

**TITLE 12 - BANKS AND BANKING**  
**CHAPTER 13 - NATIONAL HOUSING**

**§ 1701x. Assistance with respect to housing for low- and moderate-income families**

**(a) Authorization to provide information, advice, and technical assistance; scope of assistance; authorization of appropriations**

(1) The Secretary is authorized to provide, or contract with public or private organizations to provide, information, advice, and technical assistance, including but not limited to—

(i) the assembly, correlation, publication, and dissemination of information with respect to the construction, rehabilitation, and operation of low- and moderate-income housing;

(ii) the provision of advice and technical assistance to public bodies or to nonprofit or cooperative organizations with respect to the construction, rehabilitation, and operation of low- and moderate-income housing, including assistance with respect to self-help and mutual self-help programs;

(iii) counseling and advice to tenants and homeowners with respect to property maintenance, financial management, and such other matters as may be appropriate to assist them in improving their housing conditions and in meeting the responsibilities of tenancy or homeownership; and

(iv) the provision of technical assistance to communities, particularly smaller communities, to assist such communities in planning, developing, and administering Community Development Programs pursuant to title I of the Housing and Community Development Act of 1974 [42 U.S.C. 5301 et seq.].

(2) The Secretary

(A) shall provide the services described in clause (iii) of paragraph (1) for homeowners assisted under section 235 of the National Housing Act [12 U.S.C. 1715z];

(B) shall, in consultation with the Secretary of Agriculture, provide such services for borrowers who are first-time homebuyers with guaranteed loans under section 502(h) of the Housing Act of 1949 [42 U.S.C. 1472 (h)]; and

(C) may provide such services for other owners of single family dwelling units insured under title II of the National Housing Act [12 U.S.C. 1707 et seq.] or guaranteed or insured under chapter 37 of title 38. For purposes of this paragraph and clause (iii) of paragraph (1), the Secretary may provide the services described in such clause directly or may enter into contracts with, make grants to, and provide other types of assistance to private or public organizations with special competence and knowledge in counseling low- and moderate-income families to provide such services.

(3) There is authorized to be appropriated for the purposes of this subsection, without fiscal year limitation, such sums as may be necessary; except that for such purposes there are authorized to be appropriated \$6,025,000 for fiscal year 1993 and \$6,278,050 for fiscal year 1994. Of the amounts appropriated for each of fiscal years 1993 and 1994, up to \$500,000 shall be available for use for counseling and other activities in connection with the demonstration program under section 152 of the Housing and Community Development Act of 1992. Any amounts so appropriated shall remain available until expended.

**(b) Loans to nonprofit organizations or public housing agencies; purpose and terms; repayment; authorization of appropriations; deposit of appropriations in Low and Moderate Income Sponsor Fund**

(1) The Secretary is authorized to make loans to nonprofit organizations or public housing agencies for the necessary expenses, prior to construction, in planning, and obtaining financing for, the rehabilitation or construction of housing for low or moderate income families under section 235 of the National Housing Act [12 U.S.C. 1715z] or any other federally assisted program. Such loans

shall be made without interest and shall not exceed 80 per centum of the reasonable costs expected to be incurred in planning, and in obtaining financing for, such housing prior to the availability of financing, including, but not limited to, preliminary surveys and analyses of market needs, preliminary site engineering and architectural fees, site acquisition, application and mortgage commitment fees, and construction loan fees and discounts. The Secretary shall require repayment of loans made under this subsection, under such terms and conditions as he may require, upon completion of the project or sooner, and may cancel any part or all of a loan if he determines that it cannot be recovered from the proceeds of any permanent loan made to finance the rehabilitation or construction of the housing.

(2) The Secretary shall determine prior to the making of any loan that the nonprofit organization or public housing agency meets such requirements with respect to financial responsibility and stability as he may prescribe.

(3) There are authorized to be appropriated for the purposes of this subsection not to exceed \$7,500,000 for the fiscal year ending June 30, 1969, and not to exceed \$10,000,000 for the fiscal year ending June 30, 1970. Any amounts so appropriated shall remain available until expended, and any amounts authorized for any fiscal year under this paragraph but not appropriated may be appropriated for any succeeding fiscal year.

(4) All funds appropriated for the purposes of this subsection shall be deposited in a fund which shall be known as the Low and Moderate Income Sponsor Fund, and which shall be available without fiscal year limitation and be administered by the Secretary as a revolving fund for carrying out the purposes of this subsection. Sums received in repayment of loans made under this subsection shall be deposited in such fund.

**(c) Grants for homeownership counseling organizations**

**(1) In general**

The Secretary of Housing and Urban Development may make grants—

- (A) to nonprofit organizations experienced in the provision of homeownership counseling to enable the organizations to provide homeownership counseling to eligible homeowners; and
- (B) to assist in the establishment of nonprofit homeownership counseling organizations.

**(2) Program requirements**

- (A) Applications for grants under this subsection shall be submitted in the form, and in accordance with the procedures, that the Secretary requires.
- (B) The homeownership counseling organizations receiving assistance under this subsection shall use the assistance only to provide homeownership counseling to eligible homeowners.
- (C) The homeownership counseling provided by homeownership counseling organizations receiving assistance under this subsection shall include counseling with respect to—
  - (i) financial management;
  - (ii) available community resources, including public assistance programs, mortgage assistance programs, home repair assistance programs, utility assistance programs, food programs, and social services; and
  - (iii) employment training and placement.

