

have benefits and disadvantages, including a generic analysis of the differing costs and benefits of a residential mortgage in the case lender paid mortgage insurance versus borrower paid mortgage insurance over a 10-year period, assuming prevailing interest and property appreciation rates;

(D) that lender paid mortgage insurance may be tax-deductible for purposes of Federal income taxes, if the mortgagor itemizes expenses for that purpose; and

(2) not later than 30 days after the termination date that would apply in the case of borrower paid mortgage insurance, the servicer shall provide to the mortgagor a written notice indicating that the mortgagor may wish to review financing options that could eliminate the requirement for private mortgage insurance in connection with the residential mortgage transaction.

**(d) Standard forms**

The servicer of a residential mortgage transaction may develop and use a standardized form or forms for the provision of notices to the mortgagor, as required under subsection (c).

(Pub. L. 105-216, §6, July 29, 1998, 112 Stat. 904; Pub. L. 106-569, title IV, §§403(c), 406(a), Dec. 27, 2000, 114 Stat. 2957, 2959.)

REFERENCES IN TEXT

The Truth in Lending Act, referred to in subsec.(c)(1)(B)(ii), is title I of Pub. L. 90-321, May 29, 1968, 82 Stat. 146, as amended, which is classified generally to subchapter I (§1601 et seq.) of chapter 41 of Title 15, Commerce and Trade. For complete classification of this Act to the Code, see Short Title note set out under section 1601 of Title 15 and Tables.

AMENDMENTS

2000—Subsec. (c). Pub. L. 106-569, §403(c)(1)(A), struck out “a residential mortgage or” before “a residential mortgage transaction” in introductory provisions.

Subsec. (c)(1)(B)(ii). Pub. L. 106-569, §406(a), inserted “(under the meaning given such term in the regulations issued by the Board of Governors of the Federal Reserve System to carry out the Truth in Lending Act (15 U.S.C. 1601 et seq.))” after “refinanced”.

Subsec. (c)(2). Pub. L. 106-569, §403(c)(1)(B), inserted “transaction” before period at end.

Subsec. (d). Pub. L. 106-569, §403(c)(2), inserted “transaction” after “residential mortgage”.

EFFECTIVE DATE

Section effective 1 year after July 29, 1998, see section 13 of Pub. L. 105-216, set out as a note under section 4901 of this title.

**§ 4906. Fees for disclosures**

No fee or other cost may be imposed on any mortgagor with respect to the provision of any notice or information to the mortgagor pursuant to this chapter.

(Pub. L. 105-216, §7, July 29, 1998, 112 Stat. 905.)

EFFECTIVE DATE

Section effective 1 year after July 29, 1998, see section 13 of Pub. L. 105-216, set out as a note under section 4901 of this title.

**§ 4907. Civil liability**

**(a) In general**

Any servicer, mortgagee, or mortgage insurer that violates a provision of this chapter shall be

liable to each mortgagor to whom the violation relates for—

(1) in the case of an action by an individual, or a class action in which the liable party is not subject to section 4909 of this title, any actual damages sustained by the mortgagor as a result of the violation, including interest (at a rate determined by the court) on the amount of actual damages, accruing from the date on which the violation commences;

(2) in the case of—

(A) an action by an individual, such statutory damages as the court may allow, not to exceed \$2,000; and

(B) in the case of a class action—

(i) in which the liable party is subject to section 4909 of this title, such amount as the court may allow, except that the total recovery under this subparagraph in any class action or series of class actions arising out of the same violation by the same liable party shall not exceed the lesser of \$500,000 or 1 percent of the net worth of the liable party, as determined by the court; and

(ii) in which the liable party is not subject to section 4909 of this title, such amount as the court may allow, not to exceed \$1,000 as to each member of the class, except that the total recovery under this subparagraph in any class action or series of class actions arising out of the same violation by the same liable party shall not exceed the lesser of \$500,000 or 1 percent of the gross revenues of the liable party, as determined by the court;

(3) costs of the action; and

(4) reasonable attorney fees, as determined by the court.

**(b) Timing of actions**

No action may be brought by a mortgagor under subsection (a) later than 2 years after the date of the discovery of the violation that is the subject of the action.

**(c) Limitations on liability**

**(1) In general**

With respect to a residential mortgage transaction, the failure of a servicer to comply with the requirements of this chapter due to the failure of a mortgage insurer or a mortgagee to comply with the requirements of this chapter, shall not be construed to be a violation of this chapter by the servicer.

**(2) Rule of construction**

Nothing in paragraph (1) shall be construed to impose any additional requirement or liability on a mortgage insurer, a mortgagee, or a holder of a residential mortgage.

(Pub. L. 105-216, §8, July 29, 1998, 112 Stat. 905.)

EFFECTIVE DATE

Section effective 1 year after July 29, 1998, see section 13 of Pub. L. 105-216, set out as a note under section 4901 of this title.

**§ 4908. Effect on other laws and agreements**

**(a) Effect on State law**

**(1) In general**

With respect to any residential mortgage or residential mortgage transaction con-