[DISCUSSION DRAFT]

117TH CONGRESS
2D SESSION

H. R. ________

To improve the mortgage servicing process for homeowners by providing additional protections with the goal of ensuring homeowners can remain in their homes whenever possible, and for other purposes.


IN THE HOUSE OF REPRESENTATIVES

M. ______ introduced the following bill; which was referred to the Committee on ________


A BILL

To improve the mortgage servicing process for homeowners by providing additional protections with the goal of ensuring homeowners can remain in their homes whenever possible, and for other purposes.

1 Be it enacted by the Senate and House of Representa-

tives of the United States of America in Congress assembled,

2 SECTION 1. SHORT TITLE.

3 This Act may be cited as the “Preventing Unfair

4 Foreclosures Act of 2022”.

5
TITLE I—MORTGAGE SERVICING.

SEC. 101. ADDITIONAL SERVICER OBLIGATIONS RELATED TO FORECLOSURE.

(a) In General.—Section 6 of the Real Estate Settlement Procedures Act of 1974 (12 U.S.C. 2605) is amended by adding at the end the following:

“(n) ADDITIONAL SERVICER OBLIGATIONS RELATED TO FORECLOSURE.—

“(1) NOTICE REQUIREMENT.—

“(A) IN GENERAL.—A servicer of a federally related mortgage loan shall provide, to each delinquent borrower, a written notice with the information set forth in subparagraph (B) not later than the forty-fifth day of the borrower’s delinquency and again not later than 45 days after each payment due date so long as the borrower remains delinquent.

“(B) CONTENTS OF NOTICE.—Each notice required under subparagraph (A) shall include—

“(i) a statement encouraging the borrower to contact the servicer;

“(ii) the telephone number to access servicer personnel;
“(iii) the mailing addresses and websites of the servicer for sending payments, correspondence, and requests for loss mitigation;

“(iv) an identification of the entities that own, insure, or guarantee the loan;

“(v) if applicable, information about forbearance extensions that may be available to the borrower;

“(vi) a description of representative examples of types of loss mitigation options for the borrower’s type of loan that may be available to the borrower;

“(vii) a statement informing the borrower how to obtain more information about loss mitigation options from the servicer;

“(ix) directions to access the online lists of housing counseling agencies approved by the Secretary of Housing and Urban Development and located on the websites of the Department of Housing and Urban Development and the Bureau of Consumer Financial Protection;
“(x) a list of housing counseling agencies approved by the Secretary of Housing and Urban Development that are located in the State in which the borrower resides and contact information for such agencies;

“(xi) the Department of Housing and Urban Development toll-free telephone number available for accessing housing counseling agencies; and

“(xii) information about the rights of the borrower under the Fair Housing Act, the Truth in Lending Act and this Act, and information about how to file complaints under such Acts.

“(2) DELINQUENCY OF GREATER THAN 120 DAYS REQUIRED.—

“(A) IN GENERAL.—A servicer may not make a foreclosure-related action unless a federally related mortgage loan obligation is more than 120 days delinquent, excluding any period during which the borrower was in forbearance.

“(B) FORECLOSURE-RELATED ACTION.—For the purposes of this paragraph, the term ‘foreclosure-related action’ means making the first notice or filing required by applicable law
for any judicial or non-judicial foreclosure process, including—

“(i) initiating or proceeding with any judicial or non-judicial foreclosure process;

“(ii) scheduling a foreclosure sale;

“(iii) moving for a foreclosure judgment or order of sale;

“(iv) executing a foreclosure-related eviction or foreclosure sale; or

“(v) charging, assessing, or incurring any foreclosure-related fees, such as attorney’s fees, property inspection fees, or title fees.”.

SEC. 102. ESCROW ANALYSIS AFTER FORBEARANCE.

Section 6(g) of the Real Estate Settlement Procedures Act of 1974 (12 U.S.C. 2605(g)) is amended—

(1) by striking “If the terms” and inserting “(1) IN GENERAL.—If the terms”; and

(2) by adding at the end the following:

“(2) ESCROW ANALYSIS BEFORE LOAN MODIFICATION.—

“(A) IN GENERAL.—If the terms of any federally related mortgage loan, including any permanent loss mitigation option in connection with such mortgage, require a borrower to
make payments to the servicer of the loan for
deposit into an escrow account, the servicer
shall, before offering the borrower a permanent
loss mitigation option—

“(i) conduct an escrow account anal-
ysis to determine whether a shortage, sur-
plus, or deficiency exists; and

“(ii) notify the borrower whether the
amount of any shortage or deficiency will
be repaid by the borrower under the terms
of a permanent loss mitigation option of-
fered to the borrower or whether the
servicer will require the borrower to pay
additional monthly deposits into the escrow
account to eliminate the shortage or defi-
ciency; and

“(iii) notify the borrower of the
amount of any additional monthly deposits
into the escrow account that may be re-
quired.

“(B) CAPITALIZATION AND DEFERRAL.—A
servicer shall capitalize the amount of any
shortage or deficiency into loan modifications or
defer the amount of such shortage or deficiency
until the end of the loan.”.
SEC. 103. OPTIONAL DELAY FOR CALLING HECM LOANS DUE AND PAYABLE.

Section 255 of the National Housing Act (12 U.S.C. 1715z–20) is amended by inserting after subsection (j) the following:

“(k) HOME RETENTION.—A mortgagee may refrain from submitting a due and payable request to the Secretary or may withdraw a due and payable request if—

“(1) the mortgage to which the due and payable request would relate—

“(A) is insured under this section; and

“(B) is in default because the mortgagor failed to make payment on applicable homeowners association fees, ground rents, special assessments, taxes, or insurance required under the mortgage;

“(2) the amount of total arrearages owed by the mortgagor to the mortgagee with respect to the mortgage is less than $25,000.”.

