

MOTION TO RECOMMIT THE BILL, H.R. 1106
WITH INSTRUCTIONS

M____. _____ moves to recommit the bill, H.R. 1106, to the Committee on the Judiciary and the Committee on Financial Services with instructions to report the same back to the House forthwith with the following amendment:

At the end of the bill, add the following new title:

1 **TITLE III—LIMITATIONS ON USE**
2 **OF FUNDS FOR PREVENTION**
3 **AND MITIGATION OF MORT-**
4 **GAGE FORECLOSURES**

5 **SEC. 205. LIMITATIONS ON USE OF FUNDS FOR PREVEN-**
6 **TION AND MITIGATION OF MORTGAGE FORE-**
7 **CLOSURES.**

8 (a) **PROHIBITIONS ON USE OF TARP AND OTHER**
9 **FORECLOSURE MITIGATION ASSISTANCE.—**

10 (1) **TARP FUNDS.—**Notwithstanding any provi-
11 sion of title I of the Emergency Economic Stabiliza-
12 tion Act of 2008, no funds made available to the
13 Secretary of the Treasury pursuant to section
14 115(a)(3) of such Act and used by the Secretary in

1 any manner for the prevention or mitigation of fore-
2 closures on mortgages on residential properties, may
3 be used for any assistance or relief in violation of
4 the prohibitions under paragraph (3).

5 (2) ASSISTANCE UNDER THIS ACT.—Notwith-
6 standing any other provision of this Act or any
7 amendment made by this Act, no relief or assistance
8 may be provided under this Act, the amendments
9 made by this Act, or any authority or program es-
10 tablished or amended by this Act, in violation of the
11 prohibitions under paragraph (3).

12 (3) PROHIBITIONS.—Relief or assistance in vio-
13 lation of the prohibitions under this paragraph is re-
14 lief or assistance as follows:

15 (A) MISREPRESENTATION.—Relief or as-
16 sistance to, for, or on behalf of any mortgagor
17 who obtained the mortgage with respect to
18 which the assistance or relief is provided by ma-
19 terial misrepresentation, false pretenses, or ac-
20 tual fraud.

21 (B) FAILURE TO FOLLOW UNDERWRITING
22 STANDARDS.—Relief or assistance to, for, or on
23 behalf of any lender or mortgagee that failed to
24 comply with underwriting standards for residen-

1 tial mortgages applicable to such lender or
2 mortgagee.

3 (C) INCENTIVE PAYMENTS FOR BOR-
4 ROWERS OR SERVICERS.—Relief or assistance in
5 the form of providing any payment, discount,
6 reduction, or other thing of value to any mort-
7 gator, mortgagee, or servicer of a mortgage as
8 an incentive to engage or participate in any ac-
9 tivity or program for the prevention or mitiga-
10 tion of foreclosure on the mortgage, or other
11 mortgage modification or workout, including
12 any of the following incentive payments under
13 the Homeowner Affordability and Stability Plan
14 of the Secretary of the Treasury:

15 (i) The incentives under such Plan re-
16 ferred to as the “Pay for Success Incen-
17 tives to Servicers”, which provide servicers
18 with an up-front fee of \$1,000 for each eli-
19 gible modification meeting guidelines under
20 the Plan and monthly payments in an
21 amount up to \$1,000 each year for three
22 years, as long as the borrower stays cur-
23 rent on the mortgage.

24 (ii) The incentives under such Plan
25 referred to as “Incentives to Help Bor-

1 rowers Stay Current”, which provide a
2 monthly balance reduction payment that
3 goes toward reducing the principal balance
4 of the mortgage loan, in an amount of up
5 to \$1,000 for each year for five years, as
6 long as a borrower stays current on the
7 mortgage.

8 (iii) The incentives under such Plan
9 referred to as “Reaching Borrowers
10 Early”, which provide a payment of \$500
11 to servicers, and a payment of \$1,500 to
12 mortgage holders, if they modify at-risk
13 loans before the borrower falls behind.

14 (b) REQUIREMENT FOR SUBMISSION OF TARP
15 FORECLOSURE MITIGATION PLAN TO CONGRESS.—Not-
16 withstanding any provision of title I of the Emergency
17 Economic Stabilization Act of 2008, none of the funds
18 otherwise available to the Secretary of the Treasury pur-
19 suant to section 115(a)(3) of such Act may be used by
20 the Secretary for the prevention or mitigation of fore-
21 closures on mortgages on residential properties, unless—

22 (1) a comprehensive plan for the use of the
23 funds has been submitted to the Congress by the
24 Secretary and the 90-day period that begins upon
25 such submission has expired; and

1 (2) the plan provides for equitable treatment of
2 all mortgagors, and does not limit assistance only to
3 mortgagors that are delinquent, or in danger of de-
4 faulting, on their mortgages.

