



## H.R. 3019 – EXPAND AND PRESERVE HOME OWNERSHIP THROUGH COUNSELING ACT

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### FLOOR SITUATION

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H.R. 3019 is being considered on the floor under suspension of the rules and will require a two-thirds majority vote for passage. This legislation was introduced by Representative Judy Biggert (R-IL) on July 12, 2007. The bill was referred to the House Committee on Financial Services, but was never considered.

H.R. 3019 is expected to be considered on the floor of the House on September 16, 2008.

*Note: Many of the provisions included in H.R. 3019 previously passed the House as H.R. 3915 on November 15, 2007, by a vote of 291-127. [Link to Legislative Digest for H.R. 3915](#)*

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### SUMMARY

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#### Office of Housing Counseling

H.R. 3019 establishes the Office of Housing Counseling within the Department of Housing and Urban Development (HUD). The Office is to be headed by a Director appointed by the Secretary of HUD. The bill provides that the Director is responsible for all homeownership and rental housing counseling programs for HUD, and will establish, coordinate and administer all regulations, requirements, standards, and performance measures that relate to housing counseling, homeownership counseling, mortgage-related counseling, and rental housing counseling. The Secretary is authorized to appoint an advisory committee composed of no more than 12 individuals representing all aspects of the mortgage and real estate industry, including consumers.

#### Counseling procedures

H.R. 3019 requires the Secretary to establish, coordinate and monitor all HUD counseling procedures, including requirements, standards, and performance measures that relate to homeownership and rental housing. The Secretary is to provide for the certification of various computer software programs for consumers to use in evaluating different residential mortgage loan proposals. Additionally, the bill requires the Secretary to develop, implement, and conduct national public service multimedia campaigns to make potentially vulnerable consumers aware of the existence of homeownership counseling. H.R. 3019 directs the Secretary to provide advice and technical assistance to States, units of local government, and non-profit organizations regarding provisions of counseling services.

The legislation authorizes an appropriation not to exceed \$3 million for national public service multimedia campaigns for fiscal years 2008, 2009, and 2010.

#### Grants for Housing Counseling Assistance

The legislation directs the Secretary to make financial assistance available for homeownership or rental counseling to States, units of local government, and non-profit organizations. Under the bill, the Secretary is to establish standards and guidelines for assistance eligibility.

H.R. 3019 authorizes appropriations of \$45 million for each of fiscal years 2008 through 2011 for this program.

#### Requirements to use HUD-certified counselors under HUD Programs

The bill requires any homeownership counseling or rental housing counseling administered by HUD to be provided solely by organizations or counselors certified by the Secretary.

#### Study of defaults and foreclosures



No later than 12 months after the enactment of this legislation, the Secretary will submit to Congress a preliminary report on the root causes of default and foreclosure of home loans and the role of escrow accounts in helping prime and nonprime borrowers to avoid defaults and foreclosures.

Also, no later than 24 months after the enactment of this legislation, the Secretary will submit a final report regarding the results of the study, which will include any recommended legislation relating to the study and recommendations for best practices and for a process to identify populations that need counseling the most.

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## BACKGROUND

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The housing market in the United States is currently in a period of turmoil. In 2007, there were approximately 1.5 million foreclosures. This year economists estimate that there will be closer to 2.5 million foreclosures. These foreclosures have put a strain on many of our nation's financial institutions, limiting liquidity, and contributing to the fall of Bear Stearns earlier this year and the current stock market fluctuations.

H.R. 3221, the Economic Recovery Act, was signed into law (P.L. 110-289) on July 30, 2008. The law includes FHA Modernization provisions, establishes the Federal Housing Finance Agency as the regulator of the Government Sponsored Entities (GSE), creates an Affordable Housing Trust Fund, provides several housing related tax provisions, increases the amount of the low-income housing tax credit, and provides for a first-time homebuyer tax credit. In addition, the Economic Recovery Act contains several revenue raising offsets, including the credit card reporting requirement and worldwide allocation of interest.

Also included in P.L. 110-289 is the Administration's recent three part proposal designed to strengthen the financial position of Fannie Mae and Freddie Mac and restore investor confidence. The first part of the Administration's plan would increase the credit line available to Fannie and Freddie from the current line of \$2.5 billion to an undetermined amount. The second part would allow the Department of the Treasury to use taxpayer dollars to purchase equity in Fannie and Freddie. The third part would give the Federal Reserve a role in a newly created government sponsored entity regulator's process for setting capital requirements and other standards.

On September 7, 2008, Secretary Henry Paulson announced that the U.S. Treasury in cooperation with the Federal Reserve would be taking over control of Fannie Mae and Freddie Mac. Using the authority given to the Treasury by P.L. 110-289, the Secretary is implementing a plan that enables Treasury to purchase preferred stock in the GSE's, buy mortgage backed securities in the open market, and allows Treasury to ensure credit availability to the GSEs to try and increase stability in the housing market and the financial markets.

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## COST

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The Congressional Budget Office did not have a cost estimate available for H.R. 3019 as of September 15, 2008.

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## STAFF CONTACT

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For questions or further information contact Justin Hanson at 6-2302.