

109TH CONGRESS
1ST SESSION

H. R. 1025

IN THE SENATE OF THE UNITED STATES

APRIL 7, 2005

Received; read twice and referred to the Committee on Banking, Housing, and
Urban Affairs

AN ACT

To amend the Fair Debt Collection Practices Act to exempt mortgage servicers from certain requirements of the Act with respect to federally related mortgage loans secured by a first lien, and for other purposes.

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

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Mortgage Servicing
3 Clarification Act”.

4 **SEC. 2. MORTGAGE SERVICING CLARIFICATION.**

5 (a) IN GENERAL.—The Fair Debt Collection Prac-
6 tices Act (15 U.S.C. 1692 et seq.) is amended—

7 (1) by redesignating section 818 as section 819;
8 and

9 (2) by inserting after section 817 the following
10 new section:

11 **“§ 818. Mortgage servicer exemption**

12 “(a) EXEMPTION.—A covered mortgage servicer who,
13 whether by assignment, sale or transfer, becomes the per-
14 son responsible for servicing federally related mortgage
15 loans secured by first liens that include loans that were
16 in default at the time such person became responsible for
17 the servicing of such federally related mortgage loans shall
18 be exempt from the requirements of section 807(11) in
19 connection with the collection of any debt arising from
20 such defaulted federally related mortgage loans.

21 “(b) DEFINITIONS.—For purposes of this section, the
22 following definitions shall apply:

23 “(1) COVERED MORTGAGE SERVICER.—The
24 term ‘covered mortgage servicer’ means any servicer
25 of federally related mortgage loans secured by first
26 liens—

1 “(A) who is also a debt collector; and

2 “(B) for whom the collection of delinquent
3 debts is incidental to the servicer’s primary
4 function of servicing current federally related
5 mortgage loans.

6 “(2) FEDERALLY RELATED MORTGAGE LOAN.—

7 The term ‘federally related mortgage loan’ has the
8 meaning given to such term in section 3(1) of the
9 Real Estate Settlement Procedures Act of 1974, ex-
10 cept that, for purposes of this section, such term in-
11 cludes only loans secured by first liens.

12 “(3) PERSON.—The term ‘person’ has the
13 meaning given to such term in section 3(5) of the
14 Real Estate Settlement Procedures Act of 1974.

15 “(4) SERVICER; SERVICING.—The terms
16 ‘servicer’ and ‘servicing’ have the meanings given to
17 such terms in section 6(i) of the Real Estate Settle-
18 ment Procedures Act of 1974.”.

19 (b) CLERICAL AMENDMENT.—The table of sections
20 for the Fair Debt Collection Practices Act (15 U.S.C.
21 1692 et seq.) is amended—

22 (1) by redesignating the item relating to section
23 818 as section 819; and

1 (2) by inserting after the item relating to sec-
2 tion 817 the following new item:

“818. Mortgage servicer exemption.”.

Passed the House of Representatives April 6, 2005.

Attest: **JEFF TRANDAH**,
Clerk.