**(3) Availability of homeownership counseling**

The Secretary shall take any action that is necessary—

- (A) to ensure the availability throughout the United States of homeownership counseling from homeownership counseling organizations receiving assistance under this subsection, with priority to areas that—
  - (i) are experiencing high rates of home foreclosure and any other indicators of homeowner distress determined by the Secretary to be appropriate;
  - (ii) are not already adequately served by homeownership counseling organizations; and

(iii) have a high incidence of mortgages involving principal obligations (including such initial service charges, appraisal, inspection, and other fees as the Secretary shall approve) in excess of 97 percent of the appraised value of the properties that are insured pursuant to section 203 of the National Housing Act [12 U.S.C. 1709]; and

(B) to inform the public of the availability of the homeownership counseling.

**(4) Eligibility for counseling**

A homeowner shall be eligible for homeownership counseling under this subsection if—

(A) the home loan is secured by property that is the principal residence (as defined by the Secretary) of the homeowner;

(B) the home loan is not assisted under title V of the Housing Act of 1949 [42 U.S.C. 1471 et seq.]; and

(C) the homeowner is, or is expected to be, unable to make payments, correct a home loan delinquency within a reasonable time, or resume full home loan payments due to a reduction in the income of the homeowner because of—

(i) an involuntary loss of, or reduction in, the employment of the homeowner, the self-employment of the homeowner, or income from the pursuit of the occupation of the homeowner;

(ii) any similar loss or reduction experienced by any person who contributes to the income of the homeowner;

(iii) a significant reduction in the income of the household due to divorce or death; or

(iv) a significant increase in basic expenses of the homeowner or an immediate family member of the homeowner (including the spouse, child, or parent for whom the homeowner provides substantial care or financial assistance) due to—

(I) an unexpected or significant increase in medical expenses;

(II) a divorce;

(III) unexpected and significant damage to the property, the repair of which will not be covered by private or public insurance; or

(IV) a large property-tax increase; or

(D) the Secretary of Housing and Urban Development determines that the annual income of the homeowner is no greater than the annual income established by the Secretary as being of low- or moderate-income.

**(5) Notification of availability of homeownership counseling**

**(A) Notification of availability of homeownership counseling**

**(i) Requirement**

Except as provided in subparagraph (C), the creditor of a loan (or proposed creditor) shall provide notice under clause (ii) to (I) any eligible homeowner who fails to pay any amount by the date the amount is due under a home loan, and (II) any applicant for a mortgage described in paragraph (4).

**(ii) Content**

Notification under this subparagraph shall—

(I) notify the homeowner or mortgage applicant of the availability of any homeownership counseling offered by the creditor (or proposed creditor);

(II) if provided to an eligible mortgage applicant, state that completion of a counseling program is required for insurance pursuant to section 203 of the National Housing Act [12 U.S.C. 1709];

(III) notify the homeowner or mortgage applicant of the availability of homeownership counseling provided by nonprofit organizations approved by the

Secretary and experienced in the provision of homeownership counseling, or provide the toll-free telephone number described in subparagraph (D)(i); and

(IV) notify the homeowner by a statement or notice, written in plain English by the Secretary of Housing and Urban Development, in consultation with the Secretary of Defense and the Secretary of the Treasury, explaining the mortgage and foreclosure rights of servicemembers, and the dependents of such servicemembers, under the Servicemembers Civil Relief Act (50 App. U.S.C. 501 et seq.), including the toll-free military one source number to call if servicemembers, or the dependents of such servicemembers, require further assistance.

**(B) Deadline for notification**

The notification required in subparagraph (A) shall be made—

- (i) in a manner approved by the Secretary; and
- (ii) before the expiration of the 45-day period beginning on the date on which the failure referred to in such subparagraph occurs.

**(C) Notification**

Notification under subparagraph (A) shall not be required with respect to any loan for which the eligible homeowner pays the amount overdue before the expiration of the 45-day period under subparagraph (B)(ii).

**(D) Administration and compliance**

The Secretary shall, to the extent of amounts approved in appropriation Acts, enter into an agreement with an appropriate private entity under which the entity will—

- (i) operate a toll-free telephone number through which any eligible homeowner can obtain a list of nonprofit organizations, which shall be updated annually, that—
  - (I) are approved by the Secretary and experienced in the provision of homeownership counseling; and
  - (II) serve the area in which the residential property of the homeowner is located;
- (ii) monitor the compliance of creditors with the requirements of subparagraphs (A) and (B); and
- (iii) report to the Secretary not less than annually regarding the extent of compliance of creditors with the requirements of subparagraphs (A) and (B).

**(E) Report**

The Secretary shall submit a report to the Congress not less than annually regarding the extent of compliance of creditors with the requirements of subparagraphs (A) and (B) and the effectiveness of the entity monitoring such compliance. The Secretary shall also include in the report any recommendations for legislative action to increase the authority of the Secretary to penalize creditors who do not comply with such requirements.

**(6) Definitions**

For purposes of this subsection:

- (A) The term “creditor” means a person or entity that is servicing a home loan on behalf of itself or another person or entity.
- (B) The term “eligible homeowner” means a homeowner eligible for counseling under paragraph (4).
- (C) The term “home loan” means a loan secured by a mortgage or lien on residential property.
- (D) The term “homeowner” means a person who is obligated under a home loan.

(E) The term “residential property” means a 1-family residence, including a 1-family unit in a condominium project, a membership interest and occupancy agreement in a cooperative housing project, and a manufactured home and the lot on which the home is situated.

**(7) Regulations**

The Secretary shall issue any regulations that are necessary to carry out this subsection.

**(8) Authorization of appropriations**

There are authorized to be appropriated to carry out this section \$7,000,000 for fiscal year 1993 and \$7,294,000 for fiscal year 1994, of which amounts \$1,000,000 shall be available in each such fiscal year to carry out paragraph (5)(D). Any amount appropriated under this subsection shall remain available until expended.

