H.R. 2288

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. 2-YEAR EXTENSION OF AUTOMATION DEADLINE.

(a) IN GENERAL.—Section 454(24) of the Social Security Act (42 U.S.C. 654(24)) is amended by striking ''1995'' and inserting ''1997''.

(b) TECHNICAL AMENDMENTS RELATED TO THE REPEAL OF FEDERAL FUNDING.—Section 452 of such Act (42 U.S.C. 652) is amended in each of subsections (d)(1)(B), (d)(2)(A), (d)(2)(B), and (e), by striking ''455(a)(1)(B)'' and inserting ''454(16)''.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

TRUTH IN LENDING ACT AMENDMENTS OF 1995

Mr. LEACH. Mr. Speaker, I ask unanimous consent that the Committee on Banking and Financial Services be discharged from further consideration of the bill (H.R. 2399) to amend the Truth in Lending Act to clarify the intent of such Act and to reduce burdensome regulatory requirements on creditors, and ask for its immediate consideration in the House.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Iowa?

There was no objection.

The Clerk read the bill, as follows:

H.R. 2399

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Truth in Lending Act Amendments of 1995''.

SEC. 2. CERTAIN CHARGES.

(a) THIRD PARTY FEES.—Section 106(a) of the Truth in Lending Act (15 U.S.C. 1605(a)) is amended by adding after the 2d sentence the following new sentence: ''The finance charge shall not include fees and amounts imposed by third party closing agents (including settlement agents, attorneys, and escrow and title companies) if the creditor does not require the imposition of the charges or the services provided and does not retain the charges.''.

(b) BORROWER-PAID MORTGAGE BROKER FEES.—

(1) INCLUSION IN FINANCE CHARGE.—Section 106(a) of the Truth in Lending Act (15 U.S.C. 1605(a)) is amended by adding at the end the following new paragraph:

''(6) Borrower-paid mortgage broker fees, including fees paid directly to the broker or the lender (for delivery to the broker) whether such fees are paid in cash or financed.''.

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall take effect on the earlier of—

(A) 60 days after the date on which the Board of Governors of the Federal Reserve System issues final regulations under paragraph (3); or

(B) the date that is 12 months after the date of the enactment of this Act.

(3) REGULATIONS IMPLEMENTING BORROWER-PAID MORTGAGE BROKER FEES.—The Board of Governors of the Federal Reserve System shall promulgate regulations implementing the amendment made by paragraph (1) by no later than 6 months after the date of the enactment of this Act.

(c) TAXES ON SECURITY INSTRUMENTS OR EVIDENCES OF INDEBTEDNESS.—Section 106(d) of the Truth in Lending Act (15 U.S.C. 1605(d)) is amended by adding at the end the following new paragraph:

''(3) Any tax levied on security instruments or on documents evidencing indebtedness if the payment of such taxes is a precondition for recording the instrument securing the evidence of indebtedness.''.

(d) PREPARATION OF LOAN DOCUMENTS.—Section 106(e)(2) of the Truth in Lending Act (15 U.S.C. 1605(e)(2)) is amended to read as follows:

''(2) Fees for preparation of loan-related documents.''.

(e) FEES RELATING TO PEST INFESTATIONS, INSPECTIONS, AND HAZARDS.—Section 106(e)(5) of the Truth in Lending Act (15 U.S.C. 1605(e)(5)) is amended by inserting '', including fees related to any pest infestation or flood hazard inspections conducted prior to closing'' before the period.

(f) ENSURING FINANCE CHARGES REFLECT COST OF CREDIT.—

(1) REPORT.—

(A) IN GENERAL.—Not later than 6 months after the date of the enactment of this Act, the Board of Governors of the Federal Reserve System shall submit to the Congress a report containing recommendations on any regulatory or statutory changes necessary—

(i) to ensure that finance charges imposed in connection with consumer credit transactions more accurately reflect the cost of providing credit; and

(ii) to address abusive refinancing practices engaged in for the purpose of avoiding rescission.