SEC. 104. REPORT ON CONSUMER COMPLAINTS RELATED TO MORTGAGE LOAN MODIFICATIONS.

Section 1013(b)(3) of the Consumer Financial Protection Act of 2010 (12 U.S.C. 5493(b)(3)) is amended in subparagraph (D), by adding at the end the following:

“As part of the data sharing required under this subparagraph, the Secretary of Housing and Urban Development,
the Director of the Federal Housing Finance Agency, the Secretary of Agriculture, and the Secretary of Veterans Affairs shall make available, to the Bureau, information about forbearances, modifications, and other loss mitigation initiatives undertaken by such agencies (including, with respect to the Director of the Federal Housing Finance Agency, such initiatives undertaken by the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation).”.

SEC. 105. INFORMATION SHARING WITH RESPECT TO CONSUMER COMPLAINTS.

Section 1013(b)(3)(A) of the Consumer Financial Protection Act of 2010 is amended by striking “where appropriate.” and inserting “where appropriate, and coordinate with such agencies to resolve such complaints”.

SEC. 106. INFORMATION SHARING AND COORDINATION WITH RESPECT TO SERVICERS.

(a) FHFA COORDINATION WITH THE CONFERENCE OF STATE BANK SUPERVISORS.—The Federal Housing Enterprises Financial Safety and Soundness Act of 1992 (12 U.S.C. 4501 et seq.) is amended by inserting after section 1328 the following:
SEC. 1329. COORDINATION WITH THE CONFERENCE OF STATE BANK SUPERVISORS.

(a) In general.—The Director shall, where possible—

(1) coordinate with the Conference of State Bank Supervisors; and

(2) regularly consult the Conference of State Bank Supervisors with respect to safety and soundness risks, risks relating to violations of fair housing and fair lending laws, related to persons or entities that are licensed by the State to provide services to regulated entities.

(b) Exchange of Regulatory and Supervisory Information.—

(1) In general.—The Director may enter into agreements with the Conference of State Bank Supervisors to facilitate the exchange of regulatory and supervisory information between the Agency and the Conference of State Bank Supervisors.

(2) Treatment of information.—Any regulatory and supervisory information shared by the Director with the Conference of State Bank Supervisors and any regulatory and supervision information shared by the Conference of State Bank Supervisors with the Director under this section shall be subject to the confidentiality requirements described
in section 1512 of the S.A.F.E. Mortgage Licensing Act of 2008.”.

(b) Ginnie Mae and Fannie Mae Coordination with the Conference of State Bank Supervisors.—Section 309 of the Housing Act of 1954 (12 U.S.C. 1723a) is amended by adding at the end the following:

“(p) Coordination With the Conference of State Bank Supervisors.—

“(1) In General.—The Association and the Corporation shall, where possible—

“(A) coordinate with the Conference of State Bank Supervisors; and

“(B) regularly consult the Conference of State Bank Supervisors with respect to safety and soundness risks, including risks relating to violations of fair housing and fair lending laws, related to persons or entities that are licensed by the State to provide services to regulated entities.

“(2) Exchange of Regulatory and Supervisory Information.—

“(A) In General.—The Association may enter into agreements with the Conference of State Bank Supervisors to facilitate the ex-
change of regulatory and supervisory information between the Association and the Conference of State Bank Supervisors.

“(B) TREATMENT OF INFORMATION.—Any regulatory and supervisory information shared by the Association with the Conference of State Bank Supervisors and any regulatory and supervision information shared by the Conference of State Bank Supervisors with the Association under this section shall be subject to the confidentiality requirements described in section 1512 of the S.A.F.E. Mortgage Licensing Act of 2008.”

SEC. 107. COVID–19 AND OTHER NATIONAL EMERGENCY MORTGAGE SERVICING.

(a) LOSS MITIGATION OFFERINGS.—When evaluating for loss mitigation a borrower experiencing a financial hardship due, directly or indirectly, to the COVID–19 emergency or a national emergency event, the servicer of the covered mortgage loan shall offer the borrower all loss mitigation options for which the borrower qualifies, regardless of whether the borrower was evaluated for loss mitigation prior to exiting a COVID-related forbearance or national emergency event-related forbearance.
(b) Servicing Requirements for Non-federally-Backed Loans.—

(1) COVID or Other Emergency Relief.— Unless a borrower already received relief that meets the requirements under this subsection prior to the enactment of this Act, any mortgage servicer, mortgagee, beneficiary of the deed of trust, or authorized agent thereof, shall, with respect to any non-federally-backed loan—

(A) provide COVID-related forbearance or national emergency-related forbearance with the same conditions and for the same period of time as required by any one of the specified Federal entities;

(B) offer to any borrower who was less than three months delinquent with respect to a covered mortgage loan as of March 1, 2020, and who experienced a financial hardship due directly or indirectly to the COVID–19 emergency and is still delinquent at the time of such offer, not less than one COVID-related permanent loss mitigation option that, prior to satisfaction of the mortgage loan—

(i) does not require the borrower to repay any arrearages of principal or inter-
est, or any escrow advances made by the
servicer, resulting from any forbearance or
period of nonpayment in order to reinstate
the mortgage, including balloon payments;
and

(ii) does not otherwise increase in any
month in any amount attributable to the
borrower’s pre-delinquency monthly prin-
cipal and interest payment other than as
the result of an adjustment of the applica-
ble index pursuant to the terms of an ad-
justable rate mortgage; and

(C) not offer any COVID-related perma-
nent loss mitigation option that—

(i) charges penalties or late fees in-
curred on or after March 1, 2020, or
charge any modification fees to the bor-
rower; or

(ii) charges additional interest beyond
the amounts scheduled or calculated as if
the borrower made all contractual pay-
ments on time and in full under the terms
of the mortgage contract in effect during
the time of nonpayment, including any for-
bearance, except to the extent that interest
is charged after the modification on any
amounts that are capitalized into the new
balance of a modified loan.

