

106TH CONGRESS
1ST SESSION

H. R. 649

To amend the Real Estate Settlement Procedures Act of 1974 to prohibit a lender from requiring a borrower in a residential mortgage transaction to provide the lender with unlimited access to the borrower's tax return information.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 9, 1999

Ms. RIVERS introduced the following bill; which was referred to the Committee on Banking and Financial Services

A BILL

To amend the Real Estate Settlement Procedures Act of 1974 to prohibit a lender from requiring a borrower in a residential mortgage transaction to provide the lender with unlimited access to the borrower's tax return information.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Real Estate Trans-
5 action Privacy Promotion Act”.

1 **SEC. 2. PROHIBITION.**

2 The Real Estate Settlement Procedures Act of 1974
3 (12 U.S.C. 2601 et seq.) is amended by inserting after
4 section 12 the following new section:

5 **“SEC. 13. PROHIBITION OF REQUIRING OPEN-ENDED AC-**
6 **CESS TO BORROWER’S TAX RECORDS.**

7 “No person may require, as a condition of making
8 a federally related mortgage loan, that the borrower or
9 prospective borrower provide to any person a copy of Form
10 4506 of the Internal Revenue Service (relating to a re-
11 quest for copy or transcript of tax form), or any successor
12 to such form, that is signed by the borrower or prospective
13 borrower, unless the form—

14 “(1) is fully completed before signing by the
15 borrower;

16 “(2) specifically requests tax information for
17 not more than the 2 tax periods most recently com-
18 pleted as of the date that the form is signed; and

19 “(3) is completed, signed, and dated not later
20 than the date of settlement involving such loan.”.

21 **SEC. 3. PENALTIES.**

22 Section 8(d) of the Real Estate Settlement Proce-
23 dures Act of 1974 (12 U.S.C. 2607(d)) is amended—

24 (1) in paragraph (1), by inserting “or section
25 13” after “this section”; and

1 (2) in paragraph (4), by inserting “or section
2 13” before the period at the end.

3 **SEC. 4. JURISDICTION OF COURTS.**

4 Section 16 of the Real Estate Settlement Procedures
5 Act of 1974 (12 U.S.C. 2614) is amended—

6 (1) by striking “or 9” the first place it appears
7 and inserting “9, or 13”; and

8 (2) by striking “or 9” the second place it ap-
9 pears and inserting “, 9, or 13”.

10 **SEC. 5. SPECIAL INFORMATION BOOKLETS.**

11 Not later than 60 days after the date of the enact-
12 ment of this Act, the Secretary of Housing and Urban
13 Development shall, by notice in the Federal Register, re-
14 vise the special information booklet prepared by the Sec-
15 retary pursuant to section 5 of the Real Estate Settlement
16 Procedures Act of 1974 to include in such booklet infor-
17 mation explaining the prohibition and penalties under the
18 amendments made by this Act.

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