**(d) Prepurchase and foreclosure-prevention counseling demonstration**

**(1) Purposes**

The purpose of this subsection is—

- (A) to reduce defaults and foreclosures on mortgage loans insured under the Federal Housing Administration single family mortgage insurance program;
- (B) to encourage responsible and prudent use of such federally insured home mortgages;
- (C) to assist homeowners with such federally insured mortgages to retain the homes they have purchased pursuant to such mortgages; and
- (D) to encourage the availability and expansion of housing opportunities in connection with such federally insured home mortgages.

**(2) Authority**

The Secretary of Housing and Urban Development shall carry out a program to demonstrate the effectiveness of providing coordinated prepurchase counseling and foreclosure-prevention counseling to first-time homebuyers and homeowners in avoiding defaults and foreclosures on mortgages insured under the Federal Housing Administration single family home mortgage insurance program.

**(3) Grants**

Under the demonstration program under this subsection, the Secretary shall make grants to qualified nonprofit organizations under paragraph (4) to enable the organizations to provide prepurchase counseling services to eligible homebuyers and foreclosure-prevention counseling services to eligible homeowners, in counseling target areas.

**(4) Qualified nonprofit organizations**

The Secretary shall select nonprofit organizations to receive assistance under the demonstration program under this subsection based on the experience and ability of the organizations in providing homeownership counseling and their ability to provide community-based prepurchase and foreclosure-prevention counseling under paragraphs (5) and (6) in a counseling target area. To be eligible for selection under this paragraph, a nonprofit organization shall submit an application containing a proposal for providing counseling services in the form and manner required by the Secretary.

**(5) Prepurchase counseling**

**(A) Mandatory participation**

Under the demonstration program, the Secretary shall require any eligible homebuyer who intends to purchase a home located in a counseling target area and who has applied for (as determined by the Secretary) a qualified mortgage (as such term is defined in paragraph (9)) on such home that involves a downpayment of less than 10 percent of the principal obligation

of the mortgage, to receive counseling prior to signing of a contract to purchase the home. The counseling shall include counseling with respect to—

- (i) financial management and the responsibilities involved in homeownership;
- (ii) fair housing laws and requirements;
- (iii) the maximum mortgage amount that the homebuyer can afford; and
- (iv) options, programs, and actions available to the homebuyer in the event of actual or potential delinquency or default.

**(B) Eligibility for counseling**

A homebuyer shall be eligible for prepurchase counseling under this paragraph if—

- (i) the homebuyer has applied for a qualified mortgage;
- (ii) the homebuyer is a first-time homebuyer; and
- (iii) the home to be purchased under the qualified mortgage is located in a counseling target area.

**(6) Foreclosure-prevention counseling**

**(A) Availability**

Under the demonstration program, the Secretary shall make counseling available for eligible homeowners who are 60 or more days delinquent with respect to a payment under a qualified mortgage on a home located within a counseling target area. The counseling shall include counseling with respect to options, programs, and actions available to the homeowner for resolving the delinquency or default.

**(B) Notification of delinquency**

Under the demonstration program, the Secretary shall require the creditor of any eligible homeowner who is delinquent (as described in subparagraph (A)) to send written notice by registered or certified mail within 5 days (excluding Saturdays, Sundays, and legal public holidays) after the occurrence of such delinquency—

- (i) notifying the homeowner of the delinquency and the name, address, and phone number of the counseling organization for the counseling target area; and
- (ii) notifying any counseling organization for the counseling target area of the delinquency and the name, address, and phone number of the delinquent homeowner.

**(C) Coordination with emergency homeownership counseling program**

The Secretary may coordinate the provision of assistance under subsection (c) of this section with the demonstration program under this subsection.

**(D) Eligibility for counseling**

A homeowner shall be eligible for foreclosure-prevention counseling under this paragraph if—

- (i) the home owned by the homeowner is subject to a qualified mortgage; and
- (ii) such home is located in a counseling target area.

**(7) Scope of demonstration program**

**(A) Designation of counseling target areas**

The Secretary shall designate 3 counseling target areas (as provided in subparagraph (B)), which shall be located in not less than 2 separate metropolitan areas. The Secretary shall provide for counseling under the demonstration program under this subsection with respect to only such counseling target areas.

**(B) Counseling target areas**

Each counseling target area shall consist of a group of contiguous census tracts—

- (i) the population of which is greater than 50,000;

- (ii) which together constitute an identifiable neighborhood, area, borough, district, or region within a metropolitan area (except that this clause may not be construed to exclude a group of census tracts containing areas not wholly contained within a single town, city, or other political subdivision of a State);
- (iii) in which the average age of existing housing is greater than 20 years; and
- (iv) for which
  - (I) the percentage of qualified mortgages on homes within the area that are foreclosed exceeds 5 percent for the calendar year preceding the year in which the area is selected as a counseling target area, or
  - (II) the number of qualified mortgages originated on homes in such area in the calendar year preceding the calendar year in which the area is selected as a counseling target area exceeds 20 percent of the total number of mortgages originated on residences in the area during such year.

**(C) Mortgage characteristics**

In designating counseling target areas under subparagraph (A), the Secretary shall designate at least 1 such area that meets the requirements of subparagraph (B)(iv)(I) and at least 1 such area that meets the requirements of subparagraph (B)(iv)(II).

**(D) Expansion of target areas**

The Secretary may expand any counseling target area during the term of the demonstration program, if the Secretary determines that counseling can be adequately provided within such expanded area and the purposes of this subsection will be furthered by such expansion. Any such expansion shall include only groups of census tracts that are contiguous to the counseling target area expanded and such census tract groups shall not be subject to the provisions of subparagraph (B).

