AMENDMENT TO H.R. 1728, AS REPORTED
OFFERED BY MS. JACKSON-LEE OF TEXAS

After section 403, insert the following new section (and redesignate the subsequent sections in title IV and conform the table of contents accordingly):

1 **SEC. 404. FINANCIAL LITERACY COUNSELING.**

2 Section 106 of the Housing and Urban Development
3 Act of 1968 (12 U.S.C. 1701x) is amended by inserting
4 after subsection (g) (as added by section 403) the fol-
5 lowing new subsection:

6 "(h) FINANCIAL LITERACY COUNSELING.—

7 "(1) IN GENERAL.—Each mortgage originator
8 shall provide financial literacy counseling to bor-
9 rowers in accordance with the requirements of this
10 subsection.

11 "(2) ENTRANCE AND EXIT COUNSELING RE-
12 QUIRED.—Financial literacy counseling required
13 under this subsection shall—

14 "(A) be provided to each first-time home
15 buyer at or prior to the time of the closing on
16 such home; and

1 "(B) include a total of not less than 4
2 hours of counseling for such borrowers for each
3 of the occasions described in subparagraph (A).
4 "(3) INFORMATION TO BE PROVIDED.—Finan-
5 cial literacy counseling required under this sub-
6 section shall include information on the following:
7 "(A) Banking basics, including the types of
8 financial institutions, why and how banks may
9 be useful to individuals, and the fundamentals
10 of using basic checking and savings bank ac-
11 counts (including how checking and savings ac-
12 counts work, fees that may be charged, and
13 how to open and maintain an account).
14 "(B) Budgeting, including matching goals
15 and savings, identification of ways borrowers
16 can save money and understand savings options
17 that can be used to reach savings goals, the
18 main components of a budget (such as income,
19 fixed income, fixed expenses, flexible expenses
20 and discretionary expenses), and how to des-
21 ignate incomes and expenses.
22 "(C) Credit cards, including how to use
23 credit appropriately, how to determine what
24 forms of credit best suit the needs of the bor-
25 rower, the common pitfalls of credit card debt,

1 the differences in types of credit cards (includ-
2 ing pre-paid cards, debit cards, secured credit
3 cards linked to checking accounts, and charge
4 cards), responsible uses of credit cards, and
5 how to build a strong credit history.
6 "(D) Loans, grants, and tax credits, in-
7 cluding—
8 "(i) general information about and
9 differences between installment loans, in-
10 cluding car loans, student loans, and mort-
11 gages; and
12 "(ii) information about options for re-
13 payment.
14 "(E) Renting and housing, including infor-
15 mation on renting an apartment, the basics of
16 getting a mortgage, and assistance with deter-
17 mining a borrower's readiness to have a space
18 of their own.
19 "(F) Credit scores and ratings, including
20 information about credit (such as that credit is
21 a sum of money lent by a bank or institution
22 for repayment in the future and includes inter-
23 est on the balance that is borrowed), what fac-
24 tors go into a credit score, and the importance
25 of having a good credit record (particularly the

1 influence of credit records on interest rates,
2 loans, insurance rates, and job offers).
3 "(G) Investing, including information
4 about the risks and benefits of investing money,
5 setting goals and time horizons for when money
6 may be needed, establishing risk tolerance, and
7 the differences between stocks, bonds, and divi-
8 dends.
9 "(4) USE OF INTERACTIVE PROGRAMS.—The
10 Secretary shall encourage mortgage originators to
11 carry out the requirements of this subsection
12 through the use of interactive programs that test the
13 borrower's understanding of the financial literacy in-
14 formation provided through counseling under this
15 subsection, using simple and understandable lan-
16 guage and clear formatting.".