(B) REPORT REQUIREMENTS.—In preparing the report under this paragraph, the Board shall—

(i) consider the extent to which it is feasible to include in finance charges all charges payable directly or indirectly by the consumer to whom credit is extended, and imposed directly or indirectly by the creditor as an incident to the extension of credit (especially those charges excluded from finance charges under section 106 of the Truth in Lending Act as of the date of the enactment of this Act), excepting only those charges which are payable in a comparable cash transaction; and

(ii) consult with and consider the views of affected industries and consumer groups.

(2) REGULATIONS.—The Board of Governors of the Federal Reserve System shall prescribe any appropriate regulation in order to effect any change included in the report under paragraph (1), and shall publish the regulation in the Federal Register before the end of the 1-year period beginning on the date of enactment of this Act.

SEC. 3. TOLERANCES; BASIS OF DISCLOSURES.

(a) TOLERANCES FOR ACCURACY.—Section 106 of the Truth in Lending Act (15 U.S.C. 1605) is amended by adding at the end the following new subsection:

''(f) TOLERANCES FOR ACCURACY.—In connection with credit transactions not under an open end credit plan that are secured by real property or a dwelling, the disclosure of the finance charge and other disclosures affected by any finance charge—

''(1) shall be treated as being accurate for purposes of this title if the amount disclosed as the finance charge—

''(A) does not vary from the actual finance charge by more than $100; or

''(B) is greater than the amount required to be disclosed under this title; and

''(2) shall be treated as being accurate for purposes of section 125 if—

''(A) except as provided in subparagraph (B), the amount disclosed as the finance charge does not vary from the actual finance charge by more than an amount equal to one-half of one percent of the total amount of credit extended; or

''(B) in the case of a transaction, other than a mortgage referred to in section 103(aa), which—

''(i) is a refinancing of the principal balance then due and any accrued and unpaid finance charges of a residential mortgage transaction as defined in section 103(w), or is any subsequent refinancing of such a transaction; and

''(ii) does not provide any new consolidation or new advance;

if the amount disclosed as the finance charge does not vary from the actual finance charge by more than an amount equal to one percent of the total amount of credit extended.''.

(b) BASIS OF DISCLOSURE FOR PER DIEM INTEREST.—Section 121(c) of the Truth in Lending Act (15 U.S.C. 1631(c)) is amended by adding at the end the following new sentence: ''In the case of any consumer credit transaction a portion of the interest on which is determined on a per diem basis and is to be collected upon the consummation of such transaction, any disclosure with respect to such portion of interest shall be deemed to be accurate for purposes of this title if the disclosure is based on information actually known to the creditor at the time that the disclosure documents are being prepared for the consummation of the transaction.''.

SEC. 4. LIMITATION ON LIABILITY.

(a) IN GENERAL.—Chapter 2 of the Truth in Lending Act (15 U.S.C. 1631 et seq.) is amended by adding at the end the following new section:

''SEC. 139. CERTAIN LIMITATIONS ON LIABILITY.

''(a) LIMITATIONS ON LIABILITY.—For any consumer credit transaction subject to this title that is consummated before the date of the enactment of the Truth in Lending Act Amendments of 1995, a creditor or any assignee of a creditor shall have no civil, administrative, or criminal liability under this title for, and a consumer shall have no extended rescission rights under section 125(f) with respect to—

''(1) the creditor's treatment, for disclosure purposes, of—

''(A) taxes described in section 106(d)(3);

''(B) fees described in section 106(e)(2) and (5);

''(C) fees and amounts referred to in the 3rd sentence of section 106(a); or

''(D) borrower-paid mortgage broker fees referred to in section 106(a)(6);

''(2) the form of written notice used by the creditor to inform the obligor of the rights of the obligor under section 125 if the creditor provided the obligor with a properly dated form of written notice published and adopted by the Board or a comparable written notice, and otherwise complied with all the requirements of this section regarding notice; or

''(3) any disclosure relating to the finance charge imposed with respect to the transaction if the amount or percentage actually disclosed—

''(A) may be treated as accurate for purposes of this title if the amount disclosed as the finance charge does not vary from the actual finance charge by more than $200;

''(B) may, under section 106(f)(2), be treated as accurate for purposes of section 125; or

''(C) is greater than the amount or percentage required to be disclosed under this title.

