

1 **SEC. 109. FORECLOSURE MITIGATION EFFORTS.**

2 (a) RESIDENTIAL MORTGAGE LOAN SERVICING
3 STANDARDS.—To the extent that the Secretary acquires
4 mortgages, mortgage backed securities, and other assets
5 secured by residential real estate, including multifamily
6 housing, the Secretary shall implement a plan that seeks
7 to maximize assistance for homeowners and use the au-
8 thority of the Secretary to encourage the servicers of the
9 underlying mortgages, considering net present value to the
10 taxpayer, to take advantage of the HOPE for Home-
11 owners Program under section 257 of the National Hous-
12 ing Act or other available programs to minimize fore-
13 closures. In addition, the Secretary may use loan guaran-
14 tees and credit enhancements to facilitate loan modifica-
15 tions to prevent avoidable foreclosures.

16 (b) COORDINATION.—The Secretary shall coordinate
17 with the Corporation, the Board (with respect to any
18 mortgage or mortgage-backed securities or pool of securi-
19 ties held, owned, or controlled by or on behalf of a Federal
20 reserve bank, as provided in section 110(a)(1)(C)), the
21 Federal Housing Finance Agency, the Secretary of Hous-
22 ing and Urban Development, and other Federal Govern-
23 ment entities that hold troubled assets to attempt to iden-
24 tify opportunities for the acquisition of classes of troubled
25 assets that will improve the ability of the Secretary to im-
26 prove the loan modification and restructuring process and,

1 where permissible, to permit bona fide tenants who are
2 current on their rent to remain in their homes under the
3 terms of the lease. In the case of a mortgage on a residen-
4 tial rental property, the plan required under this section
5 shall include protecting Federal, State, and local rental
6 subsidies and protections, and ensuring any modification
7 takes into account the need for operating funds to main-
8 tain decent and safe conditions at the property.

9 (c) **CONSENT TO REASONABLE LOAN MODIFICATION**
10 **REQUESTS.**—Upon any request arising under existing in-
11 vestment contracts, the Secretary shall consent, where ap-
12 propriate, and considering net present value to the tax-
13 payer, to reasonable requests for loss mitigation measures,
14 including term extensions, rate reductions, principal write
15 downs, increases in the proportion of loans within a trust
16 or other structure allowed to be modified, or removal of
17 other limitation on modifications.

18 **SEC. 110. ASSISTANCE TO HOMEOWNERS.**

19 (a) **DEFINITIONS.**—As used in this section—

20 (1) the term “Federal property manager”
21 means—

22 (A) the Federal Housing Finance Agency,
23 in its capacity as conservator of the Federal
24 National Mortgage Association and the Federal
25 Home Loan Mortgage Corporation;

1 (B) the Corporation, with respect to resi-
2 dential mortgage loans and mortgage-backed se-
3 curities held by any bridge depository institu-
4 tion pursuant to section 11(n) of the Federal
5 Deposit Insurance Act; and

6 (C) the Board, with respect to any mort-
7 gage or mortgage-backed securities or pool of
8 securities held, owned, or controlled by or on
9 behalf of a Federal reserve bank, other than
10 mortgages or securities held, owned, or con-
11 trolled in connection with open market oper-
12 ations under section 14 of the Federal Reserve
13 Act (12 U.S.C. 353), or as collateral for an ad-
14 vance or discount that is not in default;

15 (2) the term “consumer” has the same meaning
16 as in section 103 of the Truth in Lending Act (15
17 U.S.C. 1602);

18 (3) the term “insured depository institution”
19 has the same meaning as in section 3 of the Federal
20 Deposit Insurance Act (12 U.S.C. 1813); and

21 (4) the term “servicer” has the same meaning
22 as in section 6(i)(2) of the Real Estate Settlement
23 Procedures Act of 1974 (12 U.S.C. 2605(i)(2)).

24 (b) HOMEOWNER ASSISTANCE BY AGENCIES.—

1 (1) IN GENERAL.—To the extent that the Fed-
2 eral property manager holds, owns, or controls mort-
3 gages, mortgage backed securities, and other assets
4 secured by residential real estate, including multi-
5 family housing, the Federal property manager shall
6 implement a plan that seeks to maximize assistance
7 for homeowners and use its authority to encourage
8 the servicers of the underlying mortgages, and con-
9 sidering net present value to the taxpayer, to take
10 advantage of the HOPE for Homeowners Program
11 under section 257 of the National Housing Act or
12 other available programs to minimize foreclosures.

13 (2) MODIFICATIONS.—In the case of a residen-
14 tial mortgage loan, modifications made under para-
15 graph (1) may include—

16 (A) reduction in interest rates;

17 (B) reduction of loan principal; and

18 (C) other similar modifications.

19 (3) TENANT PROTECTIONS.—In the case of
20 mortgages on residential rental properties, modifica-
21 tions made under paragraph (1) shall ensure—

22 (A) the continuation of any existing Fed-
23 eral, State, and local rental subsidies and pro-
24 tections; and

1 (B) that modifications take into account
2 the need for operating funds to maintain decent
3 and safe conditions at the property.

4 (4) TIMING.—Each Federal property manager
5 shall develop and begin implementation of the plan
6 required by this subsection not later than 60 days
7 after the date of enactment of this Act.

8 (5) REPORTS TO CONGRESS.—Each Federal
9 property manager shall, 60 days after the date of
10 enactment of this Act and every 30 days thereafter,
11 report to Congress specific information on the num-
12 ber and types of loan modifications made and the
13 number of actual foreclosures occurring during the
14 reporting period in accordance with this section.

15 (6) CONSULTATION.—In developing the plan re-
16 quired by this subsection, the Federal property man-
17 agers shall consult with one another and, to the ex-
18 tent possible, utilize consistent approaches to imple-
19 ment the requirements of this subsection.

20 (c) ACTIONS WITH RESPECT TO SERVICERS.—In any
21 case in which a Federal property manager is not the owner
22 of a residential mortgage loan, but holds an interest in
23 obligations or pools of obligations secured by residential
24 mortgage loans, the Federal property manager shall—

1 (1) encourage implementation by the loan
2 servicers of loan modifications developed under sub-
3 section (b); and

4 (2) assist in facilitating any such modifications,
5 to the extent possible.

6 (d) LIMITATION.—The requirements of this section
7 shall not supersede any other duty or requirement imposed
8 on the Federal property managers under otherwise appli-
9 cable law.

10 **SEC. 111. EXECUTIVE COMPENSATION AND CORPORATE**
11 **GOVERNANCE.**

12 (a) APPLICABILITY.—Any financial institution that
13 sells troubled assets to the Secretary under this Act shall
14 be subject to the executive compensation requirements of
15 subsections (b) and (c) and the provisions under the Inter-
16 nal Revenue Code of 1986, as provided under the amend-
17 ment by section 302, as applicable.

18 (b) DIRECT PURCHASES.—

19 (1) IN GENERAL.—Where the Secretary deter-
20 mines that the purposes of this Act are best met
21 through direct purchases of troubled assets from an
22 individual financial institution where no bidding
23 process or market prices are available, and the Sec-
24 retary receives a meaningful equity or debt position
25 in the financial institution as a result of the trans-