**(E) Designation of control areas**

For purposes of determining the effectiveness of counseling under the demonstration program, the Secretary shall designate 3 control areas, each of which shall correspond to 1 of the counseling target areas designated under subparagraph (A). Each control area shall be located in the metropolitan area in which the corresponding counseling target area is located, shall meet the requirements of subparagraph (B), and shall be similar to such area with respect to size, age of housing stock, median income, and racial makeup of the population. Each control area shall also comply with the requirements of subclause (I) or (II) of subparagraph (B)(iv), according to the subclause with which the corresponding counseling target area complies.

**(8) Evaluation**

Each organization providing counseling under the demonstration program under this subsection shall maintain records with respect to each eligible homebuyer and eligible homeowner counseled and shall provide information with respect to such counseling as the Secretary or the Comptroller General may require.

**(9) Definitions**

For purposes of this subsection:

- (A) The term “control area” means an area designated by the Secretary under paragraph (7)(E).
- (B) The term “counseling target area” means an area designated by the Secretary under paragraph (7)(A).
- (C) The term “creditor” means a person or entity that is servicing a loan secured by a qualified mortgage on behalf of itself or another person or entity.
- (D) The term “displaced homemaker” means an individual who—

- (i) is an adult;
- (ii) has not worked full-time, full-year in the labor force for a number of years, but has during such years, worked primarily without remuneration to care for the home and family; and
- (iii) is unemployed or underemployed and is experiencing difficulty in obtaining or upgrading employment.

(E) The term “downpayment” means the amount of purchase price of home required to be paid at or before the time of purchase.

(F) The term “eligible homebuyer” means a homebuyer that meets the requirements under paragraph (5)(B).

(G) The term “eligible homeowner” means a homeowner that meets the requirements under paragraph (6)(D).

(H) The term “first-time homebuyer” means an individual who—

- (i) (and whose spouse) has had no ownership in a principal residence during the 3-year period ending on the date of purchase of the home pursuant to which counseling is provided under this subsection;
- (ii) is a displaced homemaker who, except for owning a residence with his or her spouse or residing in a residence owned by the spouse, meets the requirements of clause (i); or
- (iii) is a single parent who, except for owning a residence with his or her spouse or residing in a residence owned by the spouse while married, meets the requirements of clause (i).

(I) The term “home” includes any dwelling or dwelling unit eligible for a qualified mortgage, and includes a unit in a condominium project, a membership interest and occupancy agreement in a cooperative housing project, and a manufactured home and the lot on which the home is situated.

(J) The term “metropolitan area” means a standard metropolitan statistical area as designated by the Director of the Office of Management and Budget.

(K) The term “qualified mortgage” means a mortgage on a 1- to 4-family home that is insured under title II of the National Housing Act [12 U.S.C. 1707 et seq.].

(L) The term “Secretary” means the Secretary of Housing and Urban Development.

(M) The term “single parent” means an individual who—

- (i) is unmarried or legally separated from a spouse; and
- (ii) (I) has 1 or more minor children for whom the individual has custody or joint custody; or  
(II) is pregnant.

#### **(10) Regulations**

The Secretary may issue any regulations necessary to carry out this subsection.

#### **(11) Authorization of appropriations**

There are authorized to be appropriated to carry out this subsection \$365,000 for fiscal year 1993 and \$380,330 for fiscal year 1994.

#### **(12) Termination**

The demonstration program under this subsection shall terminate at the end of fiscal year 1994.

### **(e) Certification**

#### **(1) Requirement for assistance**

An organization may not receive assistance for counseling activities under subsection (a)(1)(iii), (a)(2), (c), or (d) of this section, unless the organization provides such counseling, to the extent

practicable, by individuals who have been certified by the Secretary under this subsection as competent to provide such counseling.

**(2) Standards and examination**

The Secretary shall, by regulation, establish standards and procedures for testing and certifying counselors. Such standards and procedures shall require for certification that the individual shall demonstrate, by written examination (as provided under subsection (f)(4) of this section), competence to provide counseling in each of the following areas:

- (A) Financial management.
- (B) Property maintenance.
- (C) Responsibilities of homeownership and tenancy.
- (D) Fair housing laws and requirements.
- (E) Housing affordability.
- (F) Avoidance of, and responses to, rental and mortgage delinquency and avoidance of eviction and mortgage default.

**(3) Encouragement**

The Secretary shall encourage organizations engaged in providing homeownership and rental counseling that do not receive assistance under this section to employ individuals to provide such counseling who are certified under this subsection or meet the certification standards established under this subsection.

**(f) Homeownership and rental counselor training and certification programs**

**(1) Establishment**

To the extent amounts are provided in appropriations Acts under paragraph (7), the Secretary shall contract with an appropriate entity (which may be a nonprofit organization) to carry out a program under this subsection to train individuals to provide homeownership and rental counseling and to administer the examination under subsection (e)(2) of this section and certify individuals under such subsection.

**(2) Eligibility and selection**

**(A) Eligibility**

To be eligible to provide the training and certification program under this subsection, an entity shall have demonstrated experience in training homeownership and rental counselors.

**(B) Selection**

The Secretary shall provide for entities meeting the requirements of subparagraph (A) to submit applications to provide the training and certification program under this subsection. The Secretary shall select an application based on the ability of the entity to—

- (i) establish the program as soon as possible on a national basis, but not later than the date under paragraph (6);
- (ii) minimize the costs involved in establishing the program; and
- (iii) effectively and efficiently carry out the program.

