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119TH CONGRESS
1ST SESSION

H. R. 6726

To amend the Housing and Urban Development Act of 1968 to provide reforms to housing counseling and financial literacy programs.

IN THE HOUSE OF REPRESENTATIVES

DECEMBER 15, 2025

Mr. DAVID SCOTT of Georgia (for himself, Mrs. BEATTY, and Mr. FIELDS) introduced the following bill; which was referred to the Committee on Financial Services

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A BILL

To amend the Housing and Urban Development Act of 1968 to provide reforms to housing counseling and financial literacy programs.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. REFORMS TO HOUSING COUNSELING AND FINANCIAL LITERACY PROGRAMS.

(a) IN GENERAL.—Section 106 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701x) is amended—

(1) in subsection (a)(4)(C), by striking "adequate distribution" and all that follows through

‘‘foreclosure rates’’ and inserting ‘‘that the recipients are geographically diverse and include organizations that serve urban or rural areas’’;

(2) in subsection (e), by adding at the end the following:

‘‘(6) PERFORMANCE REVIEW.—The Secretary—

‘‘(A) may conduct periodic on-site reviews; and

‘‘(B) shall conduct performance reviews of all participating agencies that—

‘‘(i) consist of a review of the participating agency’s compliance with all program requirements; and

‘‘(ii) may take into account the agency’s aggregate counselor performance under paragraph (7)(B).

‘‘(7) CONSIDERATIONS.—

‘‘(A) COVERED MORTGAGE LOAN DEFINED.—In this paragraph, the term ‘covered mortgage loan’ means any loan which is secured by a first or subordinate lien on residential real property (including individual units of condominiums and cooperatives) designed principally for the occupancy of between 1 and 4 families that is—

“(i) insured by the Federal Housing Administration under title II of the National Housing Act (12 U.S.C. 1707 et seq.); or

“(ii) guaranteed under section 184 or 184A of the Housing and Community Development Act of 1992 (12 U.S.C. 1715z–13a, 1715z–13b).

“(B) COMPARISON.—For each counselor employed by an organization receiving assistance under this section for pre-purchase housing counseling, the Secretary may consider the performance of the counselor compared to the default rate of all counseled borrowers of a covered mortgage loan in comparable markets and such other factors as the Secretary determines appropriate to further the purposes of this section.

“(8) CERTIFICATION.—If, based on the comparison required under paragraph (7)(B), the Secretary determines that a counselor lacks competence to provide counseling in the areas described in subsection (e)(2) and such action will not create a significant loss of capacity for housing counseling services in the service area, the Secretary may—

"(A) require continued education coupled with successful completion of a probationary period;

"(B) require retesting if the counselor continues to demonstrate a lack of competence under paragraph (7)(B); and

"(C) permanently suspend an individual certification if a counselor fails to demonstrate competence after not fewer than 2 retesting opportunities under subparagraph (B).";

(3) in subsection (i)—

(A) by redesignating paragraph (3) as paragraph (4); and

(B) by inserting after paragraph (2) the following:

"(3) TERMINATION OF ASSISTANCE.—

"(A) IN GENERAL.—The Secretary may deny renewal of covered assistance to an organization or entity receiving covered assistance if the Secretary determines that the organization or entity, or the individual through which the organization or entity provides counseling, is not in compliance with program requirements—

"(i) based on the performance review described in subsection (e)(6); and "(ii) in accordance with regulations issued by the Secretary.

"(B) NOTICE.—The Secretary shall give an organization or entity receiving covered assistance not less than 60 days prior written notice of any denial of renewal under this paragraph, and the determination of renewal shall not be finalized until the end of that notice period.

"(C) INFORMAL CONFERENCE.—If requested in writing by the organization or entity within the notice period described in subparagraph (B), the organization or entity shall be entitled to an informal conference with the Deputy Assistant Secretary of Housing Counseling on behalf of the Secretary at which the organization or entity may present for consideration specific factors that the organization or entity believes were beyond the control of the organization or entity and that caused the failure to comply with program requirements, such as a lack of lender or servicer coordination or communication with housing counseling agencies and individual counselors."; and

(4) by adding at the end the following:

"(j) OFFERING FORECLOSURE MITIGATION COUNSELING.—

"(1) COVERED MORTGAGE LOAN DEFINED.—In this subsection, the term 'covered mortgage loan' means any loan which is secured by a first or subordinate lien on residential real property (including individual units of condominiums and housing cooperatives) or stock or membership in a cooperative ownership housing corporation designed principally for the occupancy of between 1 and 4 families that is—

"(A) insured by the Federal Housing Administration under title II of the National Housing Act (12 U.S.C. 1707 et seq.);

"(B) guaranteed under section 184 or 184A of the Housing and Community Development Act of 1992 (12 U.S.C. 1715z–13a, 1715z–13b);

"(C) made, guaranteed, or insured by the Department of Veterans Affairs; or

"(D) made, guaranteed, or insured by the Department of Agriculture.

"(2) OPPORTUNITY FOR BORROWERS.—A borrower with respect to a covered mortgage loan who is 30 days or more delinquent on payments for the covered mortgage loan shall be given an opportunity to participate in available housing counseling.

"(3) COST.—If the requirements of sections 202(a)(3) and 205(f) of the National Housing Act (12 U.S.C. 1708(a)(3), 1711(f)) are met, the fair market rate cost of counseling for delinquent borrowers described in paragraph (2) with respect to a covered mortgage loan described in paragraph (1)(A) shall be paid for by the Mutual Mortgage Insurance Fund, as authorized under section 203(r)(4) of the National Housing Act (12 U.S.C. 1709(r)(4)).".

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