To defer mortgage payment due dates and to prohibit creditors from imposing late fees, increasing interest rates, or submitting adverse credit information with regard to the account of a mortgage holder whose principal residence has been severely impacted by a natural disaster for up to a 90-day period following issuance of a disaster declared by the President for the area in which the mortgage holder’s principal residence is located, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 20, 2011

Mr. Smith of New Jersey (for himself and Mr. Rothman of New Jersey) introduced the following bill; which was referred to the Committee on Financial Services

A BILL

To defer mortgage payment due dates and to prohibit creditors from imposing late fees, increasing interest rates, or submitting adverse credit information with regard to the account of a mortgage holder whose principal residence has been severely impacted by a natural disaster for up to a 90-day period following issuance of a disaster declared by the President for the area in which the mortgage holder’s principal residence is located, and for other purposes.

1 Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,
SECTION 1. SHORT TITLE.

This Act may be cited as the “Natural Disaster Emergency Mortgage Relief Act of 2011”.

SEC. 2. TRUTH IN LENDING ACT AMENDMENTS.

Chapter 2 of the Truth in Lending Act is amended—

(1) by inserting after section 129H the following new section:

“SEC. 129I. TEMPORARY MORTGAGE LOAN PAYMENT DEFERRAL DURING A NATURAL DISASTER.

“(a) IN GENERAL.—A consumer whose principal residence is located in an area determined by the State or local municipality in which the residence is located as being severely impacted by a natural disaster and in an area for which the President has declared a major disaster under section 401 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5170) may defer payments on a mortgage loan secured by such residence without penalty.

“(b) DEFERMENT OF PAYMENTS.—

“(1) REQUEST.—A consumer who wishes to defer payments on a mortgage loan under this section must notify the creditor of the mortgage loan during the 30-day period beginning on the date the President makes the declaration described under subsection (a) and must specify the deferment period selected by the consumer.
“(2) **Deferment Period.**—A deferment of payments under this section may only be for a 30-, 60-, or 90-day period, and the period shall begin on the date that the President makes the declaration described under subsection (a).

“(3) **No Payment During Deferment Period.**—No payment that would otherwise be due under the terms of the consumer’s mortgage loan shall be required to be paid during the deferment period.

“(c) **No Adverse Treatment of Consumer.**—

With respect to a mortgage loan for which payments have been deferred under this section—

“(1) a consumer may not be charged a late fee with respect to payments on the mortgage loan made during the 10-day period following the end of the deferment period;

“(2) no increase may be made in the annual percentage rate applicable to any outstanding balance of the mortgage loan during the deferment period, other than an increase in the annual percentage rate due to a change in an index or rate of interest—

“(A) on which such annual percentage rate is based;
“(B) which is publicly available; and

“(C) which is not under the control of the creditor of the mortgage loan; and

“(3) the creditor of the mortgage loan may not report any adverse information to a consumer reporting agency that occurred as a result of a deferral of payment made under this section.

“(d) CONSTRUCTION.—Nothing in this section shall be construed as limiting creditors of mortgage loans from permitting longer deferment periods than those specified in this section or taking any other mortgage relief measures that such creditors feel are appropriate.”; and

(2) by amending the table of contents for such chapter by inserting after the item relating to section 129H the following new item:

“129I. Temporary mortgage loan payment deferral during a natural disaster.”.