

110TH CONGRESS  
1ST SESSION

# H. R. 3535

To amend the Truth in Lending Act to require escrow accounts for the payment of property taxes and insurance for all subprime loans, and to expand the coverage of the appraisal requirements under the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 14, 2007

Mr. HODES (for himself and Ms. MOORE of Wisconsin) introduced the following bill; which was referred to the Committee on Financial Services

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## A BILL

To amend the Truth in Lending Act to require escrow accounts for the payment of property taxes and insurance for all subprime loans, and to expand the coverage of the appraisal requirements under the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, 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 “Homebuyer’s Protec-

5       tion Act of 2007”.

1 **SEC. 2. ESCROW ACCOUNTS REQUIRED FOR SUBPRIME**  
2 **LOANS.**

3 (a) IN GENERAL.—Chapter 2 of the Truth in Lend-  
4 ing Act (15 U.S.C. 1631 et seq.) is amended by inserting  
5 after section 129 the following new section:

6 **“§ 129A. Escrow or impound accounts relating to cer-**  
7 **tain consumer credit transactions**

8 “(a) IN GENERAL.—A creditor, in connection with  
9 the formation or consummation of a subprime mortgage,  
10 shall establish, at the time of the consummation of such  
11 mortgage, an escrow or impound account for the payment  
12 of taxes and hazard insurance as provided in, and in ac-  
13 cordance with, this section, unless such an account already  
14 exists.

15 “(b) DURATION OF ESCROW OR IMPOUND AC-  
16 COUNT.—An escrow or impound account established pur-  
17 suant to this section, shall remain in existence for as long  
18 as the subprime mortgage is outstanding.

19 “(c) ADMINISTRATION OF ESCROW OR IMPOUND AC-  
20 COUNTS.—Except as may otherwise be provided for in this  
21 title or in regulations prescribed by the Board, escrow or  
22 impound accounts established pursuant to this section  
23 shall be established in an insured depository institution.

24 “(d) DISCLOSURES RELATING TO ESCROW OR IM-  
25 POUND ACCOUNT.—

1           “(1) IN GENERAL.—In the case of any im-  
2           pound, trust, or escrow account that is subject to  
3           this section, the creditor shall disclose by written no-  
4           tice to the consumer within 3 business days before  
5           the consummation of the consumer credit trans-  
6           action giving rise to such account the following in-  
7           formation:

8                   “(A) The fact that an escrow or impound  
9                   account will be established at consummation of  
10                  the transaction.

11                  “(B) The amount required at closing to  
12                  initially fund the escrow or impound account.

13                  “(C) The amount in the initial year of the  
14                  estimated taxes and hazard insurance pre-  
15                  miums.

16                  “(D) The estimated monthly amount pay-  
17                  able for taxes and hazard insurance.

18           “(2) REGULATIONS.—The Board shall prescribe  
19           by regulation the contents of the notice required in  
20           paragraph (1) no later than 90 days after the date  
21           of the enactment of the Homebuyer’s Protection Act  
22           of 2007.

23           “(e) HAZARD INSURANCE DEFINED.—For purposes  
24           of this section, the term ‘hazard insurance’ shall have the  
25           same meaning as provided under the law of the State

1 where the real property securing the consumer credit  
2 transaction is located.”.

3 (b) CLERICAL AMENDMENT.—The table of sections  
4 for chapter 2 of the Truth in Lending Act is amended  
5 by inserting after the item relating to section 129 the fol-  
6 lowing new item:

“129A. Escrow or impound accounts relating to certain consumer credit trans-  
actions.”.

7 **SEC. 3. SCOPE OF APPRAISAL REQUIREMENTS.**

8 (a) IN GENERAL.—Title XI of the Financial Institu-  
9 tions Reform, Recovery, and Enforcement Act of 1989 (12  
10 U.S.C. 3331 et seq.) is amended by striking “federally re-  
11 lated transaction” and “federally related transactions”  
12 each place each such term appears and inserting “real es-  
13 tate related financial transaction” or “real estate related  
14 financial transactions”, as the case may be.

15 (b) TECHNICAL AND CONFORMING AMENDMENTS.—

16 (1) The heading of section 1120 of the Finan-  
17 cial Institutions Reform, Recovery, and Enforcement  
18 Act of 1989 (12 U.S.C. 3349) is amended by strik-  
19 ing “**FEDERALLY RELATED TRANSACTIONS**” and  
20 inserting “**REAL ESTATE RELATED FINANCIAL**  
21 **TRANSACTIONS**”.

22 (2) Section 1121 of the Financial Institutions  
23 Reform, Recovery, and Enforcement Act of 1989  
24 (12 U.S.C. 3350) is amended—

1 (A) by striking paragraph (4); and

2 (B) in paragraph (5), by striking “any  
3 transaction involving” and inserting “any con-  
4 sumer transaction involving”.

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