

114TH CONGRESS  
2D SESSION

# H. R. 5301

To exempt small seller financiers from certain licensing requirements and debt-to-income requirements for qualified mortgages.

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## IN THE HOUSE OF REPRESENTATIVES

MAY 19, 2016

Mr. WILLIAMS (for himself, Mr. MULVANEY, Mr. RUSH, Mr. CUELLAR, and Mr. NEUGEBAUER) introduced the following bill; which was referred to the Committee on Financial Services

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## A BILL

To exempt small seller financiers from certain licensing requirements and debt-to-income requirements for qualified mortgages.

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 “Seller Finance En-  
5 hancement Act”.

6 **SEC. 2. FINDINGS.**

7 Congress finds the following:

8 (1) Real-estate seller financing is a transaction  
9 in which the owner of a real estate property provides

1 financing for the buyer of that property and the  
2 buyer makes some form of a down payment to the  
3 seller and then makes installment payments to the  
4 seller over a defined period of time.

5 (2) Seller financiers provide financing in lieu of  
6 the buyer choosing to obtain a loan from a bank.

7 (3) The seller finance industry consists of small  
8 business owners who own real estate and provide fi-  
9 nancing on those properties to underserved bor-  
10 rowers who cannot or would prefer not to obtain tra-  
11 ditional financing.

12 **SEC. 3. EXEMPTIONS FOR SELLER FINANCIERS.**

13 (a) LOAN ORIGINATOR LICENSE OR REGISTRATION  
14 REQUIREMENTS.—Section 1504 of the S.A.F.E. Mortgage  
15 Licensing Act of 2008 (12 U.S.C. 5103) is amended by  
16 adding at the end the following:

17 “(c) EXCEPTION FOR SELLER FINANCIERS.—The re-  
18 quirements of this title shall not apply to any person  
19 (other than a depository institution) who—

20 “(1) originates not more than 24 residential  
21 mortgage loans in a 12-month period; and

22 “(2) only originates residential mortgage loans  
23 that are with respect to property that is owned by  
24 such person.”.

1 (b) DEBT-TO-INCOME RATIOS UNDER QUALIFIED  
2 MORTGAGES.—Section 129C(b)(2)(A) of the Truth in  
3 Lending Act (15 U.S.C. 1639c(b)(2)(A)) is amended by  
4 inserting at the end the following flush-left text:

5 “In determining whether a residential mortgage  
6 loan is a qualified mortgage, guidelines and reg-  
7 ulations issued pursuant to clause (vi) shall not  
8 apply to a loan originated by a person (other  
9 than a depository institution (as defined under  
10 section 3 of the Federal Deposit Insurance Act)  
11 or a credit union) who originates not more than  
12 24 residential mortgage loans in a 12-month  
13 period and only originates residential mortgage  
14 loans that are with respect to property that is  
15 owned by such person.”.

16 **SEC. 4. REPORT ON SELLER FINANCING.**

17 (a) STUDY.—The Secretary of Housing and Urban  
18 Development and the Secretary of the Treasury shall  
19 jointly carry out a study on—

20 (1) the number of homes bought for under  
21 \$150,000 or 60 percent of the median home value  
22 in a given community, whichever is lower, in the  
23 United States by utilizing seller financing;

24 (2) the number of homes described under para-  
25 graph (1) sold by licensed mortgage brokers;

1           (3) the potential number of homes described  
2           under paragraph (1) which could be sold but aren't,  
3           because seller financiers are unwilling, or from a  
4           practical standpoint unable, to comply with mort-  
5           gage broker rules; and

6           (4) the potential benefit to home values and  
7           wealth creation if more homes are able to be sold  
8           utilizing seller finance.

9           (b) REPORT.—Not later than the end of the 1-year  
10          period beginning on the date of the enactment of this Act,  
11          the Secretary of Housing and Urban Development and the  
12          Secretary of the Treasury shall jointly issue a report to  
13          the Committee on Financial Services of the House of Rep-  
14          resentatives and the Committee on Banking, Housing, and  
15          Urban Affairs of the Senate containing—

16                 (1) all findings and determinations made in car-  
17                 rying out the study required under subsection (a);  
18                 and

19                 (2) data on the number of transactions utilizing  
20                 seller financing 20 years, 15 years, 10 years, and 5  
21                 years prior to the date of the enactment of this Act.

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