

.....  
(Original Signature of Member)

119TH CONGRESS  
2D SESSION

**H. R.** \_\_\_\_\_

To amend the Truth in Lending Act to modernize disclosure requirements, establish materiality standards and safe harbors for mortgage disclosures, simplify waiting period requirements, expand tolerances for annual percentage rate accuracy, and for other purposes.

\_\_\_\_\_  
IN THE HOUSE OF REPRESENTATIVES

Mr. FITZGERALD introduced the following bill; which was referred to the  
Committee on \_\_\_\_\_

\_\_\_\_\_  
**A BILL**

To amend the Truth in Lending Act to modernize disclosure requirements, establish materiality standards and safe harbors for mortgage disclosures, simplify waiting period requirements, expand tolerances for annual percentage rate accuracy, 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 “Home Affordability  
5 Through Mortgage Simplification Act”.

1 **SEC. 2. REGULATORY REQUIREMENTS RELATED TO CER-**  
2 **TAIN MORTGAGE TRANSACTIONS.**

3 Section 128 of the Truth in Lending Act (15 U.S.C.  
4 1638) is amended by adding at the end the following:

5 “(g) REGULATORY REQUIREMENTS RELATED TO  
6 CERTAIN MORTGAGE TRANSACTIONS.—

7 “(1) AGGREGATE VARIANCE STANDARD FOR ES-  
8 TIMATED CLOSING COSTS.—

9 “(A) IN GENERAL.—For the purposes of  
10 meeting the good faith loan estimate described  
11 in section 1026.19 of title 12, Code of Federal  
12 Regulations (or any successor regulation), a  
13 creditor shall be deemed to have provided a  
14 good-faith loan estimate of closing costs if the  
15 aggregate amount of closing costs the borrower  
16 must pay at consummation does not exceed the  
17 aggregate amount disclosed under subsection  
18 (a)(17) by more than the greater of—

19 “(i) \$500; or

20 “(ii) 5 percent of all third-party fees  
21 and charges, excluding origination charges.

22 “(B) INDIVIDUAL FEE VARIANCE.—No vio-  
23 lation shall be found based solely on an indi-  
24 vidual fee variance that does not cause the ag-  
25 gregate variance described in paragraph (1) to  
26 be exceeded.

1 “(C) ORIGINATION CHARGES.—

2 “(i) IN GENERAL.—Origination  
3 charges shall not be included in calculating  
4 the aggregate variance under this sub-  
5 section and remain subject to zero-toler-  
6 ance limitations applicable under regula-  
7 tions issued pursuant to this Act.

8 “(ii) DE MINIMIS EXCEPTION.—The  
9 zero-tolerance limitations described in  
10 clause (i) shall not apply to bona fide, non-  
11 intentional clerical or typographical errors  
12 that—

13 “(I) are not more than \$25;

14 “(II) the creditor documents such  
15 error; and

16 “(III) expressly preserves the  
17 consumer’s right to restitution for any  
18 resulting financial harm.

19 “(2) WAITING PERIOD RESET.—The waiting pe-  
20 riod for corrected disclosures as described in section  
21 1026.19(a)(2) of title 12, Code of Federal Regula-  
22 tions (or any successor regulation) shall be reset  
23 only if—

24 “(A) the interest rate increases by more  
25 than 0.125 percentage points;

1 “(B) the loan product changes; or

2 “(C) a prepayment penalty is added.

3 “(3) CONSUMER WAIVER OF DISCLOSURE PE-  
4 RIOD.—A consumer may waive the 3-day closing dis-  
5 closure waiting period for a corrected disclosure as  
6 described in section 1026.19(f)(2)(iI) of title 12,  
7 Code of Federal Regulations (or any successor regu-  
8 lation).

9 “(4) SAFE HARBOR FOR REVISED MORTGAGE  
10 LOAN ESTIMATES.—

11 “(A) IN GENERAL.—A creditor may issue  
12 not more than 2 revised loan estimates for non-  
13 material changes that do not increase the inter-  
14 est rate, change the loan product type, or in-  
15 crease any origination charge, without dem-  
16 onstrating a changed circumstance under sec-  
17 tion 1026.19(e)(3)(iv) of title 12, Code of Fed-  
18 eral Regulations (or any successor regulation).