''(b) EXCEPTIONS.—Subsection (a) shall not apply to—

''(1) any individual action or counterclaim brought under this title which was filed before June 1, 1995;

''(2) any class action brought under this title for which a final order certifying a class was entered before January 1, 1995;

''(3) the named individual plaintiffs in any class action brought under this title which was filed before June 1, 1995; or

''(4) any consumer credit transaction with respect to which a timely notice of rescission was sent to the creditor before June 1, 1995.''.

(b) CLERICAL AMENDMENT.—The table of sections for chapter 2 of the Truth in Lending Act is amended by inserting after the item relating to section 138 the following new item:

''139. Certain limitations on liability.''.

SEC. 5. LIMITATION ON RESCISSION LIABILITY.

Section 125 of the Truth in Lending Act (15 U.S.C. 1635) is further amended by adding at the end the following new subsection:

''(h) LIMITATION ON RESCISSION.—An obligor shall have no rescission rights arising solely from the form of written notice used by the creditor to inform the obligor of the rights of the obligor under this section, if the creditor provided the obligor the appropriate form of written notice published and adopted by the Board, or a comparable written notice of the rights of the obligor, that was properly completed by the creditor, and otherwise complied with all other requirements of this section regarding notice.''.

SEC. 6. CALCULATION OF DAMAGES.

Section 130(a)(2)(A) of the Truth in Lending Act (15 U.S.C. 1640(a)(2)(A)) is amended—

(1) by striking ''or (ii)'' and inserting ''(ii)''; and

(2) by inserting before the semicolon at the end the following: '', or (iii) in the case of an individual action relating to a credit transaction not under an open end credit plan that is secured by real property or a dwelling, not less than $200 or greater than $2,000''.

SEC. 7. ASSIGNEE LIABILITY.

(a) VIOLATIONS APPARENT ON THE FACE OF TRANSACTION DOCUMENTS.—Section 131 of the Truth in Lending Act (15 U.S.C. 1641) is amended by adding at the end the following new subsection:

''(e) LIABILITY OF ASSIGNEE FOR CONSUMER CREDIT TRANSACTIONS SECURED BY REAL PROPERTY.—

''(1) IN GENERAL.—Except as otherwise specifically provided in this title, any civil action against a creditor for a violation of this title, and any proceeding under section 108 against a creditor, with respect to a consumer credit transaction secured by real property may be maintained against any assignee of such creditor only if—

''(A) the violation for which such action or proceeding is brought is apparent on the face of the disclosure statement provided in connection with such transaction pursuant to this title; and

''(B) the assignment to the assignee was voluntary.

''(2) VIOLATION APPARENT ON THE FACE OF THE DISCLOSURE DESCRIBED.—For the purpose of this section, a violation is apparent on the face of the disclosure statement if—

''(A) the disclosure can be determined to be incomplete or inaccurate by a comparison among the disclosure statement, any itemization of the amount financed, the note, or any other disclosure of disbursement; or

''(B) the disclosure statement does not use the terms or format required to be used by this title.''.

(b) SERVICER NOT TREATED AS ASSIGNEE.—Section 131 of the Truth in Lending Act (15 U.S.C. 1641) is further amended by adding after subsection (e) (as added by subsection (a) of this section) the following new subsection:

''(f) TREATMENT OF SERVICER.—

''(1) IN GENERAL.—A servicer of a consumer obligation arising from a consumer credit transaction shall not be treated as an assignee of such obligation for purposes of this section unless the servicer is or was the owner of the obligation.