(2) **DEEMED COMPLIANCE.**—A servicer shall be
deemed to be in compliance with paragraph (1) if
such servicer offers permanent loss mitigation op-
tions to any borrower that is eligible for such perma-
nent loss mitigation options with the same terms as
those permanent loss mitigation options offered by a
specified Federal entity, and complies with any guid-
anance issued by such specified Federal entity with re-
spect to such permanent loss mitigation option that
is selected, including guidance relating to credit re-
porting and communications with borrowers.

(c) **SAFE HARBOR.**—

(1) **SERVICERS.**—A servicer of a non-federally-
backed loan—

(A) shall be deemed not to have violated
any duty or contractual obligation owed to in-
vestors in or other parties to a securitization of
such loan on account of compliance with sub-
section (b); and

(B) shall not on account of such compli-
ance with subsection (b) be—
(i) liable to any party who is owed
such a duty or obligation; or

(ii) subject to any injunction, stay, or
other equitable relief for the benefit of
such party.

(2) OTHER PERSONS.—Any person, including a
trustee of a securitization of non-federally-related
loans or other party involved in such a
securitization, who in good faith cooperates with the
efforts of a servicer of a non-federally-related loan to
comply with the terms of subsection (B), shall not
on account of its cooperation be—

(A) liable to any party to or investor in a
securitization of non-federally-related loans; or

(B) subject to any injunction, stay, or
other equitable relief.

(3) BORROWER RIGHTS UNAFFECTED.—Nothing in this section shall affect or impair the rights
of a borrower of a non-federally-backed loan.

(d) DEFINITIONS.—In this section:

(1) COVERED MORTGAGE LOAN.—The term
“covered mortgage loan”—

(A) means any credit transaction that is
secured by a mortgage, deed of trust, or other
consensual security interest on a 1- to 4-unit
dwelling or on residential real property that includes a 1- to 4-unit dwelling; and

(B) does not include a credit transaction under an open end credit plan other than a reverse mortgage.

(2) NON-FEDERALLY-BACKED LOAN.—The term “non-federally-backed loan” means any covered mortgage loan that is not made by, insured, guaranteed, purchased, or securitized by the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Federal Housing Administration, the Office of Public and Indian Housing of the Department of Housing and Urban Development, the Department of Veterans Affairs, or the Rural Development division of the Department of Agriculture.


SEC. 108. REPORTS WITH RESPECT TO MORTGAGE LENDING AND SERVICING DATA.

(a) REPORTS ON COMPLIANCE.—
(1) COVID REPORTING.—Not later than 3 months after the date of the enactment of this section, the Secretaries of Housing and Urban Development, the Veterans Affairs, and Agriculture, and the Directors of the Federal Housing Finance Agency, and the Bureau of Consumer Financial Protection shall each submit to the Congress and make publicly available online a report about the impacts of the COVID–19 pandemic on mortgage servicing that contains the information required under this subsection.

(2) QUARTERLY REPORTING.—Following the completion of reporting required under paragraph (1), the Secretaries of the Housing and Urban Development, Veterans Affairs, and Agriculture, and the Directors of the Federal Housing Finance Agency and the Bureau of Consumer Financial Protection shall each submit to the Congress and make publicly available online each quarter a report that contains the information required under this subsection.

(3) FHFA REPORT.—Each report submitted by the Director of the Federal Housing Finance Agency shall include—
(A) the number and unpaid principal balance for all residential mortgage loans, disaggregated by type guaranteed by the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation;

(B) the total number, unpaid principal balance, and length of forbearances provided to borrowers, including whether or not the forbearance was requested by the borrower;

(C) a detailed breakdown of the loan modifications offered to borrowers and whether the borrowers accepted the offer including the total number and unpaid principal balance of loan modifications ultimately made to borrowers; and

(D) a detailed breakdown of the home retention options offered to borrowers and whether the borrowers accepted the offer including the total number and unpaid principal balance of other home retention options ultimately made to borrowers.

(4) BUREAU REPORT.—Each report submitted by the Director of the Bureau of Consumer Financial Protection shall, to the degree possible include—

(A) the number and unpaid principal balance for all non-federally-backed single-family
residential mortgages, disaggregated by loan type;

(B) the total number, unpaid principal balance, and length of forbearances provided to borrowers with respect to non-federally-backed single-family residential mortgages, including whether or not the forbearance was requested by the borrower;

(C) a detailed breakdown of the loan modifications offered to borrowers with respect to non-federally-backed single-family residential mortgages and whether the borrowers accepted the offer including the total number and unpaid principal balance of loan modifications ultimately made to borrowers; and

(D) a detailed breakdown of the home retention options offered to borrowers with respect to non-federally-backed single-family residential mortgages and whether the borrowers accepted the offer including the total number and unpaid principal balance of other home retention options ultimately made to borrowers.

