

111TH CONGRESS
1ST SESSION

S. 912

To prohibit yield spread premiums, and for other purposes.

IN THE SENATE OF THE UNITED STATES

APRIL 28, 2009

Mr. MERKLEY introduced the following bill; which was read twice and referred
to the Committee on Banking, Housing, and Urban Affairs

A BILL

To prohibit yield spread premiums, 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 “Transparency for
5 Homeowners Act of 2009”.

6 **SEC. 2. PROHIBITION ON YIELD SPREAD PREMIUMS.**

7 (a) IN GENERAL.—No person shall provide, and no
8 mortgage originator shall receive, directly or indirectly,
9 any compensation that is based on, or varies with, the
10 terms of any home mortgage loan (other than the amount
11 of the loan).

12 (b) DEFINITIONS.—For purposes of this Act—

1 (1) the term “home mortgage loan” means a
 2 loan secured by a mortgage or lien on residential
 3 property;

4 (2) the term “mortgage originator” means any
 5 creditor or other person, including a mortgage
 6 broker or bank lender, who, for compensation or in
 7 anticipation of compensation, engages either directly
 8 or indirectly in the—

9 (A) acceptance of applications for home
 10 mortgage loans;

11 (B) solicitation of home mortgage loans on
 12 behalf of borrowers;

13 (C) negotiation of terms or conditions of
 14 home mortgage loans on behalf of borrowers or
 15 lenders; or

16 (D) negotiation of sales of existing home
 17 mortgage loans to institutional or noninstitu-
 18 tional lenders; and

19 (3) the term “residential property” means a 1–
 20 4 family, owner-occupied residence, including a 1-
 21 family unit in a condominium project, a membership
 22 interest and occupancy agreement in a cooperative
 23 housing project, and a manufactured home and the
 24 lot on which the home is situated.

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