**(3) Training**

The Secretary shall require that training of counselors under the program under this subsection be designed and coordinated to prepare individuals for successful completion of the examination for certification under subsection (e)(2) of this section. The Secretary, in consultation with the entity selected under paragraph (2)(B), shall establish the curriculum and standards for training counselors under the program.

**(4) Certification**

NB: This unofficial compilation of the U.S. Code is current as of Jan. 5, 2009 (see <http://www.law.cornell.edu/uscode/uscprint.html>).

The entity selected under paragraph (2)(B) shall administer the examination under subsection (e)(2) of this section and, on behalf of the Secretary, certify individuals successfully completing the examination. The Secretary, in consultation with such entity, shall establish the content and format of the examination.

**(5) Fees**

Subject to the approval of the Secretary, the entity selected under paragraph (2)(B) may establish and impose reasonable fees for participation in the training provided under the program and for examination and certification under subsection (e)(2) of this section, in an amount sufficient to cover any costs of such activities not covered with amounts provided under paragraph (7).

**(6) Timing**

The entity selected under paragraph (2)(B) to carry out the training and certification program shall establish the program as soon as possible after such selection, and shall make training and certification available under the program on a national basis not later than the expiration of the 1-year period beginning upon such selection.

**(7) Authorization of appropriations**

There are authorized to be appropriated to carry out this subsection \$2,000,000 for fiscal year 1993 and \$2,084,000 for 1994.

(Pub. L. 90–448, title I, § 106, Aug. 1, 1968, 82 Stat. 490; Pub. L. 91–609, title IX, § 903(a), (b), Dec. 31, 1970, 84 Stat. 1808; Pub. L. 93–383, title VIII, § 811, Aug. 22, 1974, 88 Stat. 735; Pub. L. 95–128, title IX, § 903, Oct. 12, 1977, 91 Stat. 1149; Pub. L. 97–35, title III, § 339A, Aug. 13, 1982, 95 Stat. 417; Pub. L. 98–181, title IV, § 465, Nov. 30, 1983, 97 Stat. 1236; Pub. L. 98–479, title II, § 204(f), Oct. 17, 1984, 98 Stat. 2233; Pub. L. 100–242, title I, § 169, Feb. 5, 1988, 101 Stat. 1865; Pub. L. 100–628, title X, § 1009, Nov. 7, 1988, 102 Stat. 3266; Pub. L. 101–137, § 8, Nov. 3, 1989, 103 Stat. 826; Pub. L. 101–625, title V, § 577, title VII, § 706(c), Nov. 28, 1990, 104 Stat. 4238, 4286; Pub. L. 102–550, title I, § 162(a)–(d), Oct. 28, 1992, 106 Stat. 3719–3721; Pub. L. 104–316, title I, § 106(a), Oct. 19, 1996, 110 Stat. 3830; Pub. L. 105–276, title V, § 594(a), (b), Oct. 21, 1998, 112 Stat. 2655; Pub. L. 107–73, title II, § 205, Nov. 26, 2001, 115 Stat. 674; Pub. L. 109–163, div. A, title VI, § 688(a), Jan. 6, 2006, 119 Stat. 3336; Pub. L. 110–289, div. B, title I, § 2127, July 30, 2008, 122 Stat. 2841.)

**References in Text**

The Housing and Community Development Act of 1974, referred to in subsec. (a)(1)(iv), is Pub. L. 93–383, Aug. 22, 1974, 88 Stat. 633, as amended. Title I of the Housing and Community Development Act of 1974 is classified principally to chapter 69 (§ 5301 et seq.) of Title 42, The Public Health and Welfare. For complete classification of this Act to the Code, see Short Title note set out under section 5301 of Title 42 and Tables.

The National Housing Act, referred to in subsecs. (a)(2) and (d)(9)(K), is act June 27, 1934, ch. 847, 48 Stat. 1246, as amended. Title II of the Act is classified generally to subchapter II (§ 1707 et seq.) of this chapter. For complete classification of this Act to the Code, see section 1701 of this title and Tables.

Section 152 of the Housing and Community Development Act of 1992, referred to in subsec. (a)(3), is section 152 of Pub. L. 102–550, which was set out as a note under section 1437f of Title 42, The Public Health and Welfare, prior to repeal by Pub. L. 105–276, title V, § 550(f), Oct. 21, 1998, 112 Stat. 2610.

The Housing Act of 1949, referred to in subsec. (c)(4)(B), is act July 15, 1949, ch. 338, 63 Stat. 413, as amended. Title V of the Housing Act of 1949 is classified generally to subchapter III (§ 1471 et seq.) of chapter 8A of Title 42, The Public Health and Welfare. For complete classification of this Act to the Code, see Short Title note set out under section 1441 of Title 42, The Public Health and Welfare, and Tables.

The Servicemembers Civil Relief Act, referred to in subsec. (c)(5)(A)(ii)(IV), is act Oct. 17, 1940, ch. 888, 54 Stat. 1178, as amended, which is classified to section 501 et seq. of Title 50, Appendix, War and National Defense. For complete classification of this Act to the Code, see section 501 of Title 50, Appendix, and Tables.

## Codification

Section was enacted as part of the Housing and Urban Development Act of 1968, and not as part of the National Housing Act which comprises this chapter.

## Amendments

2008—Subsec. (c)(4). Pub. L. 110–289, § 2127(2), struck out concluding provisions which read as follows: “An applicant for a mortgage shall be eligible for homeownership counseling under this subsection if the applicant is a first-time homebuyer who meets the requirements of section 12852 (b)(1) of title 42 and the mortgage involves a principal obligation (including such initial service charges, appraisal, inspection, and other fees as the Secretary shall approve) in excess of 97 percent of the appraised value of the property and is to be insured pursuant to section 203 of the National Housing Act.”

