

HOUSE BILL 1549

By Turner J

AN ACT to amend Tennessee Code Annotated, Title 35 and Title 45, Chapter 20, Part 1, relative to the "Tennessee Home Loan Protection Act".

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 35-5-101(a), is amended by designating the existing language as subdivision (2) and by adding the following language, to be designated as subdivision (1):

(1)

(A) A pilot project is created to apply only in any county having a population in excess of eight hundred thousand (800,000), according to the 2000 federal census or any subsequent federal census with respect to loans entered into pursuant to the Tennessee Home Loan Protection Act, compiled in title 45, chapter 20.

(B) In such a county prior to the sale of land to foreclose a deed of trust, mortgage or other lien securing the payment of money or other thing of value on a loan entered into pursuant to the Tennessee Home Loan Protection Act, the lender may voluntarily enter into mandatory mediation with the borrower in accordance with subdivision (a)(1)(C).

(C) With regard to the voluntary mediation, the borrower or the lender may request the services of the federal mediation and conciliation service. If that service is not available at a time agreeable to the requesting party, a mediator shall be selected by a three-member panel consisting of one (1) person selected by the bank or financial institution; one (1) person selected by the borrower; and

one (1) person to serve as chair selected by the other two (2) persons. The mediator shall immediately meet with the parties or their representatives, or both, either jointly or separately, and shall take any other steps as the mediator deems appropriate in order to persuade the parties to resolve their differences and effect a mutually acceptable agreement. The mediator shall not, without the consent of both parties, make findings of fact or recommend terms of settlement. The costs of the services of the mediator appointed by the panel shall be borne by the parties.

SECTION 2. Tennessee Code Annotated, Section 45-20-102(9)(D), is amended by deleting subdivision (i) and by redesignating the existing subdivisions accordingly.

SECTION 3. This act shall take effect upon becoming a law, the public welfare requiring it.