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REPORT
114–356

SERVICEMEMBER FORECLOSURE PROTECTIONS EXTENSION ACT OF 2015

DECEMBER 1, 2015.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. MILLER of Florida, from the Committee on Veterans' Affairs, submitted the following

R E P O R T

[To accompany H.R. 189]

[Including cost estimate of the Congressional Budget Office]

The Committee on Veterans' Affairs, to whom was referred the bill (H.R. 189) to extend foreclosure and eviction protections for servicemembers, and for other purposes, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

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59–006

PURPOSE AND SUMMARY

H.R. 189, the "Servicemember Foreclosure Protections Extension Act of 2015," was ordered to be favorably reported to the full House on February 12, 2015, by voice vote. H.R. 189 was introduced on January 7, 2015, by Representative Alan Grayson of Florida. H.R. 189 would extend through December 31, 2016, the one-year period after a servicemember's military service that the servicemember is protected from any sale, foreclosure, or seizure of their property without a court order or waiver agreement signed by the servicemember.

BACKGROUND AND NEED FOR LEGISLATION

The Servicemembers Civil Relief Act (SCRA) provides financial services protections such as interest rate relief and foreclosure protection for military personnel serving on active duty.

Current law protects against foreclosure and eviction for military personnel for one-year post-active military service to allow servicemembers and military families sufficient time to get on their feet, and to avoid the stress of potentially losing their home as the servicemember transitions from active duty to civilian life. Some servicemembers, particularly those leaving active-duty and reacclimating to civilian life, continue to face financial challenges that are likely to continue for the foreseeable future.

Providing protections to servicemembers dates back to the enactment of the Soldiers' and Sailors' Civil Relief Act of 1918 and the Soldiers' and Sailors' Civil Relief Act of 1940 (SSCRA). In 2003, the SCRA was enacted to "restate, clarify, and revise [the SSCRA]." [1]

The SCRA provides for a stay of proceedings that seek to enforce an obligation on real or personal property owned by the servicemember prior to such military service, and protection against sale, foreclosure, or seizure of such property for a period of one year following a servicemember's period of military service.[2] Thus, if a servicemember is unable to make payments on the loan due to military service, the provision prevents the vendor from exercising any right or option under the contract to rescind or terminate, to resume possession of the property for nonpayment of any installment due, or to breach the terms, except by action in a court of competent jurisdiction, until one year after the term of active duty terminates.

Initially, the period of protection afforded servicemembers facing foreclosure was 90 days. The protection was extended to 9 months [3] and then one year.[4] The authority to provide protection for one year has been of limited duration, and has been extended a number of times, most recently at the end of the 113th Congress.[5]

The current one-year protection from foreclosure will expire at the end of 2015 and revert back to the 90 day protection under the SCRA. H.R. 189 would amend P.L. 112–154, 126 Stat. 1208 to extend the one-year protection for an additional year (December 31, 2016, and January 1, 2017).

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[1] H.Rpt. 108–81, to accompany H.R. 100, Servicemembers Civil Relief Act, April 30, 2003.
[2] 50 U.S.C. App. 533.
[3] P.L. 110–289.
[4] P.L. 112–154.
[5] P.L. 113–286 extended these authorities to the end of 2015.

HEARINGS

On February 27, 2015, the full House Committee on Veterans' Affairs conducted a legislative hearing on various bills introduced during the first month of the 114th Congress, including H.R. 189. The following witnesses testified:

The Honorable Alan Grayson, U.S. House of Representatives, 9th District, Florida; Mr. David R. McLenachen, Acting Deputy Under Secretary for Disability Assistance, Veterans Benefits Administration, U.S. Department of Veterans Affairs, accompanied by Dr. Rajiv Jain, Assistant Deputy Under Secretary for Health for Patient Services, Veterans Health Administration, U.S. Department of Veterans Affairs, Ms. Susan Sullivan, Deputy Assistant Secretary for Policy, Office of Policy and Planning, U.S. Department of Veterans Affairs, and Ms. Kim McLeod, Counsel, Office of General Counsel, U.S. Department of Veterans Affairs; Mr. Joseph A. Violante, National Legislative Director, Disabled American Veterans; Mr. Aleks Morosky, Deputy Director, National Legislative Service, Veterans of Foreign Wars of the United States; and Mr. Blake Ortner, Deputy Government Relations Director, Paralyzed Veterans of America.

Statements for the record were submitted by the following:

The House Policy Council, Financial Services Roundtable.

SUBCOMMITTEE CONSIDERATION

There was no subcommittee consideration of H.R. 189.

COMMITTEE CONSIDERATION

On February 12, 2015, the full Committee met in an open mark-up session, a quorum being present, ordered H.R. 189, to be reported favorably to the House of Representatives, by voice vote.

COMMITTEE VOTES

Clause 3(b) of rule XIII of the Rules of the House of Representatives requires the Committee to list the record votes on the motion to report the legislation and amendments thereto. There were no recorded votes taken on amendments or in connection with ordering H.R. 189, reported to the House. A motion by Ranking Member Corrine Brown of Florida to report H.R. 189, favorably to the House of Representatives was agreed to by voice vote.