''(2) SERVICER NOT TREATED AS OWNER ON BASIS OF ASSIGNMENT FOR ADMINISTRATIVE CONVENIENCE.—A servicer of a consumer obligation arising from a consumer credit transaction shall not be treated as the owner of the obligation for purposes of this section on the basis of an assignment of the obligation from the creditor or another assignee to the servicer solely for the administrative convenience of the servicer in servicing the obligation. Upon written request by the obligor, the servicer shall provide the obligor, to the best knowledge of the servicer, with the name, address, and telephone number of the owner of the obligation or the master servicer of the obligation.

''(3) SERVICER DEFINED.—For purposes of this subsection, the term 'servicer' has the same meaning as in section 6(i)(2) of the Real Estate Settlement Procedures Act of 1974.

''(4) APPLICABILITY.—This subsection shall apply to all consumer credit transactions in existence or consummated on or after the date of the enactment of the Truth in Lending Act Amendments of 1995.''.

SEC. 8. RESCISSION RIGHTS IN FORECLOSURE.

Section 125 of the Truth in Lending Act (15 U.S.C. 1635) is amended by inserting after subsection (h) (as added by section 5 of this Act) the following new subsection:

''(i) RESCISSION RIGHTS IN FORECLOSURE.—

''(1) IN GENERAL.—Notwithstanding section 139, and subject to the time period provided in subsection (f), in addition to any other right of rescission available under this section for a transaction, after the initiation of any judicial or nonjudicial foreclosure process on the primary dwelling of an obligor securing an extension of credit, the obligor shall have a right to rescind the transaction equivalent to other rescission rights provided by this section, if—

''(A) a mortgage broker fee is not included in the finance charge in accordance with the laws and regulations in effect at the time the consumer credit transaction was consummated; or

''(B) the form of notice of rescission for the transaction is not the appropriate form of written notice published and adopted by the Board or a comparable written notice, and otherwise complied with all the requirements of this section regarding notice.

''(2) TOLERANCE FOR DISCLOSURES.—Notwithstanding section 106(f), and subject to the time period provided in subsection (f), for the purposes of exercising any rescission rights after the initiation of any judicial or nonjudicial foreclosure process on the principal dwelling of the obligor securing an extension of credit, the disclosure of the finance charge and other disclosures affected by any finance charge shall be treated as being accurate for purposes of this section if the amount disclosed as the finance charge does not vary from the actual finance charge by more than $35 or is greater than the amount required to be disclosed under this title.

''(3) RIGHT OF RECOUPMENT UNDER STATE LAW.—Nothing in this subsection affects a consumer's right of rescission in recoupment under State law.

''(4) APPLICABILITY.—This subsection shall apply to all consumer credit transactions in existence or consummated on or after the date of the enactment of the Truth in Lending Act Amendments of 1995.''.

The SPEAKER pro tempore. The gentleman from Iowa [Mr. LEACH] is recognized for 1 hour.

Mr. LEACH. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I would like to thank the gentleman from Florida [Mr. MCCOLLUM] for his hard work on this bill. This bill is a testament to his judgment and stick-to-itiveness. I would also like to thank the ranking member, the gentleman from Texas [Mr. GONZALEZ], and the ranking member of the financial institutions subcommittee, the gentleman from Minnesota [Mr. VENTO], who is also the original cosponsor of the provisions included in the regulatory relief bill for all of his efforts in resolving this matter.

This bill was considered as one section of the regulatory burden relief bill that was reported favorably out of the Committee on Banking and Financial Services this past June. The reason for moving this section independently from the regulatory burden relief bill is that the moratorium on class action lawsuits which was passed earlier this Congress (H.R. 1380) expires on October 1, 1995.

In committee consideration the provisions of this bill received widespread support on both sides of the aisle. In addition, in an inverted process manner, extensive negotiations have taken place with the other body and several modifications to the House Banking Committee product have been made.

