

**AMENDMENT IN THE NATURE OF A SUBSTITUTE
TO H.R. 2226
OFFERED BY MR. BARR OF KENTUCKY**

Strike all after the enacting clause and insert the following:

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Portfolio Lending and
3 Mortgage Access Act”.

4 **SEC. 2. MINIMUM STANDARDS FOR RESIDENTIAL MORT-
5 GAGE LOANS.**

6 Section 129C(b) of the Truth in Lending Act (15
7 U.S.C. 1639c(b)) is amended by adding at the end the
8 following:

9 “(4) SAFE HARBOR.—

10 “(A) IN GENERAL.—A residential mort-
11 gage loan shall be deemed a qualified mortgage
12 loan for purposes of this subsection if the
13 loan—

14 “(i) is originated by, and retained in
15 the portfolio of, a covered institution;

16 “(ii) is in compliance with the limita-
17 tions with respect to prepayment penalties
18 described in subsections (c)(1) and (c)(3);

1 “(iii) is in compliance with the re-
2 quirements related to points and fees
3 under paragraph (2)(A)(vii);

4 “(iv) does not have negative amortiza-
5 tion terms or interest-only terms; and

6 “(v) is a loan for which the covered
7 institution considers and documents the
8 debt, income, and financial resources of
9 the consumer in accordance with subpara-
10 graph (C).

11 “(B) EXCEPTION FOR CERTAIN TRANS-
12 FERS.—Subparagraph (A) shall not apply to a
13 residential mortgage loan if the legal title to
14 such residential mortgage loan is sold, assigned,
15 or otherwise transferred to another person un-
16 less the legal title to such residential mortgage
17 loan is sold, assigned, or otherwise trans-
18 ferred—

19 “(i) to another person by reason of
20 the bankruptcy or failure of the covered in-
21 stitution that originated such loan;

22 “(ii) to an insured depository institu-
23 tion or insured credit union that has less
24 than \$10,000,000,000 in total consolidated
25 assets on the date of such sale, assign-

1 ment, or transfer, if the loan is retained in
2 portfolio by such insured depository insti-
3 tution or insured credit union;

4 “(iii) pursuant to a merger of the cov-
5 ered institution that originated such loan
6 with another person or the acquisition of a
7 the covered institution that originated such
8 loan by another person or of another per-
9 son by a covered institution, if the loan is
10 retained in portfolio by the person to whom
11 the loan is sold, assigned, or otherwise
12 transferred; or

13 “(iv) to a wholly owned subsidiary of
14 the covered institution that originated such
15 loan if the loan is considered to be an asset
16 of such covered institution for regulatory
17 accounting purposes.

18 “(C) CONSIDERATION AND DOCUMENTA-
19 TION REQUIREMENTS.—The consideration and
20 documentation requirements described in sub-
21 paragraph (A)(v) shall—

22 “(i) not be construed to require com-
23 pliance with, or documentation in accord-
24 ance with, appendix Q to part 1026 of title

1 12, Code of Federal Regulations, or any
2 successor regulation; and

3 “(ii) be construed to permit multiple
4 methods of documentation.

5 “(D) DEFINITIONS.—In this paragraph—

6 “(i) the term ‘covered institution’
7 means an insured depository institution or
8 an insured credit union that, together with
9 its affiliates, has less than
10 \$10,000,000,000 in total consolidated as-
11 sets on the date on the origination of a
12 residential mortgage loan;

13 “(ii) the term ‘insured credit union’
14 has the meaning given the term in section
15 101 of the Federal Credit Union Act (12
16 U.S.C. 1752);

17 “(iii) the term ‘insured depository in-
18 stitution’ has the meaning given the term
19 in section 3 of the Federal Deposit Insur-
20 ance Act (12 U.S.C. 1813);

21 “(iv) the term ‘interest-only term’
22 means a term of a residential mortgage
23 loan that allows one or more of the peri-
24 odic payments made under the loan to be

1 applied solely to accrued interest and not
2 to the principal of the loan; and

3 “(v) the term ‘negative amortization
4 term’ means a term of a residential mort-
5 gage loan under which the payment of
6 periodic payments will result in an increase
7 in the principal of the loan.”.