(5) HUD REPORT.—Each report submitted by the Secretary of Housing and Urban Development shall, to the degree possible include—
(A) the number and unpaid principal balance for all applicable federally-backed single-family residential mortgages, disaggregated by loan type;

(B) the total number, unpaid principal balance, and length of forbearances provided to borrowers with respect to applicable federally-backed single-family residential mortgages, including whether or not the forbearance was requested by the borrower;

(C) a detailed breakdown of the loan modifications offered to borrowers with respect to applicable federally-backed single-family residential mortgages and whether the borrowers accepted the offer including the total number and unpaid principal balance of loan modifications ultimately made to borrowers; and

(D) a detailed breakdown of the home retention options offered to borrowers with respect to applicable federally-backed single-family residential mortgages and whether the borrowers accepted the offer including the total number and unpaid principal balance of other home retention options ultimately made to borrowers.
(6) VA REPORT.—Each report submitted by the Secretary of Veteran’s Affairs shall, to the degree possible include—

(A) the number and unpaid principal balance for all applicable federally-backed single-family residential mortgages, disaggregated by loan type;

(B) the total number, unpaid principal balance, and length of forbearances provided to borrowers with respect to applicable federally-backed single-family residential mortgages, including whether or not the forbearance was requested by the borrower;

(C) a detailed breakdown of the loan modifications offered to borrowers with respect to applicable federally-backed single-family residential mortgages and whether the borrowers accepted the offer including the total number and unpaid principal balance of loan modifications ultimately made to borrowers; and

(D) a detailed breakdown of the home retention options offered to borrowers with respect to applicable federally-backed single-family residential mortgages and whether the borrowers accepted the offer including the total
number and unpaid principal balance of other
home retention options ultimately made to bor-
rowers.

(7) USDA REPORT.—Each report submitted by
the Secretary of Agriculture shall, to the degree pos-
sible include—

(A) the number and unpaid principal bal-
ance for all applicable federally-backed single-
family residential mortgages, disaggregated by
loan type;

(B) the total number, unpaid principal bal-
ance, and length of forbearances provided to
borrowers with respect to applicable federally-
backed single-family residential mortgages, in-
cluding whether or not the forbearance was re-
quested by the borrower;

(C) a detailed breakdown of the loan modi-
fications offered to borrowers with respect to
applicable federally-backed single-family resi-
dential mortgages and whether the borrowers
accepted the offer including the total number
and unpaid principal balance of loan modifica-
tions ultimately made to borrowers; and

(D) a detailed breakdown of the home re-
tention options offered to borrowers with re-
spect to applicable federally-backed single-family residential mortgages and whether the borrowers accepted the offer including the total number and unpaid principal balance of other home retention options ultimately made to borrowers.

(b) INTER-AGENCY SUPERVISORY EXAMINATION.—

(1) IN GENERAL.—The Secretaries of Housing and Urban Development, the Veterans Affairs, and Agriculture, and the Directors of the Federal Housing Finance Agency, and the Bureau of Consumer Financial Protection shall, until the end of the COVID–19 pandemic conduct regular joint supervisory examinations to ensure—

(A) lenders and servicers are in compliance with all covered laws; and

(B) all borrowers are given same level of relief under all covered laws.

(2) REPORT ON ENFORCEMENT ACTIVITIES.—

(A) IN GENERAL.—Not later than 6 months after the enactment of this Act and annually thereafter, the Secretaries and Directors shall jointly submit a report a to the Congress with respect to the number and nature of enforcement activities performed and actions
taken as a result of joint supervisory examinations undertaken pursuant to this subsection.

(B) REPORT CONTENTS.—The reports required under this paragraph shall contain—

(i) the number and type of any complaints received each Secretary and Director that relate to the covered laws;

(ii) the status of each such complaint and whether such complaint was made on the basis of a protected class under a civil rights law;

(iii) a list of actions taken in response to each complaint;

(iv) notation of whether the complainant has a federally-backed or non-federally-backed mortgage and the type of loan products used by such complainant;

(v) the number of complaints that were referred by such Secretary or Director to another agency, including the Department of Justice.

(c) DISAGGREGATION.—All information required to be included in a report under this section shall to the degree possible be disaggregated—
(1) geographically, at the census tract level, unless census tract level data is not available and in such a case instead at the zip code level,

(2) by race, ethnicity, national origin, gender, disability status,

(3) by whether or not the borrower seeking or obtaining assistance speaks English as a second language,

(4) by the preferred language of the borrower,

(5) by the debt-to-income level of the borrower,

(6) by the loan-to-value ratio of the loan, and

(7) by credit score of the borrower.

(d) PRIVACY PROTECTION.—

(1) IN GENERAL.—The reports submitted to the Congress pursuant to this section may not make available any personally identifiable information.

(2) DISCRETION TO DELETE OR MODIFY DATA.—The Secretaries and Directors submitting reports under this section may, at their discretion, delete or modify information collected under this section which is or will be available to the public, if the Secretaries and Directors determine that the deletion or modification of the data would advance a privacy interest.
(e) COVERED LAW DEFINED.—For the purposes of this section, the term “covered law” means—

(1) the Fair Housing Act of 1968;

(2) the Equal Credit Opportunity Act;

(3) the Community Reinvestment Act of 1977;

(4) the Federal Housing Enterprises Financial Safety and Soundness Act of 1992;

(5) the Housing and Economic Recovery Act of 2008;

(6) Federal Home Loan Bank Act;

(7) Executive Orders 11063 and 12892;

(8) the Federal National Mortgage Association Charter Act; and

(9) the Federal Home Loan Mortgage Corporation Act.

TITLE II

SEC. 201. HUD-APPROVED HOUSING COUNSELING AGENCIES.

(a) OUTREACH ATTEMPT BY HOUSING COUNSELING AGENCY.—

(1) IN GENERAL.—A servicer who seeks to initiate foreclosure on a federally related mortgage loan and who is unable to obtain a response from outreach attempts to the borrower required under this Act shall contract with and fully compensate a hous-
ing counseling agency approved by the Secretary of
Housing and Urban Development to provide out-
reach and housing counseling services to the bor-
rower, at no cost to the borrower, not less than 60
days prior to the date on which the servicer takes
any additional foreclosure-related action.

(2) LIMITATION ON LIABILITY.—A housing
counseling agency contracted by a servicer pursuant
to this paragraph may not be found liable under this
section.