This bill addresses certain changes to the Truth in Lending Act due to the flood of class action lawsuits that followed the decision in Rodash versus AIB Mortgage Co. This relief is necessary because of the ambiguity surrounding the proper treatment of a number of fees under current law and the extremely low tolerance for lender flexibility in fee disclosure. For example, in the Rodash case the court held that a $22 courier fee is a finance charge under the Truth in Lending Act. Because the creditor had treated the courier fee as part of the amount financed instead of as a finance charge, the court held that the lender disclosures violated the law. And because the courts have held that a loan is rescindable under the Truth in Lending Act for even minor disclosure variance, the borrower has the right to rescind up to 3 years from consummation of the loan.

Hence, numerous class action lawsuits have been filed in the wake of the Rodash decision, which exposes the mortgage industry to extraordinary liability that may threaten the solvency of the industry. Here let me stress that this issue is not a matter of nondisclosure or industry efforts to mischievously mislead borrowers. All fees were disclosed to the consumer in these cases. The issue is whether the fees were categorized in one particular way under one particular statute. The problem is that an honest mistake of no consequence to any of the parties involved has become the subject of shark instincts of the plaintiff's bar.

This Congress, above all institutions in society, has an obligation to respect and advance the rule of law. As a general benchmark, caution should be applied to changing law in such a manner

as to affect existent litigation. But I know of few instances of litigious which reflect more the unnecessarily litigious nature of America at this time. Sometimes a litigant may be right on a small point, but desperately wrong in the big perspective. That is the case here. The bar that has brought this class action effort should be chastised, not rewarded. Out of common sense this Congress must act.

Again, I would like to commend the Members who worked on this time-sensitive legislation.

Mr. Speaker, I yield to the gentleman from Texas [Mr. GONZALEZ], the distinguished ranking member of the full committee.

Mr. GONZALEZ. Mr. Speaker, I commend the authors of this legislation, the gentleman from Florida [Mr. MCCOLLUM] and the gentleman from Minnesota [Mr. VENTO] for their efforts to give the mortgage industry relief without unduly trampling important consumer rights, which is always a difficult project.

I also want to compliment the bipartisan manner in which this compromise was achieved. This process should serve as a model for other legislation, moving through the Committee on Banking and Financial Services and the House as well. Where there is a will on both sides, a consensus can always emerge.

Second, I want to emphasize that this bill is a compromise. It is not a perfect product, but it does address a legitimate concern of the mortgage banking industry about the Truth in Lending Act. In crafting this legislation, pains were taken to ensure that important consumer safeguards were not dismantled. The right of rescission is an extraordinary right that TILA provides for consumers to safeguard their homes. I am pleased that this right was largely preserved and that the consumer will be able to rescind loans where the lender has made an egregious error or in particular circumstances against foreclosure.

I am also heartened that consumers will retain the so-called cooling-off period after refinancing their homes. With this right, consumers can walk away from a bad deal within 3 days.

Mrs. ROUKEMA. Mr. Speaker, I rise today in strong support of this legislation. H.R. 2399 addresses the needed changes to the Truth in Lending Act [TILA] required by the recent court decisions and the unintended exposures for the mortgage industry created by technical violations, without affecting the protections afforded to consumers that the TILA was originally intended to provide. The TILA has become a weapon used against mortgage lenders without justification. Complying with overly complex and often unclear disclosure rules has become overly burdensome and potential liability is a cause of concern. Equally important, such use of this regulation provides no real benefit to consumers, but only results in inefficiency and increased costs.

Specifically, this legislation addresses the eleventh circuit's decision in Rodash versus AIB Mortgage Co., a case involving the Truth in Lending Act [TILA]. The TILA requires lenders to disclose credit terms to borrows in a manner that allows them to objectively compare various credit products. For example, the Truth in Lending Act requires lenders to characterize certain charges associated with a loan as finance charges and requires them to aggregate all such charges into one finance charge to be disclosed at closing. The TILA allows borrowers to rescind transactions even for technical violations of the disclosure provisions of the statute.

