

113TH CONGRESS
2D SESSION

H. R. 5496

To require the holder of a subordinate lien on the property that secures a federally related mortgage loan, upon a request by the homeowner for a short sale, to make a timely decision whether to allow the sale.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 16, 2014

Mr. MCNERNEY (for himself, Mr. NUGENT, Mr. ROONEY, Mr. COSTA, Mr. CÁRDENAS, Mr. JOHNSON of Georgia, and Mr. GEORGE MILLER of California) introduced the following bill; which was referred to the Committee on Financial Services

A BILL

To require the holder of a subordinate lien on the property that secures a federally related mortgage loan, upon a request by the homeowner for a short sale, to make a timely 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 “Fast Help For Home-
5 owners Act”.

1 **SEC. 2. REQUIREMENT FOR PROMPT DECISION.**

2 (a) IN GENERAL.—Chapter 2 of the Truth in Lend-
3 ing Act (15 U.S.C. 1631 et seq.) is amended by inserting
4 before section 130 (15 U.S.C. 1640) the following new sec-
5 tion:

6 **“SEC. 129I. PROMPT DECISIONMAKING REGARDING SHORT**
7 **SALE.**

8 “(a) IN GENERAL.—Not later than the end of the
9 10-calendar-day period beginning on the date of receipt
10 of a written request from a mortgagor of a federally re-
11 lated mortgage loan that meets the requirements of sub-
12 section (c), a servicer shall—

13 “(1) notify in writing each holder of a subordi-
14 nate lien on the residential real property that se-
15 cures such loan of such request; and

16 “(2) submit to each such holder a copy of such
17 request.

18 “(b) TIMELY RESPONSE TO SERVICER NOTIFICATION
19 REQUIRED.—

20 “(1) IN GENERAL.—

21 “(A) TIMELY RESPONSE REQUIRED.—Ex-
22 cept as provided in subsection (d) and notwith-
23 standing any other provision of law or of any
24 contract, including a contract between a
25 servicer of a federally related mortgage loan
26 and a securitization vehicle or other investment

1 vehicle, a holder of a subordinate lien that is
2 notified by a servicer under subsection (a) shall
3 respond in writing to such servicer not later
4 than the end of the 45-calendar-day period be-
5 ginning on the date of receipt of such notifica-
6 tion.

7 “(B) FAILURE TO RESPOND.—If the hold-
8 er of a subordinate lien that is notified by a
9 servicer under subsection (a) does not respond
10 within the 45-calendar-day period described in
11 subparagraph (A), the request from a mort-
12 gagor described in subsection (a) shall be con-
13 sidered to have been approved by the such hold-
14 er.

15 “(2) CONTENT.—A written response by such
16 holder under subsection (a) shall specify a decision
17 on whether the request described in such subsection
18 has been denied, approved, or that such request has
19 been approved subject to specified changes.

20 “(c) MORTGAGOR SUBMISSION.—Subsection (a) shall
21 apply in any case in which the mortgagor of a federally
22 related mortgage loan submits to the servicer thereof—

23 “(1) a written offer for a short sale of the
24 dwelling or residential real property that is subject

1 to a mortgage, deed of trust, or other security inter-
2 est that secures the mortgage loan; and

3 “(2) all information required by the servicer in
4 connection with such a request (including a copy of
5 an executed contract between the owner of the dwell-
6 ing or property and the prospective buyer that is
7 subject to approval by the servicer).

8 “(d) INAPPLICABILITY TO CERTAIN EXISTING MORT-
9 GAGES.—This section shall not apply to any federally re-
10 lated mortgage loan with respect to which the mortgagor
11 and the mortgagee or servicer have entered into a written
12 agreement before the date of the enactment of the Fast
13 Help For Homeowners Act explicitly providing a proce-
14 dure or terms for approval of a short sale.

15 “(e) TREATMENT OF OTHER TIME LIMITS.—This
16 section may not be construed to preempt, annul, or other-
17 wise affect any other provision of law or of any contract
18 or program that provides a shorter period than is provided
19 under subsection (b) for a decision to be made by a holder
20 of a subordinate lien described in subsection (a)(1) regard-
21 ing a short sale.

22 “(f) DEFINITIONS.—For purposes of this section, the
23 following definitions shall apply:

24 “(1) FEDERALLY RELATED MORTGAGE LOAN.—

25 The term ‘federally related mortgage loan’ has the

1 same meaning as is given in section 3 of the Real
2 Estate Settlement Procedures Act of 1974 (12
3 U.S.C. 2602).

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

13 “(3) SERVICER.—The term ‘servicer’ has the
14 same meaning as in section 129A, except that such
15 term includes a person who makes or holds a feder-
16 ally related mortgage loan (including a pool of feder-
17 ally related mortgage loans), if such person also
18 services the 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 feder-
23 ally related 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) shall apply to any written request for a short
10 sale made after the date of the enactment of this Act.

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