

112TH CONGRESS
1ST SESSION

H. R. 2509

To improve upon certain provisions of the Truth in Lending Act related to the compensation of mortgage originators, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JULY 13, 2011

Mr. GARY G. MILLER of California introduced the following bill; which was referred to the Committee on Financial Services

A BILL

To improve upon certain provisions of the Truth in Lending Act related to the compensation of mortgage originators, 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 “Preserving Consumers’
5 Mortgage Origination Choices Act of 2011”.

6 **SEC. 2. COMPENSATION OF MORTGAGE ORIGINATORS BY**
7 **MORTGAGE BROKERS.**

8 Subsection (c)(4) of section 129B of the Truth in
9 Lending Act (as added by Public Law 111–203) is amend-
10 ed by adding at the end the following new subparagraph:

1 “(E) prohibiting a mortgage broker from
 2 compensating a mortgage originator based on
 3 the principal amount of the loan, when com-
 4 pensation is paid directly or indirectly to the
 5 mortgage broker by the consumer in connection
 6 with such transaction.”.

7 **SEC. 3. LIMITED REDUCTION IN MORTGAGE ORIGINATOR**
 8 **COMPENSATION.**

9 Section 129B of such Act is amended—

10 (1) by redesigning subsections (d), (e), and (f)
 11 as subsections (e), (f), and (g), respectively; and

12 (2) by inserting after subsection (c) the fol-
 13 lowing new subsection:

14 “(d) **LIMITED REDUCTION IN MORTGAGE ORIGI-**
 15 **NATOR COMPENSATION.**—When producing a mortgage, a
 16 mortgage originator, when requested by a borrower, may
 17 forfeit or contribute toward bona fide third party expenses
 18 or origination fees no more than 30 percent of earned
 19 compensation to avoid making a high-cost mortgage to a
 20 consumer, to make technical corrections, or for any other
 21 reason that results in a lower cost to the consumer than
 22 if such forfeiture or contribution did not take place.”.

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