

112TH CONGRESS
1ST SESSION

H. R. 1498

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

APRIL 12, 2011

Mr. ROONEY (for himself and Mr. ANDREWS) 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 2011”.

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 by inserting

1 before section 130 (15 U.S.C. 1640) the following new sec-
2 tion:

3 **“SEC. 129I. PROMPT DECISION REGARDING SHORT SALE.**

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

1 “(b) INAPPLICABILITY TO CERTAIN EXISTING MORT-
2 GAGES.—Subsection (a) shall not apply with respect to
3 any residential mortgage with respect to which the mort-
4 gator and the mortgagee or servicer have entered into a
5 written agreement before the date of the enactment of the
6 Prompt Decision for Qualification of Short Sale Act of
7 2011 explicitly providing a procedure or terms for ap-
8 proval of a short sale.

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

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

20 “(1) RESIDENTIAL MORTGAGE LOAN.—The
21 term ‘residential mortgage loan’ means any con-
22 sumer credit transaction that is secured by a mort-
23 gage, deed of trust, or other equivalent consensual
24 security interest on a dwelling or on residential real
25 property that includes a dwelling, other than a con-

1 consumer credit transaction under an open end credit
2 plan or an extension of credit relating to a plan de-
3 scribed in section 101(53D) of title 11, United
4 States Code.

5 “(2) SECURITIZATION VEHICLE.—The term
6 ‘securitization vehicle’ means a trust, special purpose
7 entity, or other legal structure that is used to facili-
8 tate the issuing of securities, participation certifi-
9 cates, or similar instruments backed by or referring
10 to a pool of assets that includes residential mortgage
11 loans (or instruments that are related to residential
12 mortgage loans, such as credit-linked notes).

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

19 “(4) SHORT SALE.—The term ‘short sale’
20 means the sale of the dwelling or residential real
21 property that is subject to the mortgage, deed or
22 trust, or other security interest that secures a resi-
23 dential mortgage loan that—

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

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

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

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