

“(C) a nonprofit corporation that—

“(i) is exempt from taxation under section 501(c)(3) of the Internal Revenue Code of 1986 [26 U.S.C. 501(c)(3)]; and

“(ii) specializes or has expertise in working with economically vulnerable individuals and families, but whose primary purpose is not provision of credit counseling services.

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

“(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 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.”

[Pub. L. 111-203, title X, §1072(b), July 21, 2010, 124 Stat. 2060, provided that: “Amendments made by subsection (a) [amending section 1132 of Pub. L. 110-289, set out above] shall not apply to programs authorized by section 1132 of the Housing and Economic Recovery Act of 2008 [Pub. L. 110-289] (12 U.S.C. 1701x note) that are funded with appropriations prior to fiscal year 2011.”]

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.

“(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 Representatives—[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).”

§ 1701x-1. Home inspection counseling

(a) Public outreach

(1) In general

The Secretary of Housing and Urban Development (in this section referred to as the “Secretary”) shall take such actions as may be necessary to inform potential homebuyers of the availability and importance of obtaining an independent home inspection. Such actions shall include—

(A) publication of the HUD/FHA form HUD 92564-CN entitled “For Your Protection: Get

a Home Inspection”, in both English and Spanish languages;

(B) publication of the HUD/FHA booklet entitled “For Your Protection: Get a Home Inspection”, in both English and Spanish languages;

(C) development and publication of a HUD booklet entitled “For Your Protection—Get a Home Inspection” that does not reference FHA-insured homes, in both English and Spanish languages; and

(D) publication of the HUD document entitled “Ten Important Questions To Ask Your Home Inspector”, in both English and Spanish languages.

(2) Availability

The Secretary shall make the materials specified in paragraph (1) available for electronic access and, where appropriate, inform potential homebuyers of such availability through home purchase counseling public service announcements and toll-free telephone hotlines of the Department of Housing and Urban Development. The Secretary shall give special emphasis to reaching first-time and low-income homebuyers with these materials and efforts.

(3) Updating

The Secretary may periodically update and revise such materials, as the Secretary determines to be appropriate.

(b) Requirement for FHA-approved lenders

Each mortgagee approved for participation in the mortgage insurance programs under title II of the National Housing Act [12 U.S.C. 1707 et seq.] shall provide prospective homebuyers, at first contact, whether upon pre-qualification, pre-approval, or initial application, the materials specified in subparagraphs (A), (B), and (D) of subsection (a)(1).

(c) Requirements for HUD-approved counseling agencies

Each counseling agency certified pursuant by¹ the Secretary to provide housing counseling services shall provide each of their clients, as part of the home purchase counseling process, the materials specified in subparagraphs (C) and (D) of subsection (a)(1).

(d) Training

Training provided the Department of Housing and Urban Development for housing counseling agencies, whether such training is provided directly by the Department or otherwise, shall include—

(1) providing information on counseling potential homebuyers of the availability and importance of getting an independent home inspection;

(2) providing information about the home inspection process, including the reasons for specific inspections such as radon and lead-based paint testing;

(3) providing information about advising potential homebuyers on how to locate and select a qualified home inspector; and

(4) review of home inspection public outreach materials of the Department.

¹ So in original.

(Pub. L. 111-203, title XIV, §1451, July 21, 2010, 124 Stat. 2176.)

Editorial Notes

REFERENCES IN TEXT

The National Housing Act, referred to in subsec. (b), is act June 27, 1934, ch. 847, 48 Stat. 1246. 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.

CODIFICATION

Section was enacted as part of the Expand and Preserve Home Ownership Through Counseling Act and also as part of the Mortgage Reform and Anti-Predatory Lending Act and as part of the Dodd-Frank Wall Street Reform and Consumer Protection Act, and not as part of the National Housing Act which comprises this chapter.

Statutory Notes and Related Subsidiaries

EFFECTIVE DATE

Section effective on the date on which final regulations implementing such section take effect, or on the date that is 18 months after the designated transfer date if such regulations have not been issued by that date, see section 1400(c) of Pub. L. 111-203, set out as an Effective Date of 2010 Amendment note under section 1601 of Title 15, Commerce and Trade.

§ 1701x-2. Legal assistance for foreclosure-related issues

(a) Establishment

The Secretary of Housing and Urban Development (hereafter in this section referred to as the “Secretary”) shall establish a program for making grants for providing a full range of foreclosure legal assistance to low- and moderate-income homeowners and tenants related to home ownership preservation, home foreclosure prevention, and tenancy associated with home foreclosure.

(b) Competitive allocation

The Secretary shall allocate amounts made available for grants under this section to State and local legal organizations on the basis of a competitive process. For purposes of this subsection “State and local legal organizations” are those State and local organizations whose primary business or mission is to provide legal assistance.

(c) Priority to certain areas

In allocating amounts in accordance with subsection (b), the Secretary shall give priority consideration to State and local legal organizations that are operating in the 125 metropolitan statistical areas (as that term is defined by the Director of the Office of Management and Budget) with the highest home foreclosure rates.

(d) Legal assistance

(1) In general

Any State or local legal organization that receives financial assistance pursuant to this section may use such amounts only to assist—

(A) homeowners of owner-occupied homes with mortgages in default, in danger of default, or subject to or at risk of foreclosure; and