19 “(B) DELIVERY PERIOD.—Any revised  
20 loan estimate as described in subparagraph (A)  
21 shall be delivered not later than 7 days prior to  
22 consummation.

23 “(C) TOLERANCE RESET.—A revised loan  
24 estimates as described in subparagraph (A)  
25 shall reset tolerances only for fees affected by

1 the specific non-material change prompting the  
2 revision.

3 “(5) RELIANCE ON SETTLEMENT AGENTS.—

4 “(A) IN GENERAL.—A creditor shall not be  
5 liable for inaccuracies in a closing disclosure de-  
6 scribed in section 1026.19 of title 12, Code of  
7 Federal Regulations (or any successor regula-  
8 tion) attributable solely to a settlement agent if  
9 the creditor—

10 “(i) exercised reasonable diligence in  
11 selecting the agent; and

12 “(ii) maintained reasonable oversight  
13 procedures.

14 “(B) NO LIMITATION ON RIGHT TO RES-  
15 TITUTION.—Nothing in this subsection shall  
16 limit a consumer’s right to restitution for actual  
17 financial harm with respect to inaccuracies in a  
18 closing disclosure.

19 “(C) RULES RELATED TO TERMS.—Not  
20 later than 180 days after the date of the enact-  
21 ment of this paragraph, the Bureau shall issue  
22 rules to define ‘reasonable diligence’ and ‘rea-  
23 sonable oversight procedures’ as such terms are  
24 used in subparagraph (A), including standards

1           for vendor management, monitoring, and error  
2           detection systems.

3           “(6) RULEMAKING.—Not later than 180 days  
4           after the date of the enactment of this subsection,  
5           the Bureau shall issue a rule to revise section  
6           1026.19 of title 12, Code of Federal Regulations, to  
7           ensure consistency between such section and this  
8           subsection.”.

9   **SEC. 3. APR TOLERANCE EXPANSION AND CURE.**

10          Section 107(c) of the Truth in Lending Act (15  
11   U.S.C. 1606(c)) is amended to read as follows:

12          “(c) ACCURACY OF ANNUAL PERCENTAGE RATE.—

13                 “(1) IN GENERAL.—The annual percentage rate  
14                 is accurate for the purposes of this title if it does  
15                 not vary from the actual rate by more than 0.125  
16                 percentage points.

17                 “(2) CURING INACCURACY.—A creditor may  
18                 cure an inaccurate annual percentage rate through  
19                 post-consummation adjustment and restitution that  
20                 ensures the consumer pays no more over the life of  
21                 the loan than would have been paid at the disclosed  
22                 rate.”.

1 **SEC. 4. RELIANCE ON GUIDANCE ISSUED BY THE BUREAU**  
2 **OF CONSUMER FINANCIAL PROTECTION.**

3 Section 130 of the Truth in Lending Act (15 U.S.C.  
4 1640) is amended by adding at the end the following:

5 “(m) **RELIANCE ON BUREAU GUIDANCE.**—No cred-  
6 itor shall be liable for a violation arising from an act done  
7 or omitted in good-faith reliance on guidance issued by  
8 the Bureau.

9 “(n) **NOTICE AND OPPORTUNITY TO CURE.**—

10 “(1) **FIRST TIME VIOLATION.**—No civil penalty  
11 may be imposed for a first time violation under this  
12 title unless the creditor fails to cure such violation  
13 within 60 days after receiving written notice from a  
14 Federal or State regulator.

15 “(2) **RESTITUTION AND PRIVATE REMEDIES**  
16 **FOR CONSUMER.**—Nothing in this subsection affects  
17 a consumer’s right to restitution or private remedies.

18 “(3) **FIRST TIME VIOLATION DEFINED.**—In this  
19 subsection, the term ‘first time violation’ means the  
20 first written notice from a Federal or State regu-  
21 lator that identifies a specific violation under this  
22 title, for which—

23 “(A) no prior notice of the same violation  
24 issued within the preceding 36-month period;  
25 and

1                   “(B) a single pattern or practice affecting  
2                   multiple loans constitutes one violation for pur-  
3                   poses of this subsection if arising from the  
4                   same underlying error.”.