''(i) are practicable; and

''(ii) do not reduce the value of any such disclosure to recipients of such disclosures.

''(5) COMPLIANCE PROCEDURES REQUIRED.—The Federal banking agencies shall prescribe regulations requiring depository institutions to establish and maintain procedures reasonably designed to assure and monitor the compliance of such depository institutions, the subsidiaries of such institutions, and the employees of such institutions or subsidiaries with the requirements of this section and the registration procedures established under section 106 of the Mortgage Reform and Anti-Predatory Lending Act of 2007.''.

(b) CLERICAL AMENDMENT.—The table of sections for chapter 2 of the Truth in Lending Act is amended by inserting after the item relating to section 129 the following new item:

''129A. Residential mortgage loan origination.''.

SEC. 123. ANTI-STEERING.

Section 129A of the Truth in Lending Act (as added by section 122(a)) is amended by inserting after subsection (a) the following new subsection:

''(b) PROHIBITION ON STEERING INCENTIVES.—

''(1) IN GENERAL.—No mortgage originator may receive from any person, and no person may pay to any mortgage originator, directly or indirectly, any incentive compensation (including yield spread premium) that is based on, or varies with, the terms (other than the amount of principal) of any loan that is not a qualified mortgage (as defined in section 129B(c)(3)).

''(2) ANTI-STEERING REGULATIONS.—The Federal banking agencies, in consultation with the Secretary and the Commission, shall jointly prescribe regulations to prohibit—

''(A) mortgage originators from steering any consumer to a residential mortgage loan that—

''(i) the consumer lacks a reasonable ability to repay;

''(ii) does not provide the consumer with a net tangible benefit; or

''(iii) has predatory characteristics or effects (such as equity stripping, excessive fees, or abusive terms);

''(B) mortgage originators from steering any consumer from a residential mortgage loan for which the consumer is qualified that is a qualified mortgage (as defined in section 129B(c)(3)) to a residential mortgage loan that is not a qualified mortgage; and

''(C) abusive or unfair lending practices that promote disparities among consumers of equal credit worthiness but of different race, ethnicity, gender, or age.

''(3) RULES OF CONSTRUCTION.—No provision of this subsection shall be construed as—

''(A) limiting or affecting the ability of a mortgage originator to sell residential mortgage loans to subsequent purchasers;

''(B) restricting a consumer's ability to finance origination fees to the extent that such fees were fully disclosed to the consumer earlier in the application process and do not vary based on the terms of the loan or the consumer's decision about whether to finance such fees; or

''(C) prohibiting incentive payments to a mortgage originator based on the number of residential mortgage loans originated within a specified period of time.''.

SEC. 124. LIABILITY.

Section 129A of the Truth in Lending Act is amended by inserting after subsection (b) (as added by section 123) the following new subsection:

''(c) LIABILITY FOR VIOLATIONS.—

''(1) IN GENERAL.—For purposes of providing a cause of action for any failure by a mortgage originator to comply with any requirement imposed under this section and any regulation prescribed under this section, subsections (a) and (b) of section 130 shall be applied with respect to any such failure by substituting 'mortgage originator' for 'creditor' each place such term appears in each such subsection

''(2) MAXIMUM.—The maximum amount of any liability of a mortgage originator under paragraph (1) to a consumer for any violation of this section shall not exceed an amount equal to 3 times the total amount of direct and indirect compensation or gain accruing to the mortgage originator in connection with the residential mortgage loan involved in the violation, plus the costs to the consumer of the action, including a reasonable attorney's fee.''.

SEC. 125. REGULATIONS.

The regulations required or authorized to be prescribed under this title or the amendments made by this title—

(1) shall be prescribed in final form before the end of the 12-month period beginning on the date of the enactment of this Act; and

(2) shall take effect not later than 18 months after the date of the enactment of this Act.

TITLE II—MINIMUM STANDARDS FOR MORTGAGES

SEC. 201. ABILITY TO REPAY.

(a) IN GENERAL.—Chapter 2 of the Truth in Lending Act (15 U.S.C. 1631 et seq.) is amended by inserting after section 129A (as added by section 122(a)) the following new section:

''§ 129B. Minimum standards for residential mortgage loans

''(a) ABILITY TO REPAY.—

''(1) IN GENERAL.—In accordance with regulations prescribed jointly by the Federal banking agencies, in consultation with the Commission, no creditor may make a residential mortgage loan unless the creditor makes a reasonable and good faith determination based on verified and documented information that, at the time the loan is consummated, the consumer has a reasonable ability to repay the loan, according to its terms, and all applicable taxes, insurance, and assessments.

''(2) MULTIPLE LOANS.—If the creditor knows, or has reason to know, that 1 or more residential mortgage loans secured by the same dwelling will be made to the same consumer, the creditor shall make a reasonable and good faith determination, based on verified and documented information, that the consumer has a reasonable ability to repay the combined payments of all loans on the same dwelling according to the terms of those loans and all applicable taxes, insurance, and assessments.

