

109<sup>TH</sup> CONGRESS  
1<sup>ST</sup> SESSION

# H. R. 1025

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.

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## IN THE HOUSE OF REPRESENTATIVES

MARCH 1, 2005

Mr. ROYCE (for himself, Mr. KANJORSKI, Mr. NEY, Mrs. MALONEY, Mr. JONES of North Carolina, Mr. SHERMAN, Mr. PAUL, Mr. MEEKS of New York, and Mrs. JONES of Ohio) introduced the following bill; which was referred to the Committee on Financial Services

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## 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 “Mortgage Servicing  
5       Clarification Act”.

1 **SEC. 2. MORTGAGE SERVICING CLARIFICATION.**

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

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

5 and

6 (2) by inserting after section 817 the following

7 new section:

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

9 “(a) EXEMPTION.—A covered mortgage servicer who,  
10 whether by assignment, sale or transfer, becomes the per-  
11 son responsible for servicing federally related mortgage  
12 loans secured by first liens that include loans that were  
13 in default at the time such person became responsible for  
14 the servicing of such federally related mortgage loans shall  
15 be exempt from the requirements of section 807(11) in  
16 connection with the collection of any debt arising from  
17 such defaulted federally related mortgage loans.

18 “(b) DEFINITIONS.—For purposes of this section, the  
19 following definitions shall apply:

20 “(1) COVERED MORTGAGE SERVICER.—The  
21 term ‘covered mortgage servicer’ means any servicer  
22 of federally related mortgage loans secured by first  
23 liens—

24 “(A) who is also debt collector; and

25 “(B) for whom the collection of delinquent  
26 debts is incidental to the servicer’s primary

1 function of servicing current federally related  
2 mortgage loans.

3 “(2) FEDERALLY RELATED MORTGAGE LOAN.—

4 The term ‘federally related mortgage loan’ has the  
5 meaning given to such term in section 3(1) of the  
6 Real Estate Settlement Procedures Act of 1974, ex-  
7 cept that, for purposes of this section, such term in-  
8 cludes only loans secured by first liens.

9 “(3) PERSON.—The term ‘person’ has the  
10 meaning given to such term in section 3(5) of the  
11 Real Estate Settlement Procedures Act of 1974.

12 “(4) SERVICER; SERVICING.—The terms  
13 ‘servicer’ and ‘servicing’ have the meanings given to  
14 such terms in section 6(i) of the Real Estate Settle-  
15 ment Procedures Act of 1974.”.

16 (b) CLERICAL AMENDMENT.—The table of sections  
17 for the Fair Debt Collection Practices Act (15 U.S.C.  
18 1692 et seq.) is amended—

19 (1) by redesignating the item relating to section  
20 818 as section 819; and

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

“818. Mortgage servicer exemption.”.

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