On March 21, 1994, the U.S. Court of Appeals for the Eleventh Circuit in Rodash versus AIB, ruled that certain taxes and fees—example, a $20 Federal Express delivery charge—must be characterized as finance charges under the Truth in Lending Act, including some fees that are assessed by third parties other than the lender.

As a result of these technical violations of the Truth in Lending Act, borrowers are able to rescind their mortgages. When a mortgage is rescinded, the borrower is released from the mortgage lien leaving the lender with an unsecured loan, and the borrower is entitled to repayment of interest and all other payments made on the loan.

The eleventh circuit's ruling has sparked numerous class action lawsuits against lenders who have not characterized or disclosed such taxes and fees as finance charges in the past. It is argued that Rodash could have disastrous consequences for both originators of mortgage loans and the secondary market. The potential cost of rescinding all refinanced mortgages made in the last 3 years—the time allowed under the Truth in Lending Act to exercise the rescission right—has been estimated to be as high as $217 billion.

On April 4, 1995, with bipartisan support, the House under a suspension of the rules passed H.R. 1380, the Truth in Lending Class Action Relief Act of 1995. The Senate passed H.R. 1380 by unanimous consent on April 24, 1995. H.R. 1380 imposes a moratorium until October 1, 1995, on certain TILA class action certifications, including Rodash-styled class actions brought in connection with first liens on real property or dwellings that constitute a refinancing or consolidation of a debt.

This legislation that we are considering here today addresses the Rodash problem by exempting a number of charges from inclusion in the finance charge and provides a tiered tolerance approach on finance charge miscalculations. The bill does not extend any exemptions from the right of rescission. This legislation provides retroactive relief from liability for certain nondisclosures. The bill also contains limitations on the liability of assignees and services of home mortgages.

The moratorium expires on October 1, and the Congress must make the needed changes to the Truth in Lending Act.

Mr. MCCOLLUM. Mr. Speaker, the Truth in Lending Act Amendments of 1995 will finally bring an end to the massive potential liability facing the mortgage industry as a result of extraordinary penalties under the Truth in Lending Act [TILA] for technical errors. Recognizing the threat to mortgage lending, we placed a moratorium on class actions for certain technical violations under TILA to give us an opportunity to develop a solution. The Truth in Lending Act Amendments of 1995 provide that solution.

The provisions of the Truth in Lending Act Amendments of 1995, H.R. 2399, were originally reported out of the House Banking Committee as part of the Financial Institutions Regulatory Reform Act of 1995, H.R. 1858. The provisions of H.R. 1858 were explained in House Report 104–193. A number of changes, which are described below, have been made to the provisions.

This bill does a number of important things.

First, it provides retroactive relief to the mortgage industry from the extreme potential liability that was caused by the Rodash versus AIB Mortgage Co. case. This problems, which seriously threatened the viability of residential mortgage lending in this country including the mortgage-backed securities markets, was caused by the ambiguity surrounding the proper treatment of certain charges, and the extremely low tolerance for any error in making disclosures. The current treatment of fees, such as mortgage broker fees, is very ambiguous under current law. Section 106(a) of TILA has been revised to clarify prospectively that the inclusion of mortgage broker fees in the finance charge extends only to borrower paid fees, regardless of whether such fees are paid by the borrower directly to the broker or to the lender for delivery to broker, or whether such fees are paid in cash or financed. Lender paid broker fees, including yield spread premiums and service release fees, will continue to be excluded from the finance charge. It is not fair to subject lenders to extreme penalities for their treatment of these fees—which some are now trying to recharacterize as finder's fees—when the rules were not clear. With this legislation, lenders will now be able to get on with the business of making loans.

