

111TH CONGRESS  
2D SESSION

# H. R. 6133

To require the lender or servicer of a home mortgage, upon a request by the homeowner for a short sale, to make a prompt decision whether to allow the sale.

---

## IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 15, 2010

Mr. ANDREWS (for himself and Mr. ROONEY) introduced the following bill;  
which was referred to the Committee on Financial Services

---

## A BILL

To require the lender or servicer of a home mortgage, upon a request by the homeowner for a short sale, to make a prompt decision whether to allow the sale.

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 “Prompt Decision for  
5       Qualification of Short Sale Act of 2010”.

6       **SEC. 2. PROMPT DECISION REGARDING SHORT SALE.**

7       (a) IN GENERAL.—Chapter 2 of the Truth in Lend-  
8       ing Act (15 U.S.C. 1631 et seq.) is amended—

1           (1) by redesignating the second section 129, as  
2       added by section 201(b) of the Helping Families  
3       Save Their Homes Act of 2009 (Public Law 111–22;  
4       123 Stat. 1638), as section 129A; and

5           (2) by inserting before section 130 (15 U.S.C.  
6       1640) the following new section:

7       **“SEC. 129B. PROMPT DECISION REGARDING SHORT SALE.**

8       “(a) REQUIREMENT.—Except as provided in sub-  
9       section (b) and notwithstanding any other provision of law  
10      or of any contract, including a contract between a servicer  
11      of a residential mortgage loan and a securitization vehicle  
12      or other investment vehicle, if the mortgagor under a resi-  
13      dential mortgage loan submits to the servicer of the mort-  
14      gage loan a written request for a short sale of the dwelling  
15      or residential real property that is subject to the mortgage,  
16      deed or trust, or other security interest that secures the  
17      mortgage loan, and all information required by the  
18      servicer in connection with such a request (including a  
19      copy of an executed contract between the owner of the  
20      dwelling or property and the prospective buyer that is sub-  
21      ject to approval by the servicer), and the mortgagor does  
22      not receive from the servicer, before the expiration of the  
23      45-day period beginning upon receipt by the servicer of  
24      such request and information, a written notification of  
25      whether such request has been approved, that such re-

1   quest has been approved subject to specified changes, or  
2   that additional information is required for such a deter-  
3   mination, such request shall be considered to have been  
4   approved by the servicer.

5       “(b) INAPPLICABILITY TO CERTAIN EXISTING MORT-  
6   GAGES.—Subsection (a) shall not apply with respect to  
7   any residential mortgage with respect to which the mort-  
8   gagor and the mortgagee or servicer have entered into a  
9   written agreement before the date of the enactment of the  
10   Prompt Decision for Qualification of Short Sale Act of  
11   2010 explicitly providing a procedure or terms for ap-  
12   proval of a short sale.

13       “(c) TREATMENT OF OTHER TIME LIMITS.—This  
14   section may not be construed to preempt, annul, or other-  
15   wise affect any other provision of law or of any contract  
16   or program that provides a shorter period than is provided  
17   under subsection (a) for a decision by the servicer of a  
18   residential mortgage loan regarding a short sale of the  
19   dwelling or residential real property that is subject to the  
20   mortgage, deed or trust, or other security interest that se-  
21   cures the mortgage loan.

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

24       “(1) RESIDENTIAL MORTGAGE LOAN.—The  
25   term ‘residential mortgage loan’ means any con-

sumer credit transaction that is secured by a mortgage, deed of trust, or other equivalent consensual security interest on a dwelling or on residential real property that includes a dwelling, other than a consumer credit transaction under an open end credit plan or an extension of credit relating to a plan described in section 101(53D) of title 11, United States Code.

“(2) SECURITIZATION VEHICLE.—The term ‘securitization vehicle’ means a trust, special purpose entity, or other legal structure that is used to facilitate the issuing of securities, participation certificates, or similar instruments backed by or referring to a pool of assets that includes residential mortgage loans (or instruments that are related to residential mortgage loans, such as credit-linked notes).

“(3) SERVICER.—The term ‘servicer’ has the meaning provided in section 129A, except that such term includes a person who makes or holds a residential mortgage loan (including a pool of residential mortgage loans) if such person also services the loan.

“(4) SHORT SALE.—The term ‘short sale’ means the sale of the dwelling or residential real property that is subject to the mortgage, deed or

1 trust, or other security interest that secures a resi-  
2 dential mortgage loan that—

3 “(A) will result in proceeds in an amount  
4 that is less than the remaining amount due  
5 under the mortgage loan; and

6 “(B) requires authorization by the  
7 securitization vehicle or other investment vehicle  
8 or holder of the mortgage loan, or the servicer  
9 acting on behalf of such a vehicle or holder.”.

10 (b) APPLICABILITY.—The amendment made by sub-  
11 section (a) of this section shall apply to any written re-  
12 quest for a short sale made after the date of the enactment  
13 of this Act.

○