

1 (A) the servicer has determined whether
2 the covered mortgagor is eligible for a qualified
3 loss mitigation plan;

4 (B) in the case of a covered mortgagor
5 who the servicer determines is eligible for a
6 qualified loss mitigation plan, the servicer has
7 used its best efforts to promptly offer a quali-
8 fied loss mitigation plan to the covered mort-
9 gagor; and

10 (C) in the case of a covered mortgagor who
11 the servicer determines is not eligible for a
12 qualified loan modification, the servicer has
13 made available to the covered mortgagor docu-
14 mentation of—

15 (i) a loan modification calculation or
16 net present value calculation, including the
17 information necessary to verify and evalu-
18 ate the calculation, made by the servicer in
19 relation to the mortgage using a home loan
20 modification protocol;

21 (ii) the loan origination, including any
22 note, deed of trust, or other document nec-
23 essary to establish the right of the mort-
24 gagee to foreclose on the mortgage, includ-
25 ing proof of assignment of the mortgage to

1 the mortgagee and the right of the mort-
2 gagee to enforce the relevant note under
3 the law of the State in which the real prop-
4 erty securing the mortgage is located;

5 (iii) any pooling and servicing agree-
6 ment that the servicer believes prohibits a
7 qualified loan modification;

8 (iv) the payment history of the cov-
9 ered mortgagor and a detailed accounting
10 of any costs or fees associated with the ac-
11 count of the covered mortgagor; and

12 (v) the specific alternatives to fore-
13 closure considered by the servicer, includ-
14 ing qualified loan modifications, workout
15 agreements, and short sales.

16 (2) FORECLOSURE PROCEEDINGS PER-
17 MITTED.—Notwithstanding paragraph (1), a servicer
18 of a loan modified under the Home Affordable Modi-
19 fication Program may initiate or continue a judicial
20 or nonjudicial foreclosure under State law against a
21 mortgagor if—

22 (A) the servicer—

23 (i) determines that the mortgagor is
24 not eligible for a modification; and

1 (ii) notifies the mortgagor of the de-
2 termination under clause (i), in accordance
3 with the requirements under the qualified
4 loan modification plan; or

5 (B) a mortgagor—

6 (i) declines a modification; or

7 (ii) does not respond to reasonable ef-
8 forts by the servicer to obtain consent to a
9 modification.

10 (3) DEFENSE TO FORECLOSURE.—Failure to
11 comply with the requirements of this subsection shall
12 be a bar to the foreclosure of a mortgage or deed
13 of trust.

14 (4) DEFINITIONS.—For purposes of this sec-
15 tion:

16 (A) COVERED MORTGAGOR.—The term
17 “covered mortgagor”—

18 (i) means an individual—

19 (I) who—

20 (aa) is a mortgagor under a
21 federally related mortgage loan
22 secured by the principal residence
23 of the mortgagor; or

24 (bb) is eligible to assume a
25 federally related mortgage loan

1 described in item (aa) in a man-
2 ner described in paragraph (3),
3 (5), (6), or (7) of section 341(d)
4 of the Garn-St Germain Deposi-
5 tory Institutions Act of 1982 (12
6 U.S.C. 1701j-3(d)), if the prin-
7 cipal residence of the individual
8 is the principal residence secur-
9 ing the federally related mort-
10 gage loan; and

11 (II) who cannot make payments
12 on a federally related mortgage loan
13 due to financial hardship, as deter-
14 mined by the Secretary, in consulta-
15 tion with the Secretary of the Treas-
16 ury and the Director of the Bureau of
17 Consumer Financial Protection; and

18 (ii) does not include an individual who
19 the Secretary, in consultation with the Sec-
20 retary of the Treasury and the Director of
21 the Bureau of Consumer Financial Protec-
22 tion, determines has abandoned the prin-
23 cipal residence securing the federally re-
24 lated mortgage loan.

1 (B) QUALIFIED LOAN MODIFICATION.—

2 The term “qualified loan modification” means
3 an agreement to reduce the amount of sched-
4 uled monthly payments under a mortgage note,
5 including any reduction of the principal amount
6 of the mortgage note, that is reflected in a per-
7 manent change to the terms of the mortgage
8 note under such terms as the Bureau of Con-
9 sumer Financial Protection shall define.

10 (c) TARGET AFFORDABLE MONTHLY MORTGAGE
11 PAYMENT NOT ACHIEVED.—

12 (1) IN GENERAL.—With respect to a loan modi-
13 fied under the Home Affordable Modification Pro-
14 gram, if, after reducing mortgage note principal
15 under subsection (a) of section 129A of the Truth
16 in Lending Act (as such section is redesignated by
17 section 1402(a)(1) of the Dodd-Frank Wall Street
18 Reform and Consumer Protection Act), a target af-
19 fordable monthly mortgage note payment has not
20 been achieved, the servicer of a mortgage described
21 in such subsection shall comply with the qualified
22 loan modification plan modification waterfall steps of
23 interest rate reduction, term extension, and principal
24 forbearance or reduction, as necessary to achieve a
25 target affordable monthly mortgage note payment.

1 (2) TARGET AFFORDABLE MONTHLY MORTGAGE
2 NOTE PAYMENT.—The Secretary of the Treasury
3 shall define the term “target affordable monthly
4 mortgage note payment” for purposes of this sub-
5 section.

