

.....
(Original Signature of Member)

115TH CONGRESS
1ST SESSION

H. R. _____

To amend the Truth in Lending Act to clarify the exclusion for seller-financiers from the definition of mortgage originator, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

Mr. PEARCE introduced the following bill; which was referred to the
Committee on _____

A BILL

To amend the Truth in Lending Act to clarify the exclusion for seller-financiers from the definition of mortgage originator, 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. AMENDMENTS RELATED TO THE EXCLUSION**
4 **OF SELLER-FINANCERS IN THE DEFINITION**
5 **OF MORTGAGE ORIGINATOR.**

6 Section 103(cc)(2)(E) of the Truth in Lending Act
7 (15 U.S.C. 1602(cc)(2)(E)) is amended—

8 (1) in the matter preceding clause (i)—

1 (A) by striking “3 properties” and insert-
2 ing “5 properties”;

3 (B) by striking “a person, estate, or trust”
4 and inserting “a person or entity (including a
5 corporation, partnership, proprietorship, asso-
6 ciation, cooperative, estate, or trust)”;

7 (C) by striking “such person, estate, or
8 trust” and inserting “such a person or entity”;
9 (2) in clause (i)—

10 (A) by inserting “or” after the semicolon;

11 (B) by striking “a person, estate, or trust
12 that has constructed” and inserting “such a
13 person or entity that—

14 “(I) has constructed”; and

15 (C) by inserting at the end the following
16 new subclause:

17 “(II) has received any other com-
18 pensation related to such loan, includ-
19 ing origination points or fees and ex-
20 cluding interest payments;”;

21 (3) by striking clauses (ii), (iii), and (iv); and

22 (4) by adding at the end the following new
23 clauses:

24 “(ii) is not a high-cost mortgage;

1 “(iii) does not include terms under
2 which the outstanding principal balance
3 will increase at any time over the course of
4 the loan because the regular periodic pay-
5 ments do not cover the full amount of in-
6 terest due;

7 “(iv) has—

8 “(I) a fixed rate; or

9 “(II) an adjustable rate that was
10 not determined by a prior contractual
11 obligation between the consumer and
12 such a person or entity and—

13 “(aa) is adjustable after 5
14 or more years (as determined by
15 the addition of a margin to a
16 widely available index rate) sub-
17 ject to reasonable annual and
18 lifetime limitations on interest
19 rate increases or is determined
20 by a prior obligation that is in-
21 cluded in or assumed by the
22 terms of the loan; or

23 “(bb) with respect to any
24 part of such loan contractually
25 required to be used to make pay-

1 ments on an existing mortgage
2 loan secured by such a property,
3 is adjustable on or after the date
4 of a rate adjustment on such ex-
5 isting mortgage loan; and”.