''(3) BASIS FOR DETERMINATION.—A determination under this subsection of a consumer's ability to repay a residential mortgage loan shall be based on consideration of the consumer's credit history, current income, expected income the consumer is reasonably assured of receiving, current obligations, debt-to-income ratio, employment status, and other financial resources other than the consumer's equity in the dwelling or real property that secures repayment of the loan.

''(4) NONSTANDARD LOANS.—

''(A) VARIABLE RATE LOANS THAT DEFER REPAYMENT OF ANY PRINCIPAL OR INTEREST.—For purposes of determining, under this subsection, a consumer's ability to repay a variable rate residential mortgage loan that allows or requires the consumer to defer the repayment of any principal or interest, the creditor shall take into consideration a fully amortizing repayment schedule.

''(B) INTEREST-ONLY LOANS.—For purposes of determining, under this subsection, a consumer's ability to repay a residential mortgage loan that permits or requires the payment of interest only, the creditor shall take into consideration the payment amount required to amortize the loan by its final maturity.

''(C) CALCULATION FOR NEGATIVE AMORTIZATION.—In making any determination under this subsection, a creditor shall also take into consideration any balance increase that may accrue from any negative amortization provision.

''(D) CALCULATION PROCESS.—For purposes of making any determination under this subsection, a creditor shall calculate the monthly payment amount for principal and interest on any residential mortgage loan by assuming—

''(i) the loan proceeds are fully disbursed on the date of the consummation of the loan;

''(ii) the loan is to be repaid in substantially equal monthly amortizing payments for principal and interest over the entire term of the loan with no balloon payment, unless the loan contract requires more rapid repayment (including balloon payment), in which case the contract's repayment schedule shall be used in this calculation; and

''(iii) the interest rate over the entire term of the loan is a fixed rate equal to the fully indexed rate at the time of the loan closing, without considering the introductory rate.

''(5) FULLY-INDEXED RATE DEFINED.—For purposes of this subsection, the term 'fully indexed rate' means the index rate prevailing on a residential mortgage loan at the time the loan is made plus the margin that will apply after the expiration of any introductory interest rates.''.

(b) CLERICAL AMENDMENT.—The table of sections for chapter 2 of the Truth in Lending Act is amended by inserting after the item relating to section 129A (as added by section 122(b)) the following new item:

''129B. Minimum standards for residential mortgage loans.''.

SEC. 202. NET TANGIBLE BENEFIT FOR REFINANCING OF RESIDENTIAL MORTGAGE LOANS.

Section 129B of the Truth in Lending Act (as added by section 201(a)) is amended by inserting after subsection (a) the following new subsection:

''(b) NET TANGIBLE BENEFIT FOR REFINANCING OF RESIDENTIAL MORTGAGE LOANS.—

''(1) IN GENERAL.—In accordance with regulations prescribed under paragraph (3), no creditor may extend credit in connection with any residential mortgage loan that involves a refinancing of a prior existing residential mortgage loan unless the creditor reasonably and in good faith determines, at the time the loan is consummated and on the basis of information known by or obtained in good faith by the creditor, that the refinanced loan will provide a net tangible benefit to the consumer.

''(2) CERTAIN LOANS PROVIDING NO NET TANGIBLE BENEFIT.—A residential mortgage loan that involves a refinancing of a prior existing residential mortgage loan shall not be considered to provide a net tangible benefit to the consumer if the costs of the refinanced loan, including points, fees and other charges, exceed the amount of any newly advanced principal without any corresponding changes in the terms of the refinanced loan that are advantageous to the consumer.

''(3) NET TANGIBLE BENEFIT.—The Federal banking agencies shall jointly prescribe regulations defining the term 'net tangible benefit' for purposes of this subsection.''.

SEC. 203. SAFE HARBOR AND REBUTTABLE PRESUMPTION.

Section 129B of the Truth in Lending Act is amended by inserting after subsection (b) (as added by section 202) the following new subsection:

''(c) PRESUMPTION OF ABILITY TO REPAY AND NET TANGIBLE BENEFIT.—

''(1) IN GENERAL.—Any creditor with respect to any residential mortgage loan, and any assignee or securitizer of such loan, may presume that the loan has met the requirements of subsections (a) and (b), if the loan is a qualified mortgage or a qualified safe harbor mortgage.

''(2) REBUTTABLE PRESUMPTION.—Any presumption established under paragraph (1) with respect to any residential mortgage loan shall be rebuttable only—

''(A) against the creditor of such loan; and

''(B) if such loan is a qualified safe harbor mortgage.

''(3) DEFINITIONS.—For purposes of this section the following definitions shall apply: