jan 31, 2012
Rep. Carson, Andre [D-IN-7]	D · IN		Aug 2, 2012
Rep. Kaptur, Marcy [D-OH-9]	D · OH		Aug 2, 2012
Rep. Moore, Gwen [D-WI-4]	D · WI		Aug 2, 2012
Rep. Rush, Bobby L. [D-IL-1]	D · IL		Aug 2, 2012
Rep. Woolsey, Lynn C. [D-CA-6]	D · CA		Aug 2, 2012

Committee Activity

Committee	Chamber	Activity	Date
Financial Services Committee	House	Referred to	Feb 9, 2012
Ways and Means Committee	House	Referred To	Jan 31, 2012

Subjects & Policy Tags

Policy Area:

Housing and Community Development

Related Bills

No related bills are listed.

Summary (as of Jan 31, 2012)

Principal Reduction Act of 2012 - Directs the Federal National Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie Mac) (government sponsored enterprises or GSEs) each to carry out a program to reduce the outstanding principal balances on qualified mortgages on single-family housing they own or guarantee.

Directs a GSE, under its program, to: (1) reduce the principal of a mortgage to an amount resulting in a mortgage loan-to-value ratio of not more than 90%; (2) require a mortgagor, if the dwelling for which the mortgage principal has been reduced is sold by any process other than a foreclosure sale or short sale, to pay the GSE at least one-third of any appreciation in value; and (3) recover from the mortgagor, if a mortgage whose principal has been reduced subsequently enters foreclosure, the difference between the foreclosure sales price and the outstanding principal balance on the mortgage immediately before the principal reduction.

Prohibits the charging of borrowers fees by either a GSE or a servicer conducting a principal reduction on behalf of a GSE.

Requires a GSE to pay any servicer a fee of up to \$1,000 for reducing a mortgage principal under the program.

Directs the Director of Federal Housing Finance Agency (FHFA) to encourage the modification of second liens on dwellings on which the mortgage principal is reduced under this Act.

Prohibits the Director from approving bonus compensation that exceeds the base compensation that exceeds the base compensation for any GSE executive or senior executive unless the aggregate number of qualified mortgages for which principal reductions have been taken pursuant to the program under this Act exceeds 1 million.

Actions Timeline

- **Feb 9, 2012:** Referred to the Subcommittee on Capital Markets and Government Sponsored Enterprises.
- **Jan 31, 2012:** Introduced in House
- **Jan 31, 2012:** Referred to the Committee on Financial Services, and in addition to the Committee on Ways and Means, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.