Subsec. (c)(4)(C)(iii), (iv). Pub. L. 110–289, § 2127(1), added cls. (iii) and (iv).

Subsec. (c)(4)(D). Pub. L. 110–289, § 2127(3), added subpar. (D).

2006—Subsec. (c)(5)(A)(ii)(IV). Pub. L. 109–163 added subcl. (IV).

2001—Subsec. (c)(9). Pub. L. 107–73 struck out heading and text of par. (9). Text read as follows: “The provisions of this subsection shall not be effective after September 30, 2000.”

1998—Subsec. (c)(5)(C). Pub. L. 105–276, § 594(b), amended heading and text of subpar. (C) generally. Prior to amendment, text read as follows: “Notification under subparagraph (A) shall not be required with respect to any loan—

“(i) insured or guaranteed under chapter 37 of title 38; or

“(ii) for which the eligible homeowner pays the amount overdue before the expiration of the 45-day period under subparagraph (B)(ii).”

Subsec. (c)(9). Pub. L. 105–276, § 594(a), substituted “2000” for “1994”.

1996—Subsec. (d)(5)(A). Pub. L. 104–316, § 106(a)(2), substituted “(9)” for “(10)(K)” in introductory provisions.

Subsec. (d)(8). Pub. L. 104–316, § 106(a)(3), struck out “(for purposes of the study and report under paragraph (9))” before “may require”.

Subsec. (d)(9) to (13). Pub. L. 104–316, § 106(a)(1), (4), redesignated pars. (10) to (13) as (9) to (12), respectively, and struck out former par. (9) which related to GAO study and report on demonstration program.

1992—Subsec. (a)(3). Pub. L. 102–550, § 162(a), substituted “except that for such purposes there are authorized to be appropriated \$6,025,000 for fiscal year 1993 and \$6,278,050 for fiscal year 1994. Of the amounts appropriated for each of fiscal years 1993 and 1994, up to \$500,000 shall be available for use for counseling and other activities in connection with the demonstration program under section 152 of the Housing and Community Development Act of 1992.” for “except that for such purposes there are authorized to be appropriated \$3,600,000 for fiscal year 1991 and \$3,700,000 for fiscal year 1992.”

Subsec. (c)(3)(A)(iii). Pub. L. 102–550, § 162(b)(3), added cl. (iii).

Subsec. (c)(4). Pub. L. 102–550, § 162(b)(4), inserted flush sentence at end.

Subsec. (c)(5)(A). Pub. L. 102–550, § 162(b)(5), added subpar. (A) and struck out former subpar. (A) which read as follows: “(A) In general.—Except as provided in subparagraph (C), if any eligible homeowner fails to pay any amount by the date the amount is due under a home loan, the creditor of the loan shall notify the homeowner of the availability of any homeownership counseling offered by the creditor and, as a supplement to counseling provided by the creditor, shall notify the homeowner of 1 of the following:

“(i) The availability of homeownership counseling provided by nonprofit organizations approved by the Secretary and experienced in the provision of homeownership counseling.

“(ii) The toll-free telephone number described in subparagraph (D)(i).”

Subsec. (c)(5)(D)(i). Pub. L. 102–550, § 162(b)(6), inserted “, which shall be updated annually,” after “organizations”.

Subsec. (c)(8). Pub. L. 102–550, § 162(b)(1), amended first sentence generally. Prior to amendment, first sentence read as follows: “There is authorized to be appropriated to carry out this section \$6,700,000 for fiscal year 1991 and \$7,000,000 for fiscal year 1992, of which amounts \$2,000,000 shall be available in each such fiscal year to carry out paragraph (5)(D).”

Subsec. (c)(9). Pub. L. 102–550, § 162(b)(2), substituted “1994” for “1992”.

NB: This unofficial compilation of the U.S. Code is current as of Jan. 5, 2009 (see <http://www.law.cornell.edu/uscode/uscript.html>).

Subsec. (d)(12). Pub. L. 102–550, § 162(c), amended par. (12) generally. Prior to amendment, par. (12) read as follows: “There are authorized to be appropriated to carry out this subsection \$350,000 for fiscal year 1991 and \$365,000 for fiscal year 1992.”

Subsecs. (e), (f). Pub. L. 102–550, § 162(d), added subsecs. (e) and (f).

1990—Subsec. (a)(2)(A) to (C). Pub. L. 101–625, § 706(c), designated portions of existing text as cls. (A) and (C), and added cl. (B).

Subsec. (a)(3). Pub. L. 101–625, § 577(a), substituted provisions authorizing appropriations of \$3,600,000 for fiscal year 1991 and \$3,700,000 for fiscal year 1992, for provisions authorizing appropriations of \$3,500,000 for each of the fiscal years 1988 and 1989.

Subsec. (c)(5). Pub. L. 101–625, § 577(b)(3), amended par. (5) generally. Prior to amendment, par. (5) read as follows: “The creditor of a delinquent home loan shall notify an eligible homeowner of the availability of any homeownership counseling offered by the creditor. As a supplement to the counseling provided by the creditor, the creditor shall notify the homeowner of the availability of 1 of the following:

“(A) Homeownership counseling provided by nonprofit organizations approved by the Secretary and experienced in the provision of homeownership counseling.

“(B) A list of the nonprofit organizations, approved by the Secretary and experienced in the provision of homeownership counseling, that can be obtained by calling a toll-free telephone number at the Department of Housing and Urban Development.

