

19 NEIGHBORHOOD REINVESTMENT CORPORATION

20 PAYMENT TO THE NEIGHBORHOOD REINVESTMENT

21 CORPORATION

22 For payment to the Neighborhood Reinvestment Cor-

23 poration for use in neighborhood reinvestment activities,

24 as authorized by the Neighborhood Reinvestment Corpora-

25 tion Act (42 U.S.C. 8101-8107), \$119,800,000, of which

1 \$5,000,000 shall be for a multi-family rental housing pro-
2 gram.

3 For an additional amount, \$180,000,000 shall be
4 made available until expended to the Neighborhood Rein-
5 vestment Corporation for mortgage foreclosure mitigation
6 activities, under the following terms and conditions:

7 (1) The Neighborhood Reinvestment Corpora-
8 tion ("NRC"), shall make grants to counseling inter-
9 mediaries approved by the Department of Housing
10 and Urban Development (HUD) or the NRC (with
11 match to be determined by the NRC based on af-
12 fordability and the economic conditions of an area;
13 a match also may be waived by the NRC based on
14 the aforementioned conditions) to provide mortgage
15 foreclosure mitigation assistance primarily to states
16 and areas with high rates of defaults and fore-
17 closures primarily in the sub prime housing market
18 to help eliminate the default and foreclosure of
19 mortgages of owner-occupied single-family homes
20 that are at risk of such foreclosure. Other than
21 areas with high rates of defaults and foreclosures,
22 grants may also be provided to approved counseling
23 intermediaries based on a geographic analysis of the
24 Nation by the NRC which determines where there is
25 a prevalence of sub prime mortgages that are risky

1 and likely to fail, including any trends for mortgages
2 that are likely to default and face foreclosure. A
3 State Housing Finance Agency may also be eligible
4 where the State Housing Finance Agency meets all
5 the requirements under this paragraph. A HUD- or
6 NRC-approved counseling intermediary shall meet
7 certain mortgage foreclosure mitigation assistance
8 counseling requirements, as determined by the NRC,
9 and shall be approved by HUD or the NRC as meet-
10 ing these requirements;

11 (2) Mortgage foreclosure mitigation assistance
12 shall only be made available to homeowners of
13 owner-occupied homes with mortgages in default or
14 in danger of default. These mortgages shall likely be
15 subject to a foreclosure action and homeowners will
16 be provided such assistance that shall consist of ac-
17 tivities that are likely to prevent foreclosures and re-
18 sult in the long-term affordability of the mortgage
19 retained pursuant to such activity or another posi-
20 tive outcome for the homeowner. No funds made
21 available under this paragraph may be provided di-
22 rectly to lenders or homeowners to discharge out-
23 standing mortgage balances or for any other direct
24 debt reduction payments;

1 (3) The use of Mortgage Foreclosure Mitigation
2 Assistance by approved counseling intermediaries
3 and State Housing Finance Agencies shall involve a
4 reasonable analysis of the borrower's financial situa-
5 tion, an evaluation of the current value of the prop-
6 erty that is subject to the mortgage, counseling re-
7 garding the assumption of the mortgage by another
8 non-federal party, counseling regarding the possible
9 purchase of the mortgage by a non-federal third
10 party, counseling and advice of all likely restruc-
11 turing and refinancing strategies or the approval of
12 a work-out strategy by all interested parties;

13 (4) NRC shall award \$50,000,000 in mortgage
14 foreclosure mitigation grants for States and areas
15 with the greatest needs within 60 days of enactment.
16 Additional funds may be awarded once the NRC cer-
17 tifies that HUD- or NRC-approved counseling inter-
18 mediaries and State Housing Finance Agencies have
19 the need for additional funds in states and areas
20 with high rates of mortgage foreclosures, defaults, or
21 related activities and the expertise to use these
22 funds effectively. The NRC may provide up to fif-
23 teen percent of the total funds under this paragraph
24 to its own charter members with expertise in fore-
25 closure prevention counseling, subject to a certifi-

1 cation by the NRC that the procedures for selection
2 do not consist of any procedures or activities that
3 could be construed as an unacceptable conflict of in-
4 terest or have the appearance of impropriety;

5 (5) NRC- or HUD-approved counseling entities
6 and State Housing Finance Agencies receiving funds
7 under this paragraph shall have demonstrated expe-
8 rience in successfully working with financial institu-
9 tions as well as borrowers facing default, delin-
10 quency and foreclosure as well as documented coun-
11 seling capacity, outreach capacity, past successful
12 performance and positive outcomes with documented
13 counseling plans (including post mortgage fore-
14 closure mitigation counseling), loan workout agree-
15 ments and loan modification agreements;

16 (6) Of the total amount made available under
17 this paragraph, up to \$5,000,000 may be made
18 available to build the mortgage foreclosure and de-
19 fault mitigation counseling capacity of counseling
20 intermediaries through NRC training courses with
21 HUD- or NRC-approved counseling intermediaries
22 and their partners, except that private financial in-
23 stitutions that participate in NRC training shall pay
24 market rates for such training;

1 (7) Of the total amount made available under
2 this paragraph, up to 4 percent may be used for as-
3 sociated administrative expenses for the NRC to
4 carry-out activities provided under this section;

5 (8) Mortgage foreclosure mitigation assistance
6 may include a budget for outreach and advertising,
7 as determined by the NRC; and

8 (9) The NRC shall report bi-annually to the
9 House and Senate Committees on Appropriations as
10 well as the Senate Banking Committee and House
11 Financial Services Committee on its efforts to miti-
12 gate mortgage default. Such reports shall identify
13 successful strategies and methods for preserving
14 homeownership and the long-term affordability of at-
15 risk mortgages and shall include recommended ef-
16 forts that will or likely can assist in the success of
17 this program as well as an analysis of any policy and
18 procedures that failed to result in successful mort-
19 gage foreclosure mitigation. The report shall include
20 an analysis of the details and use of any post mitiga-
21 tion counseling of assisted borrowers designed to en-
22 sure the continued long-term affordability of the
23 mortgages which were the subject of the mortgage
24 foreclosure mitigation assistance.