(b) COORDINATION WITH HOUSING COUNSELING
AGENCIES.—If a borrower has received assistance from a
housing counseling agency approved by the Secretary of
Housing and Urban Development with respect to a feder-
ally-related mortgage loan, after obtaining or receiving
consent from the borrower in writing—

(1) ensure that all communications with respect
to such loan are provided to the borrower and the
housing counseling agency from which the borrower
has received assistance; and

(2) provide the housing counseling agency from
which the borrower has received assistance with the
contact information for a senior manager that such
housing counseling agency may use to elevate issues
relating to case evaluation errors, procedural errors,
and other problems identified by the Director of the
Bureau of Consumer Financial Protection, in coordi-
nation with the Secretary of Housing and Urban
Development, as problems that may be elevated in
such manner.

(c) LOSS MITIGATION PACKAGES.—A servicer shall
accept any supporting or additional materials, for inclu-
sion in a loss mitigation application, that—

(1) are prepared by a housing counseling agen-
cy approved by the Secretary of the Department of
Housing and Urban Development; and

(2) comply with sections 204(a) and 230 of the
National Housing Act and part 203 of title 24 of the
Code of Federal Regulations.

(d) SUPPORT FOR HOUSING COUNSELING AGEN-
cies.—The Secretary of Housing and Urban Development
shall provide financial assistance to housing counseling
agencies approved by the Department of Housing and
Urban Development to be used by such housing counseling
agencies to provide—

(1) nonfinancial assistance to borrowers with
mortgage loans for which forbearance is terminating;
and

(2) outreach to delinquent borrowers and home-
owners who are facing foreclosure.
(c) Authorization of Appropriations.—There is authorized to be appropriated for fiscal year 2022 $25,000,000 in supplementary funding to the Secretary of Housing and Urban Development to make grants under this section.

**TITLE III**

**SEC. 301. OFFICE OF THE HOMEOWNER ADVOCATE.**

(a) Establishment.—There is established, in the Bureau of Consumer Financial Protection, an office to be known as the “Office of the Homeowner Advocate” (in this Act referred to as the “Office”).

(b) Director.—

(1) In general.—The Ombudsman of the Office of the Homeowner Advocate (in this Act referred to as the “Ombudsman”) shall report directly to the Director of the Bureau of Consumer Financial Protection and shall be entitled to compensation at the same rate as the highest rate of basic pay established for the Senior Executive Service under section 5382 of title 5, United States Code.

(2) Appointment.—The Ombudsman shall be appointed by the Director, and without regard to the provisions of title 5, United States Code, relating to appointments in the competitive service or the Senior Executive Service.
(3) QUALIFICATIONS.—An individual appointed under paragraph (2) shall have—

(A) experience as an advocate for homeowners; and

(B) experience dealing with mortgage servicers.

(4) RESTRICTION ON EMPLOYMENT.—An individual may be appointed as Ombudsman only if such individual was not an officer or employee of a mortgage servicer during the 4-year period preceding the date of such appointment.

(5) HIRING AUTHORITY.—The Ombudsman shall have the authority to hire staff, obtain support by contract, and manage the budget of the Office of the Homeowner Advocate.

SEC. 302. FUNCTIONS OF THE OFFICE.

(a) IN GENERAL.—It shall be the function of the Office—

(1) to assist homeowners, housing counselors, and housing lawyers in resolving problems associated with providing loan modifications to homeowners to avoid foreclosure;

(2) to identify areas, both individual and systematic, in which homeowners, housing counselors, and housing lawyers have problems associated with
securing loan modifications for homeowners to avoid foreclosure;

(3) to the extent possible, to propose changes in administrative practices associated with providing loan modifications to homeowners to avoid foreclosure, to mitigate problems identified under paragraph (2);

(4) to identify potential legislative changes which may be appropriate to mitigate such problems; and

(5) to implement other programs and initiatives that the Ombudsman deems important to assisting homeowners, housing counselors, and housing lawyers in resolving problems associated with providing loan modifications to homeowners to avoid foreclosure, which may include—

(A) running a triage hotline for homeowners at risk of foreclosure;

(B) providing homeowners with access to housing counseling programs of the Department of Housing and Urban Development at no cost to the homeowner;

(C) developing Internet tools relating to loan modifications to avoid foreclosure; and
(D) developing training and educational materials.

(b) Authority.—

(1) In general.—Staff designated by the Ombudsman shall have the authority to implement servicer remedies, on a case-by-case basis, subject to the approval of the Director of the Bureau of Consumer Financial Protection.

(2) Resolution of homeowner concerns.—The Office shall, to the extent possible, resolve all homeowner concerns not later than 30 days after the opening of a case with such homeowner.

(c) Commencement of operations.—The Office shall commence its operations, as required by this Act, not later than 3 months after the date of enactment of this Act.

SEC. 303. RELATIONSHIP WITH EXISTING ENTITIES.

(a) Review.—The Office shall coordinate and centralize review of all complaints with respect to mortgage servicing that are collected in the Bureau of Consumer Financial Protection’s database of complaints and work with other Federal agencies as needed to resolve such complaints.

(b) Share.—The consumer complaint database established by the Director of the Bureau of Consumer Fi-
nancial Protection pursuant to section 1013 of the Consumer Protection Act of 2010 shall share all complaints relating to mortgage servicing to the Office.

(c) COORDINATION.—The Office shall coordinate with the compliance office of the Office of Financial Stability of the Department of the Treasury and the Homeownership Preservation Office of the Department of the Treasury.

SEC. 304. REPORTS TO CONGRESS.

(a) TESTIMONY.—The Ombudsman shall be available to testify before the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representatives, not less frequently than 4 times a year, or at any time at the request of the Chairs of either committee.

