

[DISCUSSION DRAFT]117TH CONGRESS
2^D SESSION**H. R.** _____

To require certain Federal agencies involved in mortgage lending to update their mortgage underwriting processes and systems to incorporate borrowers' rent payments in the mortgage credit evaluation process, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

M____. _____ introduced the following bill; which was referred to the
Committee on _____

A BILL

To require certain Federal agencies involved in mortgage lending to update their mortgage underwriting processes and systems to incorporate borrowers' rent payments in the mortgage credit evaluation process, 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 "Promoting Equity in
5 Mortgage Underwriting Act of 2022".

1 **SEC. 2. INCORPORATION OF RENT PAYMENTS AND ADDI-**
2 **TIONAL DATA IN UNDERWRITING.**

3 (a) REQUIREMENT.—Not later than the expiration of
4 the 24-month period beginning on the date of the enact-
5 ment of this Act, each head of a covered agency shall, in
6 consultation with the Director of the Bureau of Consumer
7 Financial Protection, update the automated mortgage un-
8 derwriting programs, guidelines, standards, and systems
9 of such covered agency in a manner to allow, to the great-
10 est extent feasible, participating mortgage lenders to use
11 alternative or additional data and credit scoring models
12 that provide for incorporation of the borrower's on-time
13 rent payment history and other on-time payment informa-
14 tion in the mortgage credit evaluation process, subject to
15 the written authorization of a borrower to such use.

16 (b) INCLUDED UPDATES.—The updates pursuant to
17 subsection (a) shall include—

18 (1) updating any automated underwriting sys-
19 tem of each covered agency, for the purpose speci-
20 fied in subsection (a); and

21 (2) incorporation by each covered agency of a
22 secondary review process in their mortgage under-
23 writing programs that—

24 (A) notifies lenders if mortgage applicants
25 who would otherwise be ineligible for the cov-
26 ered agency's mortgage program could benefit

1 from the inclusion of on-time rental payment
2 history, or other additional positive payment in-
3 formation, in its credit assessment; and

4 (B) upon the approval of such inclusion by
5 the applicant, automatically identifies the exist-
6 ence of on-time payment history and includes
7 the identified history in the credit assessment;
8 and

9 (3) incorporation in the mortgage credit evalua-
10 tion process of additional information that—

11 (A) the prospective borrower requests to be
12 included and that is not otherwise included;

13 (B) represents only positive payment his-
14 tory; and

15 (C) relates to the types of information that
16 the creditor would consider if otherwise re-
17 ported through a consumer reporting agency
18 and includes current payment and transaction
19 information, such as bank statement informa-
20 tion or rental payment information.

21 (c) NOTIFICATION.—

22 (1) NOTICE OF OPTIONS.—Each head of a cov-
23 ered agency shall develop a notice for prospective
24 mortgagors, and require mortgagees under covered
25 mortgages to provide such notice to prospective

1 mortgagors, that informs prospective mortgagors
2 of—

3 (A) the purpose of opting into the use of
4 additional credit information, examples of the
5 types of additional information that can be in-
6 cluded, and the ability to opt into having addi-
7 tional credit information included in the auto-
8 mated mortgage underwriting process under the
9 program for such covered agency; and

10 (B) the housing counseling agencies in the
11 area that are approved by the Department of
12 Housing and Urban Development and the pur-
13 poses such agencies serve in assisting prospec-
14 tive mortgagors.

15 (2) LANGUAGES.—Notice required under para-
16 graph (1) shall be made available in each of the 8
17 languages most commonly spoken by individuals
18 with limited English proficiency, as determined by
19 the Director of the Federal Housing Finance Agen-
20 cy.

21 (d) REPORT.—

22 (1) IN GENERAL.—Not later than the expira-
23 tion of the 48-month period beginning on the date
24 of the enactment of this section, the Director of the
25 Bureau of Consumer Financial Protection, in con-

1 sultation with the covered agencies, shall prepare
2 and submit a report to the Committee on Financial
3 Services of the House of Representatives and the
4 Committee on Banking, Housing, and Urban Affairs
5 of the Senate identifying the annual number of
6 mortgages originated, beginning on January 1 fol-
7 lowing the date of enactment of this Act, using the
8 mortgage credit evaluation processes as updated
9 pursuant to this section, the type of additional infor-
10 mation that was incorporated into each covered
11 agency's automated underwriting process or that a
12 prospective mortgagor requested pursuant to sub-
13 section (b)(3), the type of lender underwriting the
14 mortgage (including depository institutions, non-de-
15 pository institutions, community development finan-
16 cial institutions, minority depository institutions,
17 lenders utilizing financial technology, and others),
18 the performance of such mortgages, and any rec-
19 ommendations for improving the incorporation of ad-
20 ditional on-time payment information into the cov-
21 ered agencies' respective automated credit under-
22 writing systems to advance the purpose of this sec-
23 tion. Information with respect to the Federal Hous-
24 ing Finance Agency shall identify whether the mort-
25 gages were made pursuant to the affordable housing

1 goals under subpart B of part 2 of subtitle A of the
2 Federal Housing Enterprises Financial Safety and
3 Soundness Act of 1992 (12 U.S.C. 4561 et seq.) or
4 pursuant to the duty to serve underserved markets
5 under section 1335 of such Act (12 U.S.C. 4565).

6 (2) DISAGGREGATION.—The information in-
7 cluded in the report shall be disaggregated according
8 to the covered agency involved, and the race, eth-
9 nicity, sex, and income level of the borrower, and
10 any other characteristic as determined relevant by
11 the covered agencies.

12 (3) COVERED AGENCY DATA.—Each covered
13 agency shall provide to the Director of the Bureau
14 of Consumer Financial Protection in a timely man-
15 ner all of the relevant information needed to create
16 the report, including the data points described in
17 paragraph (1).

18 (e) TREATMENT OF AGENCIES WITH COMPLETED
19 UPDATES.—A covered agency that has completed updates
20 to the automated mortgage underwriting programs, guide-
21 lines, standards, and systems of the agency in the manner
22 described under subsection (a) before the date of enact-
23 ment of this Act may, but is not required to, perform addi-
24 tional updates consistent with subsection (a).

1 (f) COVERED AGENCY.—For purposes of this section,
2 the term “covered agency” means—

3 (1) the Department of Housing and Urban De-
4 velopment;

5 (2) the Department of Agriculture;

6 (3) the Department of Veterans Affairs; and

7 (4) the Federal Housing Finance Agency, ex-
8 cept that any requirement imposed by this section
9 on such Agency or the Director of such Agency shall
10 be treated as a requirement with respect to the
11 mortgage underwriting programs or systems of the
12 Federal National Mortgage Association and the Fed-
13 eral Home Loan Mortgage Corporation, to be im-
14 posed and enforced pursuant to the authority of
15 such Director and Agency to supervise and regulate
16 such enterprises.