Revised #1
Sutton

AMENDMENT TO H.R. 3915, AS REPORTED
OFFERED BY MS. SUTTON OF OHIO

After section 211, insert the following new section (and redesignate the subsequent sections accordingly):

SEC. 212. 6-MONTH NOTICE REQUIRED BEFORE RESET OF HYBRID ADJUSTABLE RATE MORTGAGES.

(a) IN GENERAL.—Chapter 2 of the Truth in Lending Act (15 U.S.C. 1631 et seq.) is amended by inserting after section 128 the following new section:

"§ 128A. Reset of hybrid adjustable rate mortgages

"(a) HYBRID ADJUSTABLE RATE MORTGAGES DEFINED.—For purposes of this section, the term 'hybrid adjustable rate mortgage' means a consumer credit transaction secured by the consumer's principal residence with a fixed interest rate for an introductory period that adjusts or resets to a variable interest rate after such period.

"(b) NOTICE OF RESET AND ALTERNATIVES.—During the 1-month period that ends 6 months before the date on which the interest rate in effect during the introductory period of a hybrid adjustable rate mortgage adjusts or resets to a variable interest rate, the creditor or servicer of such loan shall provide a written notice, separate and

1 distinct from all other correspondence to the consumer,
2 that includes the following:
3 "(1) Any index or formula used in making ad-
4 justments to or resetting the interest rate and a
5 source of information about the index or formula.
6 "(2) An explanation of how the new interest
7 rate and payment would be determined, including an
8 explanation of how the index was adjusted, such as
9 by the addition of a margin.
10 "(3) A good faith estimate, based on accepted
11 industry standards, of the creditor or servicer of the
12 amount of the monthly payment that will apply after
13 the date of the adjustment or reset, and the assump-
14 tions on which this estimate is based.
15 "(4) A list of alternatives consumers may pur-
16 sue before the date of adjustment or reset, and de-
17 scriptions of the actions consumers must take to
18 pursue these alternatives, including—
19 "(A) refinancing;
20 "(B) renegotiation of loan terms;
21 "(C) payment forbearances; and
22 "(D) pre-foreclosure sales.
23 "(5) The names, addresses, telephone numbers,
24 and Internet addresses of counseling agencies or
25 programs reasonably available to the consumer that

1 have been certified or approved and made publicly
2 available by the Secretary of Housing and Urban
3 Development or a State housing finance authority
4 (as defined in section 1301 of the Financial Institu-
5 tions Reform, Recovery, and Enforcement Act of
6 1989).

7 "(6) The address, telephone number, and Inter-
8 net address for the State housing finance authority
9 (as so defined) for the State in which the consumer
10 resides.".

11 (b) CLERICAL AMENDMENT.—The table of sections
12 for chapter 2 of the Truth in Lending Act is amended
13 by inserting after the item relating to section 128 the fol-
14 lowing new item:

"128A. Reset of hybrid adjustable rate mortgages.".