(b) REPORTS.—Once annually, the Ombudsman shall provide a detailed report to Congress describing all mortgage servicing complaints received by the Bureau of Consumer Financial Protection and the resolution of such complaints. Such report shall contain full and substantive analysis, in addition to statistical information and include—

(1) data and analysis of the types and volume of complaints received from homeowners, housing counselors, and housing lawyers, broken down by
category of servicer, except that servicers may not be
identified by name in the report;

(2) a summary of not fewer than 20 of the
most serious problems encountered by homeowners
who are facing foreclosure, including a description of
the nature of such problems;

(3) data and analysis on the resolutions of the
complaints received from homeowners, housing coun-
selors, and housing lawyers;

(4) identification of any programs or initiatives
that the Office has taken to improve the mortgage
servicing process for homeowners;

(5) recommendations for such administrative
and legislative action as may be appropriate to re-
solve problems encountered by homeowners who are
facing foreclosure; and

(6) such other information as the Ombudsman
may deem advisable.

**TITLE IV**

**SEC. 401. LANGUAGE ACCESS REQUIREMENTS AND RE-
SOURCES.**

(a) In General.—Chapter 2 of title I of the Truth
in Lending Act (15 U.S.C. 1631 et seq.) is amended by
inserting after section 129H the following:
§ 129I. Language access requirements.

“(a) STANDARD LANGUAGE PREFERENCE FORM.—
Not later than 90 days after the date of the enactment of this section, the Director of the Bureau of Consumer Financial Protection shall, after consulting with the Secretary of Agriculture, the Director of the Federal Housing Finance Agency, the Secretary of Veterans Affairs, and the Commissioner of the Federal Housing Authority, issue a rule establishing a standard language preference form that includes a standard language preference question asked in each of the 8 languages most commonly spoken by individuals with limited English proficiency, as determined by the Director of the Bureau using information published by the Director of the Bureau of the Census.

“(b) REQUIREMENTS FOR CREDITORS.—

“(1) USE OF STANDARD LANGUAGE PREFERENCE FORM BY CREDITORS.—

“(A) INCLUSION IN APPLICATION.—Each creditor shall include, as part of the application package used in connection with a residential mortgage loan, the standard language preference form established by the Director of the Bureau under subsection (a).

“(B) INCLUSION OF DISCLOSURE.—Each creditor may include with such standard lan-
guage preference form a disclosure stating that—

“(i) documents and services may not be available in the preferred language indicated by the consumer on the standard language preference form; and

“(ii) the English version of any document to which such form applies is the official and operative document and the translated version is for informational purposes only.

“(C) DOCUMENTATION AND TRANSFER OF PREFERRED LANGUAGE INFORMATION.—If a creditor receives information about a language preference of a consumer through the standard language preference form from another creditor or a servicer or a borrower, such creditor shall document this language preference in each file and electronic file of information associated with such consumer and shall transfer such information and the standard language preference form to any servicer of the loan.

“(2) PROVISION OF TRANSLATED DOCUMENTS.—If a Federal agency or a State or local agency in the State or locality in which the residen-
tial property is located has produced a translation of a document used in association with the origination of a residential mortgage loan in the preferred language of a consumer documented by a creditor pursuant to paragraph (1)(C), such creditor shall—

“(A) provide such translated document in addition to any English version of such document that is provided to such consumer who indicated such preferred language; and

“(B) include in the English and translated versions—

“(i) a notice indicating that the English version of such document is the official and operative document and the translated version is for informational purposes only;

“(ii) the website established under paragraph (6); and

“(iii) a notice of any available oral interpretation services described in paragraph (3).

“(3) ORAL INTERPRETATION SERVICES.—

“(A) IN GENERAL.—If a creditor receives information about a language preference of a consumer through the standard language pref-
erence form from another creditor or a servicer
or a borrower, such creditor shall provide oral
interpretation to such consumer.

“(B) CREDITOR-PROVIDED ORAL INTER-
PRETATION SERVICES.—If a creditor is required
under subparagraph (A) to provide oral inter-
pretation to a consumer, such creditor—

“(i) shall ensure qualified oral inter-
pretation services, as defined by the Direc-
tor of the Bureau, are made available in
the preferred language of the borrower for
all oral communications between the cred-
itor and the borrower; and

“(ii) may provide such services
through qualified staff of the creditor or a
third party.

“(C) AMERICAN SIGN LANGUAGE INTER-
PRETATION SERVICES.—If a creditor is required
under subparagraph (A) to provide oral inter-
pretation services to a consumer, and if such
consumer has indicated a preference for Amer-
ican Sign Language, such creditor shall ensure
qualified American Sign Language interpreta-
tion services, as defined by the Director of the
Bureau, are made available to the consumer for
all oral communications between such creditor
and the consumer, where such American Sign
Language interpretation services may be pro-
vided by qualified staff of the creditor or a
qualified third party.

“(4) NOTICE OF AVAILABLE LANGUAGE SERV-
ICES.—If a creditor receives information about a
language preference of a consumer through the
standard language preference form from another
creditor or a servicer or a borrower, such creditor
shall not later than 30 business days after receiving
such information and not less than 14 days before
any closing, notify such consumer in writing, in the
preferred language of the consumer, of any language
services available, including the services described in
paragraphs (2) and (3).

“(5) TRANSFER OF LANGUAGE PREFERENCE
INFORMATION.—If a creditor transfers the servicing
associated with a residential mortgage loan, such
creditor shall notify the transferee servicer at the
time of transfer of any known language preference
of the consumer associated with such residential
mortgage loan.

“(6) INFORMATION ON WEBSITE.—Each cred-
itor shall publish on the website of the creditor—
“(A) links to and explanatory information about the websites maintained by the Secretary of Housing and Urban Development and the Director of the Bureau of Consumer Financial Protection that identify housing counselors approved by the Department of Housing and Urban Development; and

“(B) a link to and explanatory information about the language resources website established by the Director of the Bureau of Consumer Financial Protection, the Secretary of Housing and Urban Development, the Director of the Federal Housing Finance Agency, the Secretary of Agriculture, and the Secretary of Veterans Affairs under section 312(f) of the Financial Services Racial Equity, Inclusion, and Economic Justice Act.