COMMITTEE OVERSIGHT FINDINGS

In compliance with clause 3(c)(1) of rule XIII and clause (2)(b)(1) of rule X of the Rules of the House of Representatives, the Committee's oversight findings and recommendations are reflected in the descriptive portions of this report.

STATEMENT OF GENERAL PERFORMANCE GOALS AND OBJECTIVES

In accordance with clause 3(c)(4) of rule XIII of the Rules of the House of Representatives, the Committee's performance goals and

objectives are to protect servicemembers and their families from foreclosing on their homes within one year following active duty service.

NEW BUDGET AUTHORITY, ENTITLEMENT AUTHORITY, AND TAX EXPENDITURES

In compliance with clause 3(c)(2) of rule XIII of the Rules of the House of Representatives, the Committee adopts as its own the estimate of new budget authority, entitlement authority, or tax expenditures or revenues contained in the cost estimate prepared by the Director of the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974.

EARMARKS AND TAX AND TARIFF BENEFITS

H.R. 189 does not contain any Congressional earmarks, limited tax benefits, or limited tariff benefits as defined in clause 9 of rule XXI of the Rules of the House of Representatives.

COMMITTEE COST ESTIMATE

The Committee adopts as its own the cost estimate on H.R. 189, prepared by the Director of the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974.

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

Pursuant to clause 3(c)(3) of rule XIII of the Rules of the House of Representatives, the following is the cost estimate for H.R. 189, provided by the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, February 25, 2015.

Hon. JEFF MILLER,
Chairman, Committee on Veterans' Affairs,
House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 189, the Servicemember Foreclosure Protections Extension Act of 2015.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is David Newman.

Sincerely,

DOUGLAS W. ELMENDORF.

Enclosure.

H.R. 189—Servicemember Foreclosure Protections Extension Act of 2015

H.R. 189 would enhance certain protections for veterans with home mortgages. CBO estimates that any change in direct spending under the bill would be insignificant.

Under current law, veterans may receive a judicial stay of foreclosure proceedings on loans that were originated before they entered the military. Those veterans are currently eligible to obtain a stay during the one-year period after they leave military service;

however, that period of eligibility will be shortened to nine months beginning on January 1, 2016. H.R. 189 would retain the one-year period of eligibility through December 31, 2016. (The duration of the stay of proceedings itself is determined by the courts.)

Some of the loans that would be affected by that foreclosure protection are guaranteed by the Department of Veterans Affairs (VA) or the Federal Housing Administration (FHA). Under its home loan program, VA pays lenders up to 25 percent of the outstanding loan debt in the event that the borrower defaults. Unpaid interest can be added to the guaranteed debt, within certain limits. FHA provides a similar guarantee on mortgages it insures, compensating lenders for up to 100 percent of the loss.

Delaying foreclosure on borrowers who default would lengthen the period during which unpaid interest would accrue, increasing the indebtedness of the borrower. If the loan is eventually terminated, the claim filed by the lender would be larger by the amount of the additional interest, and the subsequent claim payment from VA or FHA would rise as a result. Those larger claim payments would raise the costs of both agencies.

Loans that could be affected by the bill would be those that were originated prior to enactment of H.R. 189. Changes to the cost of extant mortgages would be treated as loan modifications and the increased costs would be recorded as direct spending when the modifications became effective—that is, at the start of calendar year 2016, when the eligibility period for the benefit would be shortened under current law.

CBO expects that only a small number of veterans would have loans guaranteed by VA or FHA and would obtain a stay of foreclosure in 2016 as a result of the three additional months of eligibility that H.R. 189 would provide. The bill would apply only to mortgages that were entered into before joining the military. Most veterans enter the military between the ages of 18 and 22, a stage in life when few people have mortgages. Thus, CBO believes it is highly unlikely that such veterans would be responsible for federally guaranteed loans before they entered military service.

Furthermore, CBO estimates that the average additional indebtedness per borrower as a result of the forbearance is small—about $3,000. Therefore, any increase in direct spending would be insignificant. Because enacting H.R. 189 would affect direct spending, pay-as-you-go procedures apply. Enacting H.R. 189 would not affect revenues.

By extending through December 31, 2016, the one-year period of eligibility for veterans to receive a judicial stay of foreclosure proceedings, the bill would impose intergovernmental and private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA). The cost of the mandates would be any loss of income by public and private entities, such as mortgage lenders, that could otherwise enforce an obligation, sale, foreclosure or seizure of the property without the extension. CBO expects the number of veterans who face foreclosure within one year of separation to be small. CBO further expects that few additional mortgage lenders would be affected by the extension and that the size of their claims would be small. Consequently, CBO estimates that the costs of the mandates would fall below the annual thresholds established in UMRA for intergovernmental and private-sector mandates. (Ad-

justed for inflation, those thresholds are $77 million and $154 million in 2015, respectively.)

The CBO staff contacts for this estimate are David Newman (for federal costs), Jon Sperl (for state and local effects), and Paige Piper/Bach (for private-sector effects). This estimate was approved by Theresa Gullo, Deputy Assistant Director for Budget Analysis.

