

## HR 4058

Bankruptcy Equity Act of 2012

**Congress:** 112 (2011–2013, Ended)

**Chamber:** House

**Policy Area:** Housing and Community Development

**Introduced:** Feb 16, 2012

**Current Status:** Referred to the Subcommittee on Courts, Commercial and Administrative Law.

**Latest Action:** Referred to the Subcommittee on Courts, Commercial and Administrative Law. (Feb 28, 2012)

**Official Text:** <https://www.congress.gov/bill/112th-congress/house-bill/4058>

### Sponsor

**Name:** Rep. Blumenauer, Earl [D-OR-3]

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

### Cosponsors (1 total)

Cosponsor	Party / State	Role	Date Joined
Rep. Kucinich, Dennis J. [D-OH-10]	D · OH		Feb 28, 2012

### Committee Activity

Committee	Chamber	Activity	Date
Financial Services Committee	House	Referred to	Feb 23, 2012
Judiciary Committee	House	Referred to	Feb 28, 2012
Veterans' Affairs Committee	House	Referred to	Feb 24, 2012

### Subjects & Policy Tags

#### Policy Area:

Housing and Community Development

### Related Bills

Bill	Relationship	Last Action
112 HR 1587	Related bill	Jun 1, 2011: Referred to the Subcommittee on Courts, Commercial and Administrative Law.

Bankruptcy Equity Act of 2012 - Amends federal bankruptcy law governing a Chapter 13 debtor (adjustment of debts of an individual with regular income) to exclude from the computation of debts the secured or unsecured portions of: (1) debts secured by the debtor's principal residence if the current value of that residence is less than the secured debt limit, or (2) debts secured or formerly secured by real property that was the debtor's principal residence that was sold in foreclosure or that the debtor surrendered to the creditor if the current value of such real property is less than the secured debt limit.

Declares the credit counseling requirement inapplicable to a Chapter 13 debtor who certifies that he or she has received notice that the holder of a claim secured by the debtor's principal residence may commence a foreclosure on it.

Permits a Chapter 13 bankruptcy plan to modify the rights of claim holders with respect to a claim for a loan originated before the effective date of this Act and secured by a security interest in the debtor's principal residence that is the subject of a foreclosure notice.

Authorizes reduction of a claim secured by the debtor's principal residence, but only in specified circumstances, particularly if the debtor sells the residence.

Permits a Chapter 13 bankruptcy plan to deny debtor liability for certain fees and charges incurred while the bankruptcy case is pending and arising from a debt secured by the debtor's principal residence, unless the claim holder observes specified requirements.

Adds to conditions for court confirmation of a plan in bankruptcy that: (1) the holder of a claim secured by the debtor's principal residence retain the lien securing the claim until the later of the payment of the allowed secured claim or the discharge of a debtor from all debts, and (2) the plan modifies the claim in good faith.

Excludes from the final discharge of a debtor from all debts any unpaid portion of such a claim as reduced.

Expands federal procedures governing default on veterans' housing loans. Authorizes the Secretary of Veterans Affairs, in the event of a modification in bankruptcy, to pay the holder of the obligation the unpaid balance due as of the date of the filing of the bankruptcy petition, plus accrued interest, but only upon assignment, transfer, and delivery of all rights, interest, claims, evidence, and records regarding the loan.

Amends the National Housing Act to authorize the Secretary of Housing and Urban Development (HUD) to: (1) pay Federal Housing Administration (FHA) mortgage insurance benefits for a mortgage modified under federal bankruptcy law, and (2) implement a program solely to encourage loan modifications for eligible delinquent mortgages through the payment of insurance benefits and assignment of the mortgage to the Secretary and the subsequent modification of the terms of the mortgage according to a loan modification approved by the mortgagee.

Amends the Housing Act of 1949, with respect to guaranteed rural housing loans under the Doug Bereuter Section 502 Single Family Housing Loan Guarantee Program, to authorize the Secretary of Agriculture to: (1) pay guaranteed portion of any losses incurred by the holder of a note or the loan servicer resulting from a modification in a bankruptcy proceeding, and (2) use the Rural Housing Insurance Fund to pay for losses incurred by holders or servicers in the event of a modification pursuant to a bankruptcy proceeding.

## **Actions Timeline**

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- **Feb 28, 2012:** Referred to the Subcommittee on Courts, Commercial and Administrative Law.
- **Feb 24, 2012:** Referred to the Subcommittee on Economic Opportunity.
- **Feb 23, 2012:** Referred to the Subcommittee on Insurance, Housing and Community Opportunity.
- **Feb 16, 2012:** Introduced in House
- **Feb 16, 2012:** Sponsor introductory remarks on measure. (CR H806, E211)
- **Feb 16, 2012:** Referred to the Committee on the Judiciary, and in addition to the Committees on Financial Services, and Veterans' Affairs, 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.