

112TH CONGRESS
2D SESSION

S. 3177

To amend the Truth in Lending Act to require servicers to provide responses to mortgagors requesting residential mortgage loan refinancing, and for other purposes.

IN THE SENATE OF THE UNITED STATES

MAY 15, 2012

Mr. HELLER introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

A BILL

To amend the Truth in Lending Act to require servicers to provide responses to mortgagors requesting residential mortgage loan refinancing, 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,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Stopping Ongoing
5 Lender Delays Act” or the “SOLD Act”.

6 **SEC. 2. TRUTH IN LENDING ACT AMENDMENTS.**

7 Chapter 2 of the Truth in Lending Act (15 U.S.C.
8 1631 et seq.) is amended by inserting before section 130
9 (15 U.S.C. 1640) the following new section:

1 **“SEC. 129I. RESPONSES REQUIRED FOR MORTGAGOR RE-**
2 **QUESTS FOR REFINANCING.**

3 “(a) IN GENERAL.—

4 “(1) WRITTEN RESPONSE TO MORTGAGOR RE-
5 QUESTS REQUIRED.—

6 “(A) IN GENERAL.—Each servicer shall re-
7 spond in writing to a mortgagor of a residential
8 mortgage loan who has submitted a written re-
9 quest that meets the requirements of subsection
10 (b), not later than the end of the 30-calendar
11 day period beginning on the date of receipt of
12 such request, subject to paragraphs (2) and (3).

13 “(B) APPLICABILITY.—Subparagraph (A)
14 shall apply, except as provided in subsection
15 (b), and notwithstanding any other provision of
16 law or of any contract, including a contract be-
17 tween a servicer of a residential mortgage loan
18 and a securitization vehicle or other investment
19 vehicle.

20 “(2) CONTENT.—A written response by a
21 servicer under paragraph (1) shall specify—

22 “(A) a decision on whether such request
23 has been denied or approved, or that such re-
24 quest has been approved subject to specified
25 changes; or

1 “(B) that additional time is required, in
2 which case the servicer shall provide a new deci-
3 sion date.

4 “(3) SINGLE EXTENSION OF NEW DECISION
5 DATE AUTHORIZED.—A servicer may, upon written
6 notice to the mortgagor, extend a new decision date
7 provided under paragraph (2)(B) a single time, for
8 a period of not longer than 30 additional calendar
9 days.

10 “(b) INAPPLICABILITY TO CERTAIN EXISTING MORT-
11 GAGES.—Subsection (a) shall not apply with respect to
12 any residential mortgage with respect to which the mort-
13 gagor and the mortgagee or servicer have entered into a
14 written agreement before the date of enactment of this Act
15 explicitly providing a procedure or terms for approval of
16 a short sale.

17 “(c) MORTGAGOR SUBMISSION.—Subsection (a) shall
18 apply in any case in which the mortgagor under a residen-
19 tial mortgage loan submits to the servicer thereof—

20 “(1) a written offer for a short sale of the
21 dwelling or residential real property that is subject
22 to the mortgage, deed of trust, or other security in-
23 terest that secures the mortgage loan; and

24 “(2) all information required by the servicer in
25 connection with such a request (including a copy of

1 an executed contract between the owner of the dwell-
 2 ing or property and the prospective buyer that is
 3 subject to approval by the servicer).

4 “(d) CIVIL ACTIONS AUTHORIZED.—An aggrieved in-
 5 dividual may bring an action in a court of competent juris-
 6 diction, asserting a violation of this section. Aggrieved in-
 7 dividuals may be awarded all appropriate relief, including
 8 equitable relief, and a monetary award of \$1,000 per viola-
 9 tion, plus reasonable attorneys’ fees, or such higher
 10 amount as may be appropriate in the case of an estab-
 11 lished pattern or practice of such failures.

12 “(e) DEFINITIONS.—

13 “(1) RESIDENTIAL MORTGAGE LOAN.—The
 14 term ‘residential mortgage loan’ means any con-
 15 sumer credit transaction that is secured by a mort-
 16 gage, deed of trust, or other equivalent consensual
 17 security interest on a dwelling or on residential real
 18 property that includes a dwelling, other than a con-
 19 sumer credit transaction under an open end credit
 20 plan or an extension of credit relating to a plan de-
 21 scribed in section 101(53D) of title 11, United
 22 States Code.

23 “(2) SERVICER.—The term ‘servicer’ has the
 24 same meaning as in section 129A, except that such
 25 term includes a person who makes or holds a resi-

1 dential mortgage loan (including a pool of residential
2 mortgage loans), if such person also services the
3 loan.

4 “(3) SHORT SALE.—The term ‘short sale’
5 means the sale of the dwelling or residential real
6 property that is subject to the mortgage, deed or
7 trust, or other security interest that secures a resi-
8 dential mortgage loan that—

9 “(A) will result in proceeds in an amount
10 that is less than the remaining amount due
11 under the mortgage loan; and

12 “(B) requires authorization by the
13 securitization vehicle or other investment vehicle
14 or holder of the mortgage loan, or the servicer
15 acting on behalf of such a vehicle or holder.”.

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