

117TH CONGRESS
1ST SESSION

H. R. 5013

To exempt small seller financiers from certain licensing requirements, and
for other purposes.

IN THE HOUSE OF REPRESENTATIVES

AUGUST 13, 2021

Mr. VICENTE GONZALEZ of Texas (for himself and Mr. BARR) introduced the
following bill; which was referred to the Committee on Financial Services

A BILL

To exempt small seller financiers from certain licensing
requirements, 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 “Affordable Homeown-
5 ership Access Act”.

6 **SEC. 2. FINDINGS.**

7 Congress finds the following:

8 (1) Real-estate owner financing is a transaction
9 in which the owner of a real estate property provides
10 financing for the buyer of that property and the

1 buyer makes some form of a down payment to the
2 owner, receives the deed or title to the home and
3 then makes installment payments to the owner over
4 a defined period of time.

5 (2) Owner financiers provide financing in lieu of
6 the buyer choosing to obtain a loan from a bank.

7 (3) The owner finance industry consists of
8 small business owners who own real estate and pro-
9 vide financing on those properties to underserved
10 buyers who cannot or would prefer not to obtain tra-
11 ditional bank or loan-based financing.

12 (4) Owner financiers are governed by real estate
13 and consumer protection laws (including, but not
14 limited to, ability to repay, deceptive trade practices,
15 and usury laws) of each State, as well as State and
16 Federal fair housing and equal opportunity laws.

17 (5) Using owner financing will benefit home
18 values, increase neighborhood stabilization, and as-
19 sist with family wealth creation through increased
20 homeownership as more homes are sold with owner
21 financing.

22 (6) None of the amendments made by this Act
23 are applicable to transactions known as Contracts
24 for Deed or Land Installment Contracts, Lease Op-
25 tions, Lease with Option to Buy and Rent to Own.

1 **SEC. 3. EXCEPTION FOR OWNER FINANCERS WITH RE-**
2 **SPECT TO LOAN ORIGINATOR LICENSE OR**
3 **REGISTRATION REQUIREMENTS.**

4 Section 1504 of the S.A.F.E. Mortgage Licensing Act
5 of 2008 (12 U.S.C. 5103) is amended by adding at the
6 end the following:

7 “(c) EXCEPTION FOR OWNER FINANCERS.—The re-
8 quirements of this title shall not apply to any person
9 (other than a depository institution) who—

10 “(1) extends credit with respect to not more
11 than 24 residential mortgage loans in a 12-month
12 period; and

13 “(2) only extends credit with respect to residen-
14 tial mortgage loans that are with respect to property
15 that is owned by such person.”.

16 **SEC. 4. EXCEPTION FOR OWNER FINANCERS IN THE DEFI-**
17 **NITION OF MORTGAGE ORIGINATOR.**

18 Subparagraph (E) of section 103(dd)(2) of the Truth
19 in Lending Act (15 U.S.C. 1602(dd)(2)) is amended—

20 (1) by redesignating subparagraphs (F) and
21 (G) as subparagraphs (G) and (H), respectively;

22 (2) by amending subparagraph (E) to read as
23 follows:

24 “(E) does not include, with respect to the
25 sale of a residential mortgage loan or extension
26 of credit relating to a residential property or

1 manufactured home, a person or entity (includ-
2 ing a corporation, partnership, proprietorship,
3 association, cooperative, estate, or trust) if—

4 “(i) such a person or entity provides
5 owner financing, in a 12-month period, for
6 the sale of not more than 24 residential
7 mortgage loans or extensions of credit re-
8 lating to a residential property or manu-
9 factured home; and

10 “(ii) the residential mortgage loan or
11 extension of credit [you can’t really own an
12 extension of credit] is owned by such a
13 person or entity and serves as security for
14 the property or manufactured home with
15 which the residential mortgage loan or ex-
16 tension of credit is associated, provided
17 that such loan or extension of credit—

18 “(I) in the case of a residential
19 property, is not made by a person or
20 entity that has constructed or acted
21 as a general contractor for the con-
22 struction of a residence on the resi-
23 dential property which the residential
24 mortgage loan is associated in the or-

1 dinary course of business of such per-
2 son or entity;

3 “(II) in the case of a manufac-
4 tured home, is not made by a person
5 or entity that has manufactured the
6 manufactured home;

7 “(III) is fully amortizing;

8 “(IV) is with respect to a sale for
9 which the owner determines, in good
10 faith, and documents that the buyer
11 has a reasonable ability to pay the
12 owner;

13 “(V) has a fixed rate or an ad-
14 justable rate that is adjustable after 5
15 or more years, subject to reasonable
16 annual and lifetime limitations on in-
17 terest rate increases; and

18 “(VI) meets any other criteria
19 the Bureau may prescribe.”.

20 **SEC. 5. REPORT ON OWNER FINANCING.**

21 (a) STUDY.—The Secretary of Housing and Urban
22 Development and the Secretary of the Treasury shall
23 jointly carry out a study on—

24 (1) the number of residential properties pur-
25 chased for less than \$150,000 or 60 percent of the

1 median home value in a given census tract in the
2 United States, whichever is lower, using owner fi-
3 nancing;

4 (2) the number of homes described under para-
5 graph (1) financed by licensed mortgage brokers;

6 (3) the potential number of homes described
7 under paragraph (1) which could be sold but have
8 not been sold because owner financiers are unwilling,
9 or from a practical standpoint unable, to comply
10 with mortgage broker rules; and

11 (4) the potential benefit to home values and
12 wealth creation if more homes were to be sold using
13 owner finance.

14 (b) REPORT.—Not later than the end of the 1-year
15 period beginning on the date of the enactment of this Act,
16 the Secretary of Housing and Urban Development and the
17 Secretary of the Treasury shall jointly issue a report to
18 the Committee on Financial Services of the House of Rep-
19 resentatives and the Committee on Banking, Housing, and
20 Urban Affairs of the Senate containing—

21 (1) all findings and determinations made in car-
22 rying out the study required under subsection (a);
23 and

24 (2) data on the number of transactions utilizing
25 owner financing 20 years, 15 years, 10 years, and

1 5 years prior to the date of the enactment of this
2 Act.

