

[DISCUSSION DRAFT]

116TH CONGRESS
1ST SESSION

H. R. _____

To amend the Consumer Credit Protection Act to establish habitability and other requirements related to land installment contracts, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

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

A BILL

To amend the Consumer Credit Protection Act to establish habitability and other requirements related to land installment contracts, 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 “**[To be added]** Act
5 of 2019”.

1 **SEC. 2. LAND INSTALLMENT CONTRACT REQUIREMENTS.**

2 The Consumer Credit Protection Act (15 U.S.C.
3 1601 et seq.) is amended by adding at the end the fol-
4 lowing:

5 **“TITLE X—LAND INSTALLMENT**
6 **CONTRACTS**

7 **“SEC. 1001. LAND INSTALLMENT CONTRACT REQUIRE-**
8 **MENTS.**

9 “(a) **HABITABILITY REQUIREMENT.**—Any home that
10 is involved in a land installment contract shall be main-
11 tained in a habitable state by the seller at all times until
12 the purchaser has fully payed the purchaser’s obligations
13 under the contract and obtained title of the real property
14 involved in the contract.

15 “(b) **UN-HABITABLE HOME.**—During any period
16 where a home involved in a land installment contract is
17 not habitable—

18 “(1) the fair rental value of the home shall be
19 deemed to be zero; and

20 “(2) the purchaser shall be entitled to a refund
21 from the seller of all amounts paid pursuant to the
22 land installment contract for the period in which the
23 home was not habitable.

24 “(c) **FAILURE TO COMPLY WITH DUTY AS LAND-**
25 **LORD.**—If a home involved in a land installment contract
26 is habitable, however there are repairs needed on the home

1 and the seller fails to fix the repairs in a manner con-
2 sistent with a landlord's duties, the purchaser shall be en-
3 titled to a refund of the difference between the amount
4 paid and fair rental value during any period when such
5 repairs were needed and not fixed.

6 “(d) RECORDATION REQUIRED FOR SELLER EN-
7 FORCEMENT.—The seller in a land installment contract
8 may not terminate the purchaser's right to purchase the
9 property or right of possession unless the seller records
10 the land installment contract with the applicable State or
11 local recordation authority within 45 days of entering into
12 the land installment contract.

13 “(e) RELIEF TO SELLER ONLY AVAILABLE
14 THROUGH A JUDICIAL PROCEEDING.—

15 “(1) JUDICIAL PROCEEDING.—

16 “(A) IN GENERAL.—Notwithstanding any
17 other provision of law, the seller in a land in-
18 stallment contract may terminate the pur-
19 chaser's right to purchase the property or right
20 of possession only upon determination by a
21 court of competent jurisdiction that the pur-
22 chaser is in material breach of the contract.

23 “(B) FEES.—In any judicial proceeding
24 described under subparagraph (A) in which the
25 seller does not prevail, the purchaser shall be

1 entitled to the costs of the action and attorney's
2 fees.

3 “(2) SPECIFIC PROHIBITION ON EVICTION OR
4 EJECTMENT.—Except as may be ordered in a judi-
5 cial proceeding described under paragraph (1), the
6 purchaser on a land installment contract may not be
7 evicted or otherwise ejected from the home or other
8 real property that is the subject of the land install-
9 ment contract.

10 “(f) CIVIL PENALTY.—

11 “(1) IN GENERAL.—A seller with respect to a
12 land installment contract that violates the require-
13 ments of this section shall be liable to the purchaser
14 in the land installment contract in an amount equal
15 to—

16 “(A) the greater of—

17 “(i) the actual damage caused to the
18 purchaser by reason of such violation; and

19 “(ii) \$10,000; and

20 “(B) the costs of the action and attorney's
21 fees.

22 “(2) JURISDICTION.—A purchaser with respect
23 to a land installment contract may bring an action
24 under this subsection in any court of competent ju-
25 risdiction.

1 “(g) EXCEPTION FOR CERTAIN NONPROFIT TRANS-
2 ACTIONS.—This section shall not apply to a land install-
3 ment contract if—

4 “(1) the seller in such contract is a person de-
5 scribed under section 501(c)(3) of the Internal Rev-
6 enue Code of 1986 for the 3-year period before the
7 date on which the person enters into the land install-
8 ment contract;

9 “(2) the sale price is no higher than the
10 amount the seller paid for the real property that is
11 subject to the land installment contract; and

12 “(3) no interest is charged.

13 “(h) RELATION TO STATE LAW.—

14 “(1) IN GENERAL.—This section shall not
15 annul, alter, or affect the laws of any State relating
16 to land installment contracts, except to the extent
17 that those laws are inconsistent with the provisions
18 of this section, and then only to the extent of the in-
19 consistency.

20 “(2) STATES MAY PROVIDE GREATER PROTEC-
21 TION.—Notwithstanding paragraph (1), this section
22 shall not annul, alter, or affect the laws of any State
23 that are inconsistent with the provisions of this sec-
24 tion if such State laws give greater protection to the
25 purchaser in a land installment contract.

1 “(i) RULEMAKING.—The Bureau of Consumer Fi-
2 nancial Protections may issue rules to carry out this sec-
3 tion.

4 “(j) DEFINITIONS.—For purposes of this section:

5 “(1) HABITABLE.—With respect to a home, the
6 home is ‘habitable’ if the home is one that has ade-
7 quate heating, water, electricity, and is clean, weath-
8 erproofed and structurally sound and safe.

9 “(2) HOME.—The term ‘home’ means a resi-
10 dential structure or manufactured home.

11 “(3) LAND INSTALLMENT CONTRACT.—The
12 term ‘land installment contract’—

13 “(A) means an agreement under which—

14 “(i) a seller agrees to sell an interest
15 in residential real property to a purchaser;

16 “(ii) the real property includes a
17 home;

18 “(iii) the purchaser agrees to pay the
19 purchase price in 5 or more subsequent
20 payments exclusive of the down payment, if
21 any; and

22 “(iv) the seller retains title to the real
23 property as security for the purchaser’s ob-
24 ligation under the agreement;

25 “(B) means an agreement under which—

1 “(i) a lessor provides a lease in resi-
2 dential real property to a lessee under
3 which the lessee has the option to purchase
4 the residential real property;

5 “(ii) the real property includes a
6 home;

7 “(iii) the lessee agrees to make 5 or
8 more lease payments; and

9 “(iv) the lessor retains title to the real
10 property as security for the lessee’s obliga-
11 tion under the agreement; and

12 “(C) does not include a single payment op-
13 tion contract for the purchase of real property
14 or purchase and sale agreements entered into
15 with the good faith and reasonable expectation
16 of a separate transaction in which a third party
17 or the seller agrees to finance the purchase
18 price in a single installment.

19 “(4) PURCHASER.—The term ‘purchaser’
20 means—

21 “(A) with respect to an agreement de-
22 scribed under paragraph (3)(A), the person
23 purchasing an interest in residential real prop-
24 erty; and

1 “(B) with respect to an agreement de-
2 scribed under paragraph (3)(B), the lessee.

3 “(5) SELLER.—The term ‘seller’ means—

4 “(A) with respect to an agreement de-
5 scribed under paragraph (3)(A), the person sell-
6 ing an interest in residential real property; and

7 “(B) with respect to an agreement de-
8 scribed under paragraph (3)(B), the lessor.

9 “(6) STATE.—The term ‘State’ means any of
10 the several States, the District of Columbia, and any
11 territory or possession of the United States.”.