

111TH CONGRESS
1ST SESSION

H. R. 1731

To amend the Truth in Lending Act to require any creditor who transfers, sells, or conveys certain residential mortgage loans to third parties to retain an economic interest in a material portion of the credit risk for any such loan, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MARCH 26, 2009

Mr. MINNICK introduced the following bill; which was referred to the
Committee on Financial Services

A BILL

To amend the Truth in Lending Act to require any creditor who transfers, sells, or conveys certain residential mortgage loans to third parties to retain an economic interest in a material portion of the credit risk for any such loan, 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 “Credit Risk Retention
5 Act of 2009”.

1 **SEC. 2. CREDIT RISK RETENTION.**

2 Section 129 of the Truth in Lending Act (U.S.C.
3 1639) is amended by adding at the end the following new
4 subsection:

5 “(m) CREDIT RISK RETENTION.—

6 “(1) IN GENERAL.—The Federal banking agen-
7 cies shall prescribe regulations jointly to require any
8 creditor that makes a residential mortgage loan that
9 is not a qualified mortgage (as defined by such
10 agencies) to retain an economic interest in a mate-
11 rial portion of the credit risk for any such loan that
12 the creditor transfers, sells, or conveys to a third
13 party.

14 “(2) STANDARDS FOR REGULATIONS.—Regula-
15 tions prescribed under paragraph (1) shall—

16 “(A) apply only to residential mortgage
17 loans that are not qualified mortgages (as so
18 defined);

19 “(B) prohibit creditors from directly or in-
20 directly hedging or otherwise transferring the
21 credit risk creditors are required to retain
22 under the regulations with respect to any resi-
23 dential mortgage loan; and

24 “(C) require creditors to retain at least 5
25 percent of the credit risk on any non-qualified

1 mortgage that is transferred, sold or con-
2 veyed.”.