“(C) Homeownership counseling provided by the Administrator of Veterans’ Affairs for loans insured or guaranteed under chapter 37 of title 38.”

Subsec. (c)(8). Pub. L. 101–625, § 577(b)(1), amended first sentence generally. Prior to amendment, first sentence read as follows: “There are authorized to be appropriated to carry out this subsection \$3,500,000 for each of the fiscal years 1988 and 1989.”

Subsec. (c)(9). Pub. L. 101–625, § 577(b)(2), substituted “September 30, 1992” for “September 30, 1990”.

Subsec. (d). Pub. L. 101–625, § 577(c), added subsec. (d).

1989—Subsec. (c)(9). Pub. L. 101–137 substituted “September 30, 1990” for “September 30, 1989”.

1988—Subsec. (a)(2). Pub. L. 100–628 inserted before period at end of first sentence “or guaranteed or insured under chapter 37 of title 38”.

Subsec. (a)(3). Pub. L. 100–242, § 169(a), substituted “except that for each of the fiscal years 1988 and 1989 there are authorized to be appropriated \$3,500,000 for such purposes” for “except that for the fiscal year 1984, there are authorized to be appropriated not to exceed \$3,500,000 for such purposes”.

Subsec. (c). Pub. L. 100–242, § 169(b), added subsec. (c).

1984—Subsec. (b)(1). Pub. L. 98–479 substituted “architectural” for “architechtual”.

1983—Subsec. (a)(3). Pub. L. 98–181 substituted “1984” for “1982”, and “\$3,500,000” for “\$4,000,000”.

1981—Subsec. (a)(3). Pub. L. 97–35 inserted provisions authorizing appropriations for fiscal year 1982.

1977—Subsec. (a)(2). Pub. L. 95–128 authorized the Secretary to provide the services for other owners of single family dwelling units insured under subchapter II of this chapter.

1974—Subsec. (a)(1). Pub. L. 93–383, § 811(b)(1), (c), in cl. (iii) substituted provisions authorizing counseling and advice to tenants and homeowners with respect to property maintenance, etc., for provisions authorizing counseling on household management, self-help, etc., for families receiving assistance under this chapter or the United States Housing Act of 1937, and added cl. (iv).

Subsec. (a)(2). Pub. L. 93–383, § 811(b)(2), added par. (2). Former par. (2) redesignated (3).

Subsec. (a)(3). Pub. L. 93–383, § 811(b)(2), (d), redesignated former par. (2) as (3) and substituted “such sums as may be necessary” for “not to exceed \$5,000,000”.

Subsec. (b)(1), (2). Pub. L. 93–383, § 811(e), (f), inserted reference to public housing agencies.

1970—Subsec. (a). Pub. L. 91–609, § 903(a), designated existing provisions as par. (1), inserted provision respecting specific authorities without limitation to such authorities, redesignated former par. (1) as cl. (i), struck out introductory text relating to assistance with respect to construction, rehabilitation, and operation by nonprofit organizations of housing for low or moderate income families now incorporated in cl. (i), redesignated former par. (2) as cl. (ii), inserting therein provision for assistance to public bodies or to nonprofit or cooperative organizations, including assistance with respect to self-help and mutual self-help programs, and added cl. (iii) and par. (2).

NB: This unofficial compilation of the U.S. Code is current as of Jan. 5, 2009 (see <http://www.law.cornell.edu/uscode/uscpri.html>).

Subsec. (b)(1). Pub. L. 91–609, § 903(b), substituted “section 1715z of this title or any other federally assisted program” for “any federally assisted program” in first sentence.

### **Effective Date of 2006 Amendment**

Pub. L. 109–163, div. A, title VI, § 688(d), Jan. 6, 2006, 119 Stat. 3337, provided that: “The amendments made under subsection (a) [amending this section] shall take effect 150 days after the date of the enactment of this Act [Jan. 6, 2006].”

### **Effective Date of 1998 Amendment**

Pub. L. 105–276, title V, § 594(c), Oct. 21, 1998, 112 Stat. 2656, provided that: “The amendments made by this section [amending this section] are made on, and shall apply beginning upon, the date of the enactment of this Act [Oct. 21, 1998].”

### **Effective Date of 1981 Amendment**

Amendment by Pub. L. 97–35 effective Oct. 1, 1981, see section 371 of Pub. L. 97–35, set out as an Effective Date note under section 3701 of this title.

### **Regulations**

Section 162(e) of Pub. L. 102–550 provided that: “The Secretary of Housing and Urban Development shall issue any regulations necessary to carry out the amendments made by subsection (d) [amending this section], not later than the expiration of the 6-month period beginning on the date of the enactment of this Act [Oct. 28, 1992].”

### **Construction of Amendments by Pub. L. 109–163**

Pub. L. 109–163, div. A, title VI, § 688(b), Jan. 6, 2006, 119 Stat. 3337, provided that: “Nothing in this section [amending this section and enacting provisions set out as notes under this section] shall relieve any person of any obligation imposed by any other Federal, State, or local law.”

### **Financial Education and Counseling**

Pub. L. 110–289, div. A, title I, § 1132, July 30, 2008, 122 Stat. 2727, provided that:

“(a) Goals.—Financial education and counseling under this section shall have the goal of—

“(1) increasing the financial knowledge and decision making capabilities of prospective homebuyers;

“(2) assisting prospective homebuyers to develop monthly budgets, build personal savings, finance or plan for major purchases, reduce their debt, improve their financial stability, and set and reach their financial goals;

“(3) helping prospective homebuyers to improve their credit scores by understanding the relationship between their credit histories and their credit scores; and

“(4) educating prospective homebuyers about the options available to build savings for short- and long-term goals.