“(c) TRANSLATION OF MORTGAGE DOCUMENTS.—With respect to each document published by the Federal Housing Finance Agency, the Bureau of Consumer Financial Protection, the Department of Housing and Urban Development, the Department of Veterans Affairs, and the Department of Agriculture and used in association with a residential mortgage loan, including origination and servicing documents, the Director of the Bureau of Con-
sumer Financial Protection and the Director of the Federal Housing Finance Agency shall jointly—

“(1) not later than 180 days after the date of the enactment of this section, publish versions of such documents translated into each of the 8 languages most commonly spoken by individuals with limited English proficiency, as determined by the Director of the Bureau of Consumer Financial Protection using information published by the Director of the Bureau of the Census; and

“(2) not later than 3 years after the date of the enactment of this section, publish versions of such documents translated into at least 4 additional languages spoken by individuals with limited English proficiency that are regionally prevalent in the United States, as determined by the Director of the Bureau of Consumer Financial Protection using information published by the Director of the Bureau of the Census.

“(d) RULEMAKING.—The Director of the Bureau of Consumer Financial Protection shall, not later than 1 year after the date of the enactment of this section, issue regulations to implement this section that shall take effect not later than 18 months after the date of the enactment of this section.”.
(b) REQUIREMENTS FOR SERVICERS.—Section 6 of the Real Estate Settlement Procedures Act of 1974 is amended by adding at the end the following:

“(n) LANGUAGE ACCESS REQUIREMENTS.—

“(1) IN GENERAL.—

“(A) INCLUSION IN NOTICES.—Each servicer shall include the standard language preference form established by the Director of the Bureau under subsection (a) with—

“(i) any notice required under section 1024.39(b) of title 12, Code of Federal Regulations;

“(ii) any notice required under section 5(e);

“(iii) any notice required under section 1024.41(b)(2) of title 12, Code of Federal Regulations;

“(iv) any notice required under section 1024.41(c)(2)(iii) of title 12, Code of Federal Regulations; and

“(v) any other additional notice as the Director of the Bureau of Consumer Financial Protection determines necessary.

“(B) INCLUSION OF DISCLOSURES.—A servicer may include with the standard lan-
guage preference form a disclosure stating that
documents and services may not be available in
the preferred language of the borrower indi-
cated by the consumer on the standard lan-
guage preference form.

“(C) Documentation and transfer of
preferred language information.—If a
servicer receives information about a language
preference of a borrower through the standard
language preference form from another servicer
or creditor or from the borrower, such servicer
shall document this language preference in each
file or electronic file of information associated
with such borrower.

“(2) Required language services for
servicers.—

“(A) Provision of translated docu-
ments.—If a Federal agency, or a State or
local agency in the State or locality in which
the property securing the federally related
mortgage loan is to be located has produced a
translation of a document used in association
with the servicing of a federally related mort-
gage loan in the preferred language of a bor-
rower as documented by the servicer pursuant to paragraph (1)(C), the servicer shall—

“(i) provide such translated document in addition to any English version of such document that is provided to such borrower; and

“(ii) include a notice on the English and translated versions, in the preferred language of the borrower, indicating that the English version is the official and operative document and the translated version is for informational purposes only.

“(B) ORAL INTERPRETATION SERVICES.—

“(i) IN GENERAL.—If a servicer receives information about a language preference of a borrower through the standard language preference form from another creditor or a servicer or from the borrower, such servicer shall provide oral interpretation to such borrower.

“(ii) ORAL INTERPRETATION SERVICES.—If a servicer is required under subparagraph (A) to provide oral interpretation services to a borrower, such servicer—
“(I) shall ensure qualified oral interpretation services, as defined by the Director of the Bureau, are made available in the preferred language of the borrower for all oral communications between the servicer and the borrower; and

“(II) may provide such services through qualified staff of the borrower or a qualified third party.

“(3) NOTICE OF AVAILABLE LANGUAGE SERVICES.—If a servicer receives information about a language preference of a borrower through the standard language preference form from another creditor or a servicer or from the borrower, such servicer shall, not later than 30 business days after receiving such information and not less than 30 days before any foreclosure sale of the property secured by the federally related mortgage loan of the borrower, notify such borrower in writing, in the preferred language of the borrower, of any language services available, including the services required under paragraph (2).

“(4) TRANSFER OF LANGUAGE PREFERENCE INFORMATION.—If a servicer transfers the servicing
associated with a federally related mortgage loan, such servicer shall notify the transferee servicer at the time of the transfer of servicing of any known language preference of the borrower associated with such federally related mortgage loan.

“(5) STANDARD LANGUAGE PREFERENCE FORM DEFINED.—The term ‘standard language preference form’ means the standard language preference form established by the Director of the Bureau under section 129I of the Truth in Lending Act.

“(6) INFORMATION ON WEBSITE.—Each servicer shall publish on its website, in a clear and conspicuous manner—

“(A) links to and information about the websites maintained by the Secretary of Housing and Urban Development and the Director of the Bureau of Consumer Financial Protection that identify housing counselors approved by the Department of Housing and Urban Development; and

“(B) a link to and information about the language resources website established by the Director of the Bureau of Consumer Financial Protection, the Secretary of Housing and Urban Development, the Director of the Fed-
eral Housing Finance Agency, the Secretary of Agriculture, and the Secretary of Veterans Affairs under section 312(f) of the Financial Services Racial Equity, Inclusion, and Economic Justice Act.