FEDERAL MANDATES STATEMENT

The Committee adopts as its own the estimate of Federal mandates regarding H.R. 189 prepared by the Director of the Congressional Budget Office pursuant to section 423 of the Unfunded Mandates Reform Act.

ADVISORY COMMITTEE STATEMENT

No advisory committees within the meaning of section 5(b) of the Federal Advisory Committee Act would be created by H.R. 189.

STATEMENT OF CONSTITUTIONAL AUTHORITY

Pursuant to Article I, section 8 of the United States Constitution, the reported bill is authorized by Congress' power to "provide for the common Defense and general Welfare of the United States."

APPLICABILITY TO LEGISLATIVE BRANCH

The Committee finds that the legislation does not relate to the terms and conditions of employment or access to public services or accommodations within the meaning of section 102(b)(3) of the Congressional Accountability Act.

STATEMENT ON DUPLICATION OF FEDERAL PROGRAMS

Pursuant to section 3(g) of H. Res. 5, 114th Cong. (2015), the Committee finds that no provision of H.R. 189 establishes or reauthorizes a program of the Federal Government known to be duplicative of another Federal program, a program that was included in any report from the Government Accountability Office to Congress pursuant to section 21 of Public Law 111–139, or a program related to a program identified in the most recent Catalog of Federal Domestic Assistance.

DISCLOSURE OF DIRECTED RULEMAKING

Pursuant to section 3(i) of H. Res. 5, 114th Cong. (2015), the Committee estimates that H.R. 189 does not require directed rule making.

SECTION-BY-SECTION ANALYSIS OF THE LEGISLATION

Section 1—Short title

Section 1 would establish the short title of H.R. 189 as the "Servicemember Foreclosure Protections Extension Act of 2015."

Section 2—Temporary extension of extended period of protections for members of uniformed services relating to mortgages, mortgage foreclosure, and eviction

Section 2 would extend current authorities provided in P.L. 112–154 to December 31, 2016 and January 1, 2017.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

HONORING AMERICA'S VETERANS AND CARING FOR CAMP LEJEUNE FAMILIES ACT OF 2012

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TITLE VII—OTHER MATTERS

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SEC. 710. EXTENDED PERIOD OF PROTECTIONS FOR MEMBERS OF UNIFORMED SERVICES RELATING TO MORTGAGES, MORTGAGE FORECLOSURE, AND EVICTION.

(a) STAY OF PROCEEDINGS AND PERIOD OF ADJUSTMENT OF OBLIGATIONS RELATING TO REAL OR PERSONAL PROPERTY.—Section 303(b) of the Servicemembers Civil Relief Act (50 U.S.C. App. 533(b)) is amended by striking "within 9 months" and inserting "within one year".

(b) PERIOD OF RELIEF FROM SALE, FORECLOSURE, OR SEIZURE.—Section 303(c) of such Act (50 U.S.C. App. 533(c)) is amended by striking "within 9 months" and inserting "within one year".

(c) EFFECTIVE DATE.—The amendments made by subsections (a) and (b) shall take effect on the date that is 180 days after the date of the enactment of this Act.

(d) EXTENSION OF SUNSET.—

(1) IN GENERAL.—The amendments made by subsections (a) and (b) shall expire on [December 31, 2015] *December 31, 2016*.

(2) CONFORMING AMENDMENT.—Subsection (c) of section 2203 of the Housing and Economic Recovery Act of 2008 (Public Law 110-289; 50 U.S.C. App. 533 note) is amended to read as follows:

"(c) EFFECTIVE DATE.—The amendments made by subsection (a) shall take effect on the date of the enactment of this Act.".

(3) REVIVAL.—Effective [January 1, 2016] *January 1, 2017*, the provisions of subsections (b) and (c) of section 303 of the

Servicemembers Civil Relief Act (50 U.S.C. App. 533), as in effect on July 29, 2008, are hereby revived.

(e) REPORT.—

(1) IN GENERAL.—Not later than 540 days after the date of the enactment of this Act, the Comptroller General of the United States shall submit to Congress a report on the protections provided under section 303 of such Act (50 U.S.C. App 533) during the five-year period ending on the date of the enactment of this Act.

(2) ELEMENTS.—The report required by paragraph (1) shall include, for the period described in such paragraph, the following:

(A) An assessment of the effects of such section on the long-term financial well-being of servicemembers and their families.

(B) The number of servicemembers who faced foreclosure during a 90-day period, 270-day period, or 365-day period beginning on the date on which the servicemembers completed a period of military service.

(C) The number of servicemembers who applied for a stay or adjustment under subsection (b) of such section.

(D) A description and assessment of the effect of applying for a stay or adjustment under such subsection on the financial well-being of the servicemembers who applied for such a stay or adjustment.

(E) An assessment of the Secretary of Defense's partnerships with public and private sector entities and recommendations on how the Secretary should modify such partnerships to improve financial education and counseling for servicemembers in order to assist them in achieving long-term financial stability.

(3) PERIOD OF MILITARY SERVICE AND SERVICEMEMBER DEFINED.—In this subsection, the terms "period of military service" and "servicemember" have the meanings given such terms in section 101 of such Act (50 U.S.C. App. 511).

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