

106TH CONGRESS
1ST SESSION

H. R. 3492

To amend the Fair Debt Collection Practices Act to exempt mortgage servicers from certain requirements of the Act with respect to federally related mortgage loans secured by a first lien, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 18, 1999

Mr. ROYCE (for himself, Mr. BENTSEN, Mr. JONES of North Carolina, and Mr. METCALF) introduced the following bill; which was referred to the Committee on Banking and Financial Services

A BILL

To amend the Fair Debt Collection Practices Act to exempt mortgage servicers from certain requirements of the Act with respect to federally related mortgage loans secured by a first lien, and for other purposes.

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 “Residential Loan Serv-
5 icing Clarification Act”.

6 **SEC. 2. RESIDENTIAL LOAN SERVICING CLARIFICATION.**

7 (a) IN GENERAL.—The Fair Debt Collection Prac-
8 tices Act (15 U.S.C. 1692 et seq.) is amended—

1 (1) by redesignating section 818 as section 819;

2 and

3 (2) by inserting after section 817 the following

4 new section:

5 **“§ 818. Mortgage servicer exemption**

6 “(a) EXEMPTION.—Any servicer of federally related
7 mortgage loans secured by first liens—

8 “(1) who is a debt collector; and

9 “(2) for whom the collection of delinquent debts
10 is secondary to the servicer’s primary function of
11 servicing federally related mortgage loans,

12 shall be exempt from the requirements of sections 807(11)
13 and 809 in connection with the collection of any debt
14 which is a federally related mortgage loan secured by a
15 first lien.

16 “(b) VALIDATION STATEMENT.—If a debt collector is
17 exempt, pursuant to subsection (a), from the requirements
18 of section 809 with respect to any federally related mort-
19 gage loan to a consumer which is secured by a first lien,
20 the servicer shall provide to the consumer, at least 30 days
21 before any acceleration of the debt and without charge to
22 such consumer—

23 “(A) a notice of the consumer’s right to re-
24 ceive a validation statement; or

25 “(B) a validation statement.

1 “(2) QUALIFIED VALIDATION REQUESTS.—

2 “(A) RESPONSE TO REQUEST.—If a
3 servicer described in paragraph (1) provides a
4 consumer with a notice under subparagraph (A)
5 of such paragraph, the servicer shall provide
6 such consumer with a validation statement not
7 more than 10 days after receiving a qualified
8 validation request from such consumer.

9 “(B) NO DELAY REQUIRED.—No provision
10 of this title shall be construed as requiring a
11 servicer described in paragraph (1) to delay ac-
12 celeration, foreclosure, or any other action with
13 respect to a federally related mortgage loan for
14 which the servicer provided a notice to the con-
15 sumer under paragraph (1)(A) due to the re-
16 ceipt by such servicer of a qualified validation
17 request from such consumer.

18 “(C) RECEIPT AND HANDLING OF RE-
19 QUESTS.—A servicer described in paragraph (1)
20 may establish a separate and exclusive office for
21 the receipt and handling of any qualified valida-
22 tion request from any consumer under this sub-
23 section if the servicer provides notice of that
24 fact and the address of the office to the
25 consumer—

1 “(i) in the notice provided to such
2 consumer pursuant to paragraph (1)(A); or

3 “(ii) separately by 1st class mail with
4 prepaid postage.

5 “(3) REASONABLE ESTIMATES OF 3D PARTY
6 CHARGES.—A servicer described in paragraph (1)
7 shall not be liable under this title for any inaccurate
8 amount contained in a validation statement provided
9 to a consumer with respect to a federally related
10 mortgage loan secured by a first lien to the extent
11 the inaccurate amount—

12 “(A) relates to costs for services to be pro-
13 vided by third parties; and

14 “(B) constitutes a reasonable estimate of
15 such costs.

16 “(c) DEFINITIONS.—For purposes of this section, the
17 following definitions shall apply:

18 “(1) FEDERALLY RELATED MORTGAGE LOAN.—
19 The term ‘federally related mortgage loan’ has the
20 meaning given to such term in section 3(1) of the
21 Real Estate Settlement Procedures Act of 1974.

22 “(2) QUALIFIED VALIDATION REQUEST.—The
23 term ‘qualified validation request’ means a written
24 request for a validation statement from a consumer
25 to a servicer which—

1 “(A) includes the name and account num-
2 ber of the consumer or such other information
3 as may be necessary to allow the servicer to
4 identify such name and account number; and

5 “(B) is not written on or otherwise in-
6 cluded with a payment coupon or other pay-
7 ment medium provided by the servicer.

8 “(3) **SERVICER; SERVICING.**—The terms
9 ‘servicer’ and ‘servicing’ have the meanings given to
10 such terms in section 6(i) of the Real Estate Settle-
11 ment Procedures Act of 1974.

12 “(4) **VALIDATION STATEMENT.**—The term ‘vali-
13 dation statement’ means a statement of—

14 “(A) the total amount a consumer must
15 pay, as of a particular date, to bring the con-
16 sumer’s loan current; and

17 “(B) the total amount a consumer must
18 pay, as of a particular date, to satisfy the loan
19 in full.”.

20 (b) **CLERICAL AMENDMENT.**—The table of sections
21 for the Fair Debt Collection Practices Act (15 U.S.C.
22 1692 et seq.) is amended—

23 (1) by redesignating the item relating to section
24 818 as section 819; and

1 (2) by inserting after the item relating to sec-
2 tion 817 the following new item:

“818. Mortgage servicer exemption.”

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