

**AMENDMENT TO THE AMENDMENT IN THE
NATURE OF A SUBSTITUTE TO H.R. 3915
OFFERED BY MR. GARY G. MILLER OF
CALIFORNIA**

Page 73, strike line 1 and all that follows through page 95, line 22 and insert the following new title (and conform the table of contents accordingly):

1 **TITLE III—HIGH-COST**
2 **MORTGAGES**

3 **SEC. 301. DEFINITIONS RELATING TO HIGH-COST MORT-**
4 **GAGES.**

5 (a) **HIGH-COST MORTGAGE DEFINED.**—Section
6 103(aa) of the Truth in Lending Act (15 U.S.C.
7 1602(aa)(1)) is amended by striking all that precedes
8 paragraph (2) and inserting the following:

9 “(aa) **HIGH-COST MORTGAGE DEFINED.**—

10 “(1) **IN GENERAL.**—The term ‘high-cost mort-
11 gage’, and a mortgage referred to in this subsection,
12 means a consumer credit transaction that is secured
13 by the consumer’s principal dwelling, other than a
14 residential mortgage transaction, a reverse mortgage
15 transaction, or a transaction under an open end

1 credit plan, if any of the following apply with respect
2 to such consumer credit transaction:

3 “(A) The transaction is secured by a first
4 mortgage on the consumer’s principal dwelling
5 and the annual percentage rate on the credit, at
6 the consummation of the transaction, will ex-
7 ceed by more than 8 percentage points the yield
8 on Treasury securities having comparable peri-
9 ods of maturity on the fifteenth day of the
10 month immediately preceding the month in
11 which the application for the extension of credit
12 is received by the creditor.

13 “(B) The transaction is secured by a jun-
14 ior or subordinate mortgage on the consumer’s
15 principal dwelling and the annual percentage
16 rate on the credit, at the consummation of the
17 transaction, will exceed by more than 10 per-
18 centage points the yield on Treasury securities
19 having comparable periods of maturity on the
20 fifteenth day of the month immediately pre-
21 ceeding the month in which the application for
22 the extension of credit is received by the cred-
23 itor.

24 “(C) The total loan amount exceeds
25 \$30,000 and total points and fees payable on

1 the transaction will exceed 6 percent of the
2 total loan amount.

3 “(D) The total loan amount is \$30,000 or
4 less and total points and fees payable on the
5 transaction will exceed 7 percent of the total
6 loan amount.”.

7 (b) POINTS AND FEES DEFINED.—Section 103(aa)
8 of the Truth in Lending Act (15 U.S.C. 1602(aa)) is
9 amended—

10 (1) by striking paragraph (3); and

11 (2) by striking paragraph (4) and inserting the
12 following new paragraph:

13 “(4) DEFINITION OF POINTS AND FEES.—For
14 purposes of subparagraphs (C) and (D) of para-
15 graph (1), the term ‘points and fees’ shall exclude
16 prepayment fees, yield-spread premiums, and bor-
17 rower credits and shall include—

18 “(A) all items included in the finance
19 charge, except interest and the time-price dif-
20 ferential;

21 “(B) all compensation paid directly to
22 mortgage brokers by or on behalf of the con-
23 sumer (other than borrower credits); and

1 “(C) each of the charges listed in section
2 106(e) (except an escrow for future payment of
3 taxes or insurance), unless—
4 “(i) the charge is reasonable and com-
5 petitive;
6 “(ii) the creditor receives no direct
7 compensation; and
8 “(iii) the charge is paid to a third
9 party; and
10 “(D) such other charges as the Board de-
11 termines to be appropriate.”.