



## H.R. 650—Preserving Access to Manufactured Housing Act (Rep. Fincher, R-TN)

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**FLOOR SCHEDULE:** SCHEDULED FOR CONSIDERATION ON APRIL 14, 2015 UNDER A [CLOSED RULE](#) THAT PROVIDES FOR ONE HOUR OF DEBATE

**TOPLINE SUMMARY:** H.R. 650 would amend the [Truth in Lending Act](#) (TILA) to clarify the definitions of “mortgage originator” and a “high-cost mortgage” as the definitions relate to manufactured housing.

### CONSERVATIVE CONCERNS:

- **Expand the Size and Scope of the Federal Government?** No.
- **Encroach into State or Local Authority?** No.
- **Delegate Any Legislative Authority to the Executive Branch?** No.
- **Contain Earmarks/Limited Tax Benefits/Limited Tariff Benefits?** No.

**DETAILED SUMMARY AND ANALYSIS:** The Home Ownership and Equity Protection Act (HOEPA) was enacted in 1994 as an amendment to the Truth in Lending Act (TILA) to address abusive practices in mortgage refinances and closed-end home equity loans with high interest rates or high fees. HOEPA subjects certain refinances and home equity loans to special disclosure requirements and restrictions if certain tests are triggered. These triggers focus on loan rates and fees.

The Consumer Financial Protection Bureau (CFPB) recently implemented a Dodd-Frank-mandated rule to expand the scope of HOEPA requirements to include money mortgage loans and home equity lines of credit. In addition, Dodd-Frank mandated that the CFPB amend the test for determining whether a loan is “high cost” under HOEPA. CFPB issued a rule to lower the threshold for “high cost” loans. Specifically, HOEPA is triggered if the Annual Percentage Rate (APR) applicable to the transaction exceeds the average prime rate offer for a comparable transaction by more than 6.5 percent for a first-lien mortgage, or by more than 8.5 percent for a first-lien mortgage if the transaction is less than \$50,000. The CFPB rule also sets HOEPA trigger levels for the fees and points associated with the mortgage transaction.

**COST:** The Congressional Budget Office (CBO) estimates that [H.R. 650](#) would increase direct spending by less than \$500,000 for the agency to implement the legislation, and pay-as-you-go procedures apply. CBO estimates that enacting the bill would not affect revenues.

Implementing the bill would not affect discretionary spending because the Consumer Financial Protection Bureau (CFPB) is permanently authorized to spend amounts transferred from the Federal Reserve System.

Some are concerned that the expanded definition under HOEPA would reduce access to credit for consumers of manufactured housing in rural areas and harm existing homeowners who are trying to sell their home. Under

CFPB's rule, small-balance manufactured home loans would fall under HOEPA's "high cost" definition, restricting access to low and moderate income homebuyers.

H.R. 650 would amend the definition of a "high cost" mortgage as the definition relates to small-balance mortgages. This bill would also amend the definition of "mortgage originator" under TILA to clarify that manufactured home retailers and their employees are not considered "loan originators" under CFPB rules.

**COMMITTEE ACTION:** This bill was introduced on February 2, 2015, by Representative Fincher and referred to the House Committee on Financial Services. The Financial Services Committee reported H.R. 650 to the House by a vote of 43-15. The committee report can be found [here](#).

**ADMINISTRATION POSITION:** No statement of administration policy is available.

**CONSTITUTIONAL AUTHORITY:** "Congress has the power to enact this legislation pursuant to the following: Article II, Section 8"

## H.R. 685—Mortgage Choice Act of 2015 (Rep. Huizenga, R-MI)

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**FLOOR SCHEDULE:** SCHEDULED FOR CONSIDERATION ON APRIL 14, 2015 UNDER A [CLOSED RULE THAT PROVIDES FOR ONE HOUR OF DEBATE](#)

**TOPLINE SUMMARY:** [H.R. 685](#) would amend the [Truth in Lending Act](#) by modifying the definition of "points and fees" to exclude insurance held in escrow, and certain fees paid to companies affiliated with the creditor for "Qualified Mortgage" (QM) determinations.

**CONSERVATIVE CONCERNS:** There are no substantive conservative concerns.

- **Expand the Federal Government?** No.
- **Encroach into State or Local Authority?** No.
- **Delegate Any Legislative Authority to the Executive Branch?** No.
- **Contain Earmarks/Limited Tax Benefits/Limited Tariff Benefits?** No.

**DETAILED SUMMARY AND ANALYSIS:** Under recent Consumer Financial Protection Board (CFPB) [rules](#), mortgages that fulfill certain criteria can be considered "Qualified Mortgages" (QM) and not "higher priced." Specifically, under the CFPB definition, a QM cannot have total points and fees exceeding three percent of the total loan amount, and the definition specifies the types of mortgage costs and charges that are included under the three-percent cap. The current definition includes "charges paid to a third party, such appraisals for title insurance" if the third party is affiliated with the lender but not if the third-party is unaffiliated with the lender.

**COST:** The Congressional Budget Office (CBO) estimates that enacting [H.R. 685](#) would affect direct spending, and pay-as-you-go procedures apply. However, CBO these effects would be insignificant.

Enacting H.R. 685 would not affect revenues. Implementing the bill would not affect discretionary costs because the CFPB is permanently authorized to spend amounts transferred from the Federal Reserve System.

As such, many loans made using affiliated companies would not qualify as QM, since those appraisal charges would count toward the three-percent fee cap. Some are concerned that without a definitional change, loans

involving affiliated companies would not qualify as QMs, and this could impact low to moderate income borrowers, as well as first-time homebuyers.

H.R. 685 would clarify which points and fees are included in determining the three-percent cap, allow more loans to qualify as QM, and encourage the use of affiliated companies in the mortgage process. Specifically, would amend TILA to exclude certain affiliated title insurance charges and escrowed homeowners' insurance premiums from the three-percent fee and point cap calculation.

The House report (H. Rept. 114-54) accompanying H.R. 685 can be found [here](#). More information on the Truth in Lending Act from the Federal Deposit Insurance Corporation (FDIC) can be found [here](#).

**OUTSIDE GROUPS SUPPORT:**

- [National Association of Federal Credit Unions, National Association of Home Builders, The Mortgage Bankers Association, The National Association of Realtors](#)

**COMMITTEE ACTION:** This bill was introduced on February 3, 2015 and was referred to the House Committee on Financial Services which ordered it reported by the yeas and nays ([43 - 12](#)).

**ADMINISTRATION POSITION:** No statement of administration position is available at this time.

**CONSTITUTIONAL AUTHORITY:** Congress has the power to enact this legislation pursuant to the following: Article I, Section 8, Clause 3.

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