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**To:** Clients and Friends

**From:** David F. Dulock

**Subject:** Regulation Z – New Whole Loan Sale Disclosure Notice,  
Effective May 20, 2009.

On May 20, 2009, the President signed into law the “Helping Families Save Their Homes Act of 2009” (Public Law 111-22). Section 404(a) of the Act amends Section 131 of the Truth in Lending Act (TILA) to require that a borrower be notified in writing not later than 30 days after the borrower’s mortgage loan has been sold, transferred, or assigned. The notice must include information identifying the new creditor, the date of transfer, how to reach the new creditor, the location of where the transfer of the loan is recorded, and other relevant information regarding the new creditor. The new creditor is required to give this notice and the notice applies only to a consumer loan secured by the borrower’s principal dwelling.

Please do not confuse this new TILA notice with the notice of transfer of servicing required by the Real Estate Settlement Procedures Act (RESPA). **This new TILA notice is separate and distinct from the notice of transfer of servicing required under RESPA.**

Yesterday, I discussed this new TILA notice requirement with a senior attorney in the Consumer and Community Affairs division of the Federal Reserve Board (FRB). I was informed that this TILA notice requirement is presently effective and that the FRB will be issuing Regulation Z regulations clarifying this new disclosure requirement, which may include a model form.

For your convenience in reading this memorandum, below is the complete text of Section 404(a) of the Act requiring this new notice:

SEC. 404. NOTIFICATION OF SALE OR TRANSFER OF MORTGAGE LOANS.

(a) In General. Section 131 of the Truth in Lending Act (15 U.S.C. 1641) is amended by adding at the end the following:

“(g) Notice of New Creditor.

“(1) In general. In addition to other disclosures required by this title, not later than 30 days after the date on which a mortgage loan is sold or otherwise transferred or assigned to a third party, the creditor that is the new owner or assignee of the debt shall notify the borrower in writing of such transfer, including--

“(A) the identity, address, telephone number of the new creditor;

“(B) the date of transfer;

“(C) how to reach an agent or party having authority to act on behalf of the new creditor;

“(D) the location of the place where transfer of ownership of the debt is recorded; and

“(E) any other relevant information regarding the new creditor.

“(2) Definition. As used in this subsection, the term ‘mortgage loan’ means any consumer credit transaction that is secured by the principal dwelling of a consumer.”.

In summary:

1. The effective date of the requirement to give the borrower this new notice is May 20, 2009, and the notice must be given not later than 30 days after the loan is sold, transferred or assigned.
2. The creditor who is the purchaser or transferee/assignee of the mortgage loan must give the notice.
3. The notice only applies to a mortgage loan secured by the consumer's principal dwelling.
4. This new notice is not a closing requirement. It applies only when the loan is sold or transferred.

Should you have any questions regarding the subject matter of this memorandum, you may, of course, contact any of the firm's attorneys for clarification or legal guidance.

**This Memorandum is provided for the general information of the clients and friends of our firm only and is not intended as specific legal advice. You should not place reliance on this general information alone but should consult legal counsel regarding the application of the information discussed in this Memorandum to your specific case or circumstances.**