Second, on a going forward basis, the bill clarifies the treatment of specific charges such as intangible taxes and courier fees. Costs such as these that are incurred by settlement agents and are passed on to consumers, which are not in fact required by the creditor—whether the creditor has any knowledge of such charges—and are not retained by the creditor are intended to be excluded from the finance charge. This clarification gives creditors greater certainty and provides consumers with more accurate disclosures through uniform treatment of charges. The Federal Reserve is also directed to review the finance charge disclosure and make recommendations to make it more accurately reflect the cost of credit and eliminate any abusive practices that have developed.

Third, recognizing the highly technical nature of the Truth in Lending Act, the bill raises the tolerance level for understated disclosures, going forward, from $10 to $100 for civil liability purposes. Regarding the tolerance related to the award of statutory damages under section 130 of the act, the finance charge will be considered accurate on a prospective basis if the disclosed amount is within $100 of the actual amount; the accuracy tolerance for civil liability on past transaction is set at $200. Overstatements continue to be allowed without imposing liability. For errors which can lead to rescission of the loan, which is a much more extreme penalty, the tolerance is one-half of 1 percent of the loan amount. However, for certain refinance loans where the refinancing borrower did not receive additional new advances from the creditor, as addressed in House Report 104–193 at page 197, the tolerance is 1 percent of the loan amount. In accordance with current Federal Reserve regulations,

money to finance the closing costs of the transaction do not constitute new money.

Fourth, the bill clarifies that loan servicers are not assignees for purposes of truth in lending liability if they only own legal title for servicing purposes.

Fifth, the bill raises the statutory damages for individual actions from $1,000 to $2,000. Section 130(a) of TILA allows a consumer to recover both actual and statutory damages in connection with TILA violations. However, statutory damages are provided in TILA because actual damages, which require proof that the borrower suffered a loss in reliance upon the inaccurate disclosure, are extremely difficult to establish. To recover actual damages, consumers must show that they suffered a loss because they relied on an inaccurate or incomplete disclosure. A number of lawsuits have been filed in which plaintiffs have claims as actual damages the amount of the fees or charges that have been misdisclosed. This is not the meaning of actual damages. The proper meaning of damages is discussed in *Adiel* v. *Chase Federal Savings & Loan Association*, 630 F. Supp. 131 (S.D. Fla. 1986), aff'd 810 F.2d 1051 (11th Cir. 1987).

Sixth, the bill preserves the consumer's 3-day rescission period for all refinance loans with different creditors. As currently set forth in the Truth in Lending Act, this cooling off period expires absolutely in 3 years, after consummation of the transaction or the consumer's sale of the property in cases where the TILA disclosures contained an error in a material disclosure or were not provided to the consumer. Contrary to some court decisions which have allowed this rescission period to extend for as long as 8 years after the loan was closed in the context of recoupment, the existing statutory language is clear, 3-years means 3 years and the time period shall not be extended except as explicitly provided in section 125(f). Section 8 of the bill, which deals with rescission in the context of recoupment, cross-references the 3 year limit set forth in section 125(f).

Moreover, as is currently set forth in the Federal Reserve regulations, when a borrower refinances an existing loan and takes out new money, only the new money is subject to rescission.

I am very proud to have achieved this legislation, which has support from both sides of the aisle, to rectify a serious problem, and preserve meaningful consumer disclosures in the future.

Mr. LEACH. Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore. Without objection, the previous question is ordered.

There was no objection.

The SPEAKER pro tempore. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. LEACH. Mr. Speaker, I ask unanimous consent that all Members have 5 legislative days in which to revise and extend their remarks and include extraneous material on H.R. 2399, the bill just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Iowa?

There was no objection.