“(b) Grants.—

“(1) In general.—The Secretary of the Treasury (in this section referred to as the ‘Secretary’) shall make grants to eligible organizations to enable such organizations to provide a range of financial education and counseling services to prospective homebuyers.

“(2) Selection.—The Secretary shall select eligible organizations to receive assistance under this section based on their experience and ability to provide financial education and counseling services that result in documented positive behavioral changes.

“(c) Eligible Organizations.—

“(1) In general.—For purposes of this section, the term ‘eligible organization’ means an organization that is—

“(A) certified in accordance with section 106(e)(1) of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701x (e)[1]); or

“(B) certified by the Office of Financial Education of the Department of the Treasury for purposes of this section, in accordance with paragraph (2).

“(2) OFE certification.—To be certified by the Office of Financial Education for purposes of this section, an eligible organization shall be—

NB: This unofficial compilation of the U.S. Code is current as of Jan. 5, 2009 (see <http://www.law.cornell.edu/uscode/uscript.html>).

“(A) a housing counseling agency certified by the Secretary of Housing and Urban Development under section 106(e) of the Housing and Urban Development Act of 1968 [12 U.S.C. 1701x (e)];

“(B) a State, local, or tribal government agency;

“(C) a community development financial institution (as defined in section 103(5) of the Community Development Banking and Financial Institutions Act of 1994 (12 U.S.C. 4702 (5)) or a credit union; or

“(D) any collaborative effort of entities described in any of subparagraphs (A) through (C).

“(d) Authority for Pilot Projects.—

“(1) In general.—The Secretary of the Treasury shall authorize not more than 5 pilot project grants to eligible organizations under subsection (c) in order to—

“(A) carry out the services under this section; and

“(B) provide such other services that will improve the financial stability and economic condition of low- and moderate-income and low-wealth individuals.

“(2) Goal.—The goal of the pilot project grants under this subsection is to—

“(A) identify successful methods resulting in positive behavioral change for financial empowerment; and

“(B) establish program models for organizations to carry out effective counseling services.

“(e) Authorization of Appropriations.—There are authorized to be appropriated to the Secretary such sums as are necessary to carry out this section and for the provision of additional financial educational services.

“(f) Study and Report on Effectiveness and Impact.—

“(1) In general.—The Comptroller General of the United States shall conduct a study on the effectiveness and impact of the grant program established under this section. Not later than 3 years after the date of enactment of this Act [July 30, 2008], the Comptroller General shall submit a report on the results of such study to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representatives.

“(2) Content of study.—The study required under paragraph (1) shall include an evaluation of the following:

“(A) The effectiveness of the grant program established under this section in improving the financial situation of homeowners and prospective homebuyers served by the grant program.

“(B) The extent to which financial education and counseling services have resulted in positive behavioral changes.

“(C) The effectiveness and quality of the eligible organizations providing financial education and counseling services under the grant program.

“(g) Regulations.—The Secretary is authorized to promulgate such regulations as may be necessary to implement and administer the grant program authorized by this section.”

### **Pre-Purchase Homeownership Counseling Demonstration**

Pub. L. 110–289, div. B, title I, § 2128, July 30, 2008, 122 Stat. 2841, provided that:

“(a) Establishment of Program.—For the period beginning on the date of enactment of this title [July 30, 2008] and ending on the date that is 3 years after such date of enactment, the Secretary of Housing and Urban Development shall establish and conduct a demonstration program to test the effectiveness of alternative forms of pre-purchase homeownership counseling for eligible homebuyers.

“(b) Forms of Counseling.—The Secretary of Housing and Urban Development shall provide to eligible homebuyers pre-purchase homeownership counseling under this section in the form of—

“(1) telephone counseling;

“(2) individualized in-person counseling;

“(3) web-based counseling;

“(4) counseling classes; or

“(5) any other form or type of counseling that the Secretary may, in his discretion, determine appropriate.

“(c) Size of Program.—The Secretary shall make available the pre-purchase homeownership counseling described in subsection (b) to not more than 3,000 eligible homebuyers in any given year.

*NB: This unofficial compilation of the U.S. Code is current as of Jan. 5, 2009 (see <http://www.law.cornell.edu/uscode/uscpri.html>).*

“(d) Incentive To Participate.—The Secretary of Housing and Urban Development may provide incentives to eligible homebuyers to participate in the demonstration program established under subsection (a). Such incentives may include the reduction of any insurance premium charges owed by the eligible homebuyer to the Secretary.

“(e) Eligible Homebuyer Defined.—For purposes of this section an ‘eligible homebuyer’ means a first-time homebuyer who has been approved for a home loan with a loan-to-value ratio between 97 percent and 98.5 percent.

“(f) Report to Congress.—The Secretary of Housing and Urban Development shall report to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representative—[sic]

“(1) on an annual basis, on the progress and results of the demonstration program established under subsection (a); and

“(2) for the period beginning on the date of enactment of this title [July 30, 2008] and ending on the date that is 5 years after such date of enactment, on the payment history and delinquency rates of eligible homebuyers who participated in the demonstration program.”

### **Disclosure Form**

Pub. L. 109–163, div. A, title VI, § 688(c), Jan. 6, 2006, 119 Stat. 3337, provided that: “Not later than 150 days after the date of the enactment of this Act [Jan. 6, 2006], the Secretary of Housing and Urban Development shall issue a final disclosure form to fulfill the requirement of subclause (IV) of section 106(c)(5)(A)(ii) of the Housing and Urban Development Act of 1968 [12 U.S.C. 1701x (c)(5)(A)(ii)(IV)], as added by subsection (a).”