

112TH CONGRESS
2D SESSION

S. 3520

To require a portion of closing costs to be paid by the enterprises with respect to certain refinanced mortgage loans, and for other purposes.

IN THE SENATE OF THE UNITED STATES

AUGUST 2, 2012

Mr. MERKLEY (for himself, Mr. AKAKA, Mr. BEGICH, Mr. BLUMENTHAL, Mr. FRANKEN, Ms. LANDRIEU, Mr. LAUTENBERG, and Mr. LEVIN) introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

A BILL

To require a portion of closing costs to be paid by the enterprises with respect to certain refinanced mortgage loans, 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 “Rebuilding Equity Act
5 of 2012”.

6 **SEC. 2. REBUILDING EQUITY PROGRAM.**

7 (a) IN GENERAL.—

8 (1) VOLUNTARY PROGRAM.—The Federal Na-
9 tional Mortgage Association and the Federal Home

1 Loan Mortgage Corporation (in this Act referred to
2 as the “enterprises”) shall each establish a voluntary
3 program for borrowers described in paragraph (2),
4 under which the enterprises shall pay not more than
5 \$1,000 of the closing costs associated with applying
6 for and receiving the refinancing when the borrower
7 agrees to refinance into a fully amortizing loan with
8 a term of not longer than 20 years.

9 (2) ELIGIBLE BORROWERS.—The program re-
10 quired by paragraph (1) shall be for any borrower—

11 (A) who qualifies for the Home Affordable
12 Refinance Program carried out by the enter-
13 prises;

14 (B) whose subject property has a loan-to-
15 value ratio of not less than 105 percent; and

16 (C) who refinances from a loan with an
17 original term of 30 years to a loan with a term
18 of 20 years or less.

19 (b) DEFINITIONS.—As used in this section, the fol-
20 lowing definitions shall apply:

21 (1) LOAN-TO-VALUE RATIO.—The term “loan-
22 to-value ratio” means the ratio of the amount of the
23 primary mortgage on a property to the value of that
24 property.

(2) CLOSING COSTS.—The term “closing costs” —

(A) means all reasonable and actual costs charged to the borrower by a third party to the refinancing transaction;

(B) includes—

(i) appraisal and inspection fees;

(ii) fees associated with obtaining a borrower’s credit report;

(iii) title insurance and title examination costs;

(iv) attorneys’ fees associated with closing the transaction, other than attorneys’ fees associated with disputes arising out of the transaction or otherwise ancillary to closing the transaction;

(v) document preparation costs, if completed by a third party not controlled by the lender;

(vi) transfer stamps, recording fees, courier fees, wire transfer fees, and reconveyance fees; and

(vii) test and certification fees; and

(C) does not include any costs charged to the borrower by the lender, including—

- 1 (i) lender application fees; and
- 2 (ii) lender origination fees.

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