

AMENDMENT TO H.R. 1227**OFFERED BY MR. SCOTT OF GEORGIA**

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

1 **TITLE V—FHA SINGLE FAMILY**
2 **HOUSING**

3 **SEC. 501. TREATMENT OF NON-CONVEYABLE PROPERTIES.**

4 Notwithstanding any other provision of law, in the
5 case of any property consisting of 1- to 4-family residence
6 that is subject to a mortgage insured under title II of the
7 National Housing Act (12 U.S.C. 1707 et seq.) and was
8 damaged or destroyed as a result of Hurricane Katrina
9 or Rita of 2005, if there was no failure on the part of
10 the mortgagee or servicer to provide hazard insurance for
11 the property or to provide flood insurance coverage for the
12 property to the extent such coverage is required under
13 Federal law, the Secretary of Housing and Urban Devel-
14 opment—

15 (1) may not deny conveyance of title to the
16 property to the Secretary and payment of the bene-
17 fits of such insurance on the basis of the condition
18 of the property or any failure to repair the property;

1 (2) may not reduce the amount of such insur-
2 ance benefits to take into consideration any costs of
3 repairing the property; and

4 (3) with respect to a property that is destroyed,
5 condemned, demolished, or otherwise not available
6 for conveyance of title, may pay the full benefits of
7 such insurance to the mortgagee notwithstanding
8 that such title is not conveyed.