PROVIDING FOR CONSIDERATION OF H.R. 743, TEAMWORK FOR EMPLOYEES AND MANAGERS ACT OF 1995

Mrs. WALDHOLTZ. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 226 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 226

Resolved, That at any time after the adoption of this resolution the Speaker may, pursuant to clause 1(b) of rule XXIII, declare the House resolved into the Committee of the Whole House on the state of the Union for consideration of the bill (H.R. 743) to amend the National Labor Relations Act to allow labor management cooperative efforts that improve economic competitiveness in the United States to continue to thrive, and for other purposes. The first reading of the bill shall dispensed with. Points of order against consideration of the bill for failure to comply with clause 2(l)(2)(B) of rule XI are waived. General debate shall be confined to the bill and shall not exceed one hour equally divided and controlled by the chairman and ranking minority member of the Committee on Economic and Educational Opportunities. After general debate the bill shall be considered for amendment under the five-minute rule. It shall be in order to consider as an original bill for the purpose of amendment under the five-minute rule the amendment in the nature of a substitute recommended by the Committee on Economic and Educational Opportunities now printed in the bill. Each section of the committee amendment in the nature of a substitute shall be considered as read. During consideration of the bill for amendment, the Chairman of the Committee of the Whole may accord priority in recognition on the basis of whether the Member offering an amendment has caused it to be printed in the portion of the Congressional Record designated for that purpose in clause 6 of rule XXIII. Amendments so printed shall be considered as read. At the conclusion of consideration of the bill for amendment the Committee shall rise and report the bill to the House with such amendments as may have been adopted. Any Member may demand a separate vote in the House on any amendment adopted in the Committee of the Whole to the bill or to the committee amendment in the nature of a substitute. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions.

The SPEAKER pro tempore. The gentlewoman from Utah [Mrs. WALDHOLTZ] is recognized for 1 hour.

Mrs. WALDHOLTZ. Mr. Speaker, for purposes of debate only, I yield the customary 30 minutes to the gentleman from Texas [Mr. FROST], pending which I yield myself such time as I may consume.

During consideration of this resolution, all time yielded is for the purpose of debate only.

Mr. Speaker, House Resolution 226 is an open rule, providing for consideration of H.R. 743, the Teamwork for Employees and Managers Act of 1995. The resolution provides for 1 hour of general debate, to be equally divided between the chairman and ranking minority member of the Committee on Economic and Educational Opportunities. The rule makes in order the committee amendment in the nature of a substitute as an original bill for purpose of amendment, with each section considered as read. Further, the rule authorizes the Chair to give priority recognition to members who have had their amendment preprinted in the CONGRESSIONAL RECORD, and the rule provides one motion to recommit, with or without instructions.

The rule also waives clause 2(1)(2)(B) of rule XI, which requires the publication of rollcall votes in committee reports. The Economic and Educational Opportunities Report 104–248 on H.R. 743 contains incorrect information on rollcall votes due to typographical errors during the printing process. The votes were correctly reported in the original report filed with the Clerk. However, a star print—report No. 99–006—has been issued which contains the correct rollcall information.

Mr. Speaker, the workplace model used to craft labor laws of the early 20th century no longer meet the needs and reality of the current marketplace and employer-employee relations. The TEAM Act recognizes that the most effective workplaces are those where employees and employers cooperatively work together, and makes the necessary changes to our labor laws to allow this new workplace dynamic to flourish.

The TEAM Act will help to promote greater employee involvement in the workplace by clarifying that it is not impermissible for an employer to establish or participate in any organization in which employees are involved to address workplace issues such as quality, productivity, and efficiency. These organizations will not have the authority to enter into or negotiate collective-bargaining agreements—all of those rights remain unchanged. The act also specifies that unionized workplaces will not be affected.

Greater employee involvement in the workplace has proven to be an effective tool to increase the job satisfaction each employee derives from the workplace, and brings greater value to the production process. The TEAM Act recognizes that employers and employees can work together based on cooperation, not confrontation.

Mr. Speaker, I urge my colleagues to support the rule for consideration of H.R. 743. This open rule provides for fair debate of the bill and permits Members to offer amendments for consideration by the full House.

Mr. Speaker, I include for the RECORD the following statistical information from the Committee on Rules establishing for the RECORD the openness of the rules process in the 104th Congress: