

115TH CONGRESS
2D SESSION

H. R. 5287

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

MARCH 14, 2018

Mr. PEARCE (for himself and Mr. HECK) introduced the following bill; which
was referred to the Committee on Financial Services

A BILL

To amend the Truth in Lending Act to clarify the exclusion
for seller-financiers from the definition of mortgage origi-
nator, 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 “Preserving Access to
5 Rural Installment Transactions for Years Act of 2018”
6 or the “PARITY Act of 2018”.

1 **SEC. 2. AMENDMENTS RELATED TO THE EXCLUSION OF**
2 **SELLER-FINANCERS IN THE DEFINITION OF**
3 **MORTGAGE ORIGINATOR.**

4 Paragraph (2)(E) of the second subsection (cc) of
5 section 103 of the Truth in Lending Act (relating to the
6 definition of the term “mortgage originator”) (15 U.S.C.
7 1602(cc)(2)(E)) is amended—

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

9 (A) by striking “3 properties” and insert-
10 ing “5 properties”;

11 (B) by striking “a person, estate, or trust”
12 and inserting “a person or entity (including a
13 corporation, partnership, proprietorship, asso-
14 ciation, cooperative, estate, or trust)”; and

15 (C) by striking “such person, estate, or
16 trust” and inserting “such a person or entity”;
17 (2) in clause (i)—

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

19 (B) by striking “a person, estate, or trust
20 that has constructed” and inserting “such a
21 person or entity that—

22 “(I) has constructed”; and

23 (C) by inserting at the end the following
24 new subclause:

25 “(II) has received any other com-
26 pensation related to such loan, includ-

1 ing origination points or fees and ex-
2 cluding interest payments;”;

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

4 (4) by inserting after clause (i) the following
5 new clauses:

6 “(ii) is not a high-cost mortgage;

7 “(iii) does not include terms under
8 which the outstanding principal balance
9 will increase at any time over the course of
10 the loan because the regular periodic pay-
11 ments do not cover the full amount of in-
12 terest due;

13 “(iv) has—

14 “(I) a fixed rate; or

15 “(II) an adjustable rate that was
16 not determined by a prior contractual
17 obligation between the consumer and
18 such a person or entity and—

19 “(aa) is adjustable after 5
20 or more years (as determined by
21 the addition of a margin to a
22 widely available index rate) sub-
23 ject to reasonable annual and
24 lifetime limitations on interest
25 rate increases or is determined

1 by a prior obligation that is in-
2 cluded in or assumed by the
3 terms of the loan; or
4 “(bb) with respect to any
5 part of such loan contractually
6 required to be used to make pay-
7 ments on an existing mortgage
8 loan secured by such a property,
9 is adjustable on or after the date
10 of a rate adjustment on such ex-
11 isting mortgage loan; and”.

○