

110TH CONGRESS
1ST SESSION

H. R. 3894

To amend the Truth in Lending Act to establish requirements for providing negatively amortizing mortgage loans to first-time borrowers, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

OCTOBER 18, 2007

Ms. BEAN introduced the following bill; which was referred to the Committee on Financial Services

A BILL

To amend the Truth in Lending Act to establish requirements for providing negatively amortizing mortgage loans to first-time borrowers, 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 “Negative Amortization
5 Mortgage Loan Transparency Act”.

1 **SEC. 2. REQUIREMENTS FOR MORTGAGE LOANS THAT PER-**
2 **MIT NEGATIVE AMORTIZATION.**

3 (a) IN GENERAL.—Chapter 2 of the Truth in Lend-
4 ing Act (15 U.S.C. 1631 et seq.) is amended by inserting
5 after section 129 the following new section:

6 **“§ 129A. Mortgages with negative amortization.**

7 “No creditor may extend credit to a first-time bor-
8 rower in connection with a consumer credit transaction
9 under an open or closed end consumer credit plan secured
10 by residential real property that includes a dwelling, other
11 than a reverse mortgage, that provides or permits a pay-
12 ment plan that may, at any time over the term of the ex-
13 tension of credit, result in negative amortization unless,
14 before such transaction is consummated—

15 “(1) the creditor provides the consumer with a
16 statement that—

17 “(A) the pending transaction will or may,
18 as the case may be result in negative amortiza-
19 tion;

20 “(B) describes negative amortization in
21 such manner as the Board shall prescribe;

22 “(C) negative amortization increases the
23 outstanding principal balance of the account;
24 and

25 “(D) negative amortization reduces the
26 consumer’s equity in the real property; and

1 “(2) the consumer provides the creditor with
2 sufficient documentation to demonstrate that the
3 consumer received homeownership counseling from
4 organizations or counselors certified by the Sec-
5 retary of Housing and Urban Development as com-
6 petent to provide such counseling.”.

7 (b) CLERICAL AMENDMENT.—The table of sections
8 for chapter 2 of the Truth in Lending Act is amended
9 by inserting after the item relating to section 129 the fol-
10 lowing new item:

“129A. Mortgages with negative amortization.”.

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