“(7) TRANSLATION OF MORTGAGE DOCUMENTS.—With respect to each document published by the Federal Housing Finance Agency and the Bureau of Consumer Financial Protection, and used in association with a federally related mortgage loan, including origination and servicing documents, the Director of the Bureau of Consumer Financial Protection and the Director of the Federal Housing Finance Agency shall, jointly—

“(A) not later than 180 days after the date of the enactment of this section, publish versions of such documents translated into each of the 8 languages most commonly spoken by individuals with limited English proficiency, as determined by the Director of the Bureau of Consumer Financial Protection using information published by the Director of the Bureau of the Census; and

“(B) not later than 3 years after the date of the enactment of this section, publish
versions of such documents translated into at least 4 additional languages spoken by individuals with limited English proficiency that are regionally prevalent in the United States, as determined by the Director of the Bureau of Consumer Financial Protection using information published by the Director of the Bureau of the Census.

“(8) RULEMAKING.—The Director of the Bureau of Consumer Financial Protection shall issue regulations to implement this subsection. A final rule shall be issued by the Director not later than 12 months after the date of enactment of this subsection, and the effective date shall be not later than 18 months after the date of enactment of this subsection.”.

(c) CLERICAL AMENDMENT.—The table of sections in chapter 2 of the Truth in Lending Act (15 U.S.C. 1631 et seq) is amended by inserting after the item relating to section 129H the following:

“129I. Preferred language requirements.”.

(d) REPORT.—Not later than 1 year after the date of the enactment of this section, and each year thereafter, the Director of the Bureau of Consumer Financial Protection, the Secretary of Housing and Urban Development, and the Director of the Federal Housing Finance Agency, the
Secretary of Agriculture, and the Secretary of Veterans Affairs shall submit a report to the Congress that contains—

(1) regulatory recommendations to enhance mortgage origination and servicing processes for persons with a preferred language that is not English;

(2) a description of any legislative changes needed to provide authority necessary to implement the regulatory recommendations; and

(3) a description of any progress on the implementation of any legislative or regulatory recommendation made in a previous report.

(e) Community Financial Institutions Report.—Not later than 2 years after the date of the enactment of this Act, the Comptroller General of the United States shall study and report to Congress on the effects of the implementation of this section and the amendments made by this section on insured depository institutions with less than $10,000,000,000 in total assets, and the communities they serve, along with any regulatory or legislative recommendations to advance the purposes of this section.

(f) Language Resource Website.—

(1) In general.—The Director of the Bureau of Consumer Financial Protection, the Secretary of
Housing and Urban Development, the Director of the Federal Housing Finance Agency, the Secretary of Agriculture, and the Secretary of Veterans Affairs shall jointly not later than 1 year after the date of the enactment of this section establish and maintain a website that provides language resources for creditors, servicers, and consumers.

(2) Website Requirements.—The website developed pursuant to paragraph (1) shall include—

(A) the translations of documents published pursuant to section 129I(c) of the Truth in Lending Act and section 6(n)(7) of the Real Estate Settlement Procedures Act of 1974;

(B) a glossary of terms relating to residential mortgage loans and federally related mortgage loans, provided in each commonly spoken language;

(C) guidance for creditors and servicers working with persons who have a preferred language that is not English; and

(D) examples of notices that may be used by creditors and servicers to inform persons of available language services, provided in accordance with section 6(n)(2) of the Real Estate

(g) ADVISORY GROUP.—

(1) IN GENERAL.—The Director of the Bureau of Consumer Financial Protection shall establish an advisory group consisting of stakeholders, including industry groups, consumer groups, civil rights groups, and groups that have experience improving language access in housing finance transactions, to provide advice to the Director about—

(A) issues that arise relating to mortgage origination and servicing processes for persons with a preferred language that is not English;

(B) the development of the standard language preference form by the Director under section 129I(a) of the Truth in Lending Act; and

(C) updates to the language resource website established by the Director, the Secretary of Housing and Urban Development, the Director of the Federal Housing Finance Agency, the Secretary of Agriculture, and the Secretary of Veterans Affairs under subsection (f).

(2) REQUIRED CONSULTING.—The Director of the Bureau of Consumer Financial Protection shall
consult with the advisory group established pursuant to paragraph (1) with respect to any issues that arise relating to mortgage origination and servicing processes for persons with a preferred language that is not English.

(h) **Housing Counseling Agency Language Resources.**—

(1) **Enhanced Search Capabilities.**—Not later than 1 year after the date of the enactment of this section—

(A) the Secretary shall update the website maintained by the Secretary that identifies housing counselors approved by the Department of Housing and Urban Development, to allow for searching for housing counseling agencies based on provided language services; and

(B) the Director shall update the website maintained by the Director that identifies housing counselors approved by the Secretary to allow for searching for housing counseling agencies based on provided language services.

(2) **Authorization of Appropriations.**—There is authorized to be appropriated to the Secretary of Housing and Urban Development, such sums as are necessary to support language training
for housing counselors, housing counseling agencies, and staff that are approved by the Secretary.

(i) DEFINITIONS.—In this section:

(1) CREDITOR.—The term “creditor” has the meaning given the term in section 103 of the Truth in Lending Act and shall include any assignee of a creditor.

(2) DIRECTOR.—The term “Director” means the Director of the Bureau of Consumer Financial Protection.

(3) SECRETARY.—The term “Secretary” means the Secretary of Housing and Urban Development.

(4) SERVICER.—The term “servicer” has the meaning given the term in section 6(i) of the Real Estate Settlement Procedures Act of 1974.

(5) RESIDENTIAL MORTGAGE LOAN.—The term “residential mortgage loan” has the meaning given the term in section 103 of the Truth in Lending Act.

(6) FEDERA ((_)Y RELATED MORTGAGE LOAN.—The term “federally related mortgage loan” has the meaning given the term in section 3 of the Real Estate Settlement Procedures Act of 1974.