

107<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

# H. R. 4627

To amend the Real Estate Settlement Procedures Act of 1974 to prohibit certain unearned fees in connection with settlement services involved in residential mortgage loan transactions.

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## IN THE HOUSE OF REPRESENTATIVES

MAY 1, 2002

Mr. BARRETT of Wisconsin (for himself, Mr. RUSH, and Ms. SCHAKOWSKY) introduced the following bill; which was referred to the Committee on Financial Services

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## A BILL

To amend the Real Estate Settlement Procedures Act of 1974 to prohibit certain unearned fees in connection with settlement services involved in residential mortgage loan transactions.

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 “Real Estate Settlement  
5 Fairness Act”.

1 **SEC. 2. PROHIBITION OF CERTAIN UNEARNED FEES.**

2 (a) IN GENERAL.—Subsection (b) of section 8 of the  
3 Real Estate Settlement Procedures Act of 1974 (12  
4 U.S.C. 2607(b)) is amended—

5 (1) by inserting “(1)” after “(b)”; and

6 (2) by adding at the end the following new  
7 paragraph:

8 “(2) PROHIBITION OF CERTAIN UNEARNED FEES.—

9 “(A) IN GENERAL.—No person shall, in  
10 connection with a transaction involving a feder-  
11 ally related mortgage loan, make or receive a  
12 charge for a real estate settlement service ren-  
13 dered by another person in an amount that ex-  
14 ceeds the amount paid for such service to the  
15 person actually rendering such service.

16 “(B) NO SPLITTING REQUIREMENT.—  
17 Charges in excess of the amount specified in  
18 subparagraph (A) shall violate the prohibition  
19 under such subparagraph whether such excess  
20 amount is retained by a single person or split  
21 between two or more persons.”.

22 (b) REGULATIONS.—Not later than 90 days after the  
23 date of the enactment of this Act, the Secretary of Hous-  
24 ing and Urban Development shall prescribe final regula-  
25 tions pursuant to section 19(a) of the Real Estate Settle-  
26 ment Procedures Act of 1974 (12 U.S.C. 2617(a)) to

1 carry out the amendments made by subsection (a) of this  
2 section.

3 (c) EFFECTIVE DATE.—The amendments made by  
4 subsection (a) shall be made on, and shall apply to charges  
5 made on and after, and the regulations prescribed pursu-  
6 ant to subsection (b) shall take effect upon, the expiration  
7 of the 270-day period beginning on the date of the enact-  
8 ment of this Act.

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