

**AMENDMENT TO H.R. 384**  
**OFFERED BY MR. PUTNAM OF FLORIDA**

Page 65, line 15, strike "and".

Page 65, line 19, after the semicolon, insert "and".

Page 65, after line 19, insert the following new sub-paragraph:

1 (F) by adding at the end the following new  
2 paragraph:

3 "(10) BORROWER BANKRUPTCY AND FORE-  
4 CLOSURE HISTORY.—

5 "(A) FORECLOSURE.—A borrower whose  
6 previous principal residence or other real prop-  
7 erty was foreclosed or has given a deed-in-lieu  
8 of foreclosure within the previous three years  
9 shall not be eligible as a mortgagor under a  
10 mortgage insured under this section, except  
11 that, if the Secretary determines that the fore-  
12 closure was the result of documented extenu-  
13 ating circumstances that were beyond the con-  
14 trol of the borrower and the borrower has re-  
15 established good credit since the foreclosure, the  
16 mortgagee may grant an exception to the three-

1 year requirement. Extenuating circumstances  
2 shall include serious illness or death of a wage  
3 earner, but shall not include the inability to sell  
4 the house because of a job transfer or relocation  
5 to another area.

6 “(B) BANKRUPTCY.—

7 “(i) CHAPTER 7.—A bankruptcy (liq-  
8 uidation) under chapter 7 of title 11,  
9 United States Code, shall disqualify a bor-  
10 rower from eligibility as a mortgagor under  
11 a mortgage insured under this section un-  
12 less—

13 “(I) at least two years have  
14 elapsed since the date of the discharge  
15 of the bankruptcy;

16 “(II) the borrower has re-estab-  
17 lished good credit or chosen not to  
18 incur new credit obligations;

19 “(III) the borrower has dem-  
20 onstrated a documented ability to re-  
21 sponsibly manage his or her financial  
22 affairs.

23 In the case of an elapsed period since the  
24 date of discharge of the bankruptcy of less  
25 than two years, but not less than 12

1 months, the borrower shall be eligible only  
2 if the borrower can show that the bank-  
3 ruptcy was caused by extenuating cir-  
4 cumstances beyond his or her control, the  
5 borrower has since exhibited a documented  
6 ability to manage his or her financial af-  
7 fairs in a responsible manner, and the  
8 lender documents that the borrower's cur-  
9 rent situation indicates that the events  
10 that led to the bankruptcy are not likely to  
11 recur.

12 “(ii) CHAPTER 13.—A bankruptcy  
13 under chapter 13 of title 11, United States  
14 Code, shall disqualify a borrower from eli-  
15 gibility as a mortgagor under a mortgage  
16 insured under this section, unless—

17 “(I) the lender documents that  
18 one year of the payout period under  
19 the bankruptcy has elapsed and the  
20 borrower's payment performance has  
21 been satisfactory, with all required  
22 payments made on time; and

1                   “(II) the borrower receives per-  
2                   mission from the court to enter into  
3                   the mortgage transaction.”;

