

HOUSE BILL 1522

By Turner M

AN ACT to amend Tennessee Code Annotated, Title 35
and Title 45, relative to foreclosure proceedings.

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) 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, the bank or other financial institution that holds the deed of trust, mortgage or other lien shall enter into mandatory mediation with the borrower.

(B) The borrower has the option of utilizing the methods established under the Bank Customer Dispute Resolution Act of 1981, compiled in title 45, chapter 1, part 3 for customer disputes or of requesting the services of the federal mediation and conciliation service. If such 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 such 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. This act shall take effect upon becoming a law, the public welfare requiring it and shall apply to any deed of trust, mortgage or other lien securing the payment of money or other thing of value entered into on or after the effective date of this act.