114TH CONGRESS
2D SESSION

S. 2995

To amend the Truth in Lending Act to provide a safe harbor from certain requirements related to qualified mortgages for residential mortgage loans held on an originating depository institution's portfolio, and for other purposes.

IN THE SENATE OF THE UNITED STATES

MAY 26, 2016

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

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A BILL

To amend the Truth in Lending Act to provide a safe harbor from certain requirements related to qualified mortgages for residential mortgage loans held on an originating depository institution's portfolio, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Portfolio Lending and Mortgage Access Act''.

SEC. 2. SAFE HARBOR FOR CERTAIN LOANS HELD ON PORTFOLIO.

(a) IN GENERAL.—Section 129C of the Truth in Lending Act (15 U.S.C. 1639c) is amended by adding at the end the following:

"(j) SAFE HARBOR FOR CERTAIN LOANS HELD ON PORTFOLIO.—

"(1) SAFE HARBOR FOR CREDITORS THAT ARE DEPOSITORY INSTITUTIONS.—

"(A) IN GENERAL.—A creditor that is a depository institution shall not be subject to suit for failure to comply with subsection (a), (c)(1), or (f)(2) of this section or section 129H with respect to a residential mortgage loan, and the banking regulators shall treat such loan as a qualified mortgage, if—

"(i) the creditor has, since the origination of the loan, held the loan on the balance sheet of the creditor; and

"(ii) all prepayment penalties with respect to the loan comply with the limitations described under subsection (c)(3).

"(B) EXCEPTION FOR CERTAIN TRANSFERS.—In the case of a depository institution that transfers a loan originated by that institution to another depository institution by reason of the bankruptcy or failure of the originating depository institution or the purchase of the originating depository institution, the depository institution transferring such loan shall be deemed to have complied with the requirement under subparagraph (A)(i).

"(2) SAFE HARBOR FOR MORTGAGE ORIGINATORS.—A mortgage originator shall not be subject to suit for a violation of section 129B(c)(3)(B) for steering a consumer to a residential mortgage loan if—

"(A) the creditor of such loan is a depository institution and has informed the mortgage originator that the creditor intends to hold the loan on the balance sheet of the creditor for the life of the loan; and

"(B) the mortgage originator informs the consumer that the creditor intends to hold the loan on the balance sheet of the creditor for the life of the loan.

"(3) DEFINITIONS.—For purposes of this subsection:

"(A) BANKING REGULATORS.—The term 'banking regulators' means the Federal banking agencies, the Bureau, and the National Credit Union Administration.

"(B) DEPOSITORY INSTITUTION.—The term 'depository institution' has the meaning given the term under section 19(b)(1) of the Federal Reserve Act (12 U.S.C. 461(b)(1)).

"(C) FEDERAL BANKING AGENCIES.—The term 'Federal banking agencies' has the meaning given the term under section 3 of the Federal Deposit Insurance Act.".

(b) RULE OF CONSTRUCTION.—Nothing in the amendment made by this Act may be construed as preventing a balloon loan from qualifying for the safe harbor provided under section 129C(j) of the Truth in Lending Act, as added by subsection (a), if the balloon loan otherwise meets all of the requirements under such subsection (j), regardless of whether the balloon loan meets the requirements described in clauses (i) through (iv) of section 129C(b)(2)(E) of such Act.

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