[DISCUSSION DRAFT]

116TH CONGRESS 1ST SESSION

H. R. ______

To amend the Consumer Credit Protection Act to establish habitability and other requirements related to land installment contracts, and for other purposes.

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IN THE HOUSE OF REPRESENTATIVES

Ms. Tlaib introduced the following bill; which was referred to the Committee on ______________________

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A BILL

To amend the Consumer Credit Protection Act to establish habitability and other requirements related to land installment contracts, and for other purposes.

1 Be it enacted by the Senate and House of Representat-
2 tives of the United States of America in Congress assembled,
3
SECTION 1. SHORT TITLE.
4 This Act may be cited as the “[To be added] Act
5 of 2019”.

g:\VHLC\050319\050319.019.xml (726824/11) May 3, 2019 (9:17 a.m.)
SEC. 2. LAND INSTALLMENT CONTRACT REQUIREMENTS.

The Consumer Credit Protection Act (15 U.S.C. 1601 et seq.) is amended by adding at the end the following:

“TITLE X—LAND INSTALLMENT CONTRACTS

“SEC. 1001. LAND INSTALLMENT CONTRACT REQUIREMENTS.

“(a) Habitability Requirement.—Any home that is involved in a land installment contract shall be maintained in a habitable state by the seller at all times until the purchaser has fully paid the purchaser’s obligations under the contract and obtained title of the real property involved in the contract.

“(b) Un-habitable Home.—During any period where a home involved in a land installment contract is not habitable—

“(1) the fair rental value of the home shall be deemed to be zero; and

“(2) the purchaser shall be entitled to a refund from the seller of all amounts paid pursuant to the land installment contract for the period in which the home was not habitable.

“(c) Failure to Comply With Duty as Landlord.—If a home involved in a land installment contract is habitable, however there are repairs needed on the home
and the seller fails to fix the repairs in a manner consistent with a landlord’s duties, the purchaser shall be entitled to a refund of the difference between the amount paid and fair rental value during any period when such repairs were needed and not fixed.

“(d) Recordation Required for Seller Enforcement.—The seller in a land installment contract may not terminate the purchaser’s right to purchase the property or right of possession unless the seller records the land installment contract with the applicable State or local recordation authority within 45 days of entering into the land installment contract.

“(e) Relief to Seller Only Available Through a Judicial Proceeding.—

“(1) Judicial Proceeding.—

“(A) In general.—Notwithstanding any other provision of law, the seller in a land installment contract may terminate the purchaser’s right to purchase the property or right of possession only upon determination by a court of competent jurisdiction that the purchaser is in material breach of the contract.

“(B) Fees.—In any judicial proceeding described under subparagraph (A) in which the seller does not prevail, the purchaser shall be
entitled to the costs of the action and attorney’s fees.

“(2) Specific prohibition on eviction or ejectment.—Except as may be ordered in a judicial proceeding described under paragraph (1), the purchaser on a land installment contract may not be evicted or otherwise ejected from the home or other real property that is the subject of the land installment contract.

“(f) Civil Penalty.—

“(1) In general.—A seller with respect to a land installment contract that violates the requirements of this section shall be liable to the purchaser in the land installment contract in an amount equal to—

“(A) the greater of—

“(i) the actual damage caused to the purchaser by reason of such violation; and

“(ii) $10,000; and

“(B) the costs of the action and attorney’s fees.

“(2) Jurisdiction.—A purchaser with respect to a land installment contract may bring an action under this subsection in any court of competent jurisdiction.
“(g) Exception for Certain Nonprofit Transactions.—This section shall not apply to a land installment contract if—

“(1) the seller in such contract is a person described under section 501(c)(3) of the Internal Revenue Code of 1986 for the 3-year period before the date on which the person enters into the land installment contract;

“(2) the sale price is no higher than the amount the seller paid for the real property that is subject to the land installment contract; and

“(3) no interest is charged.

“(h) Relation to State Law.—

“(1) In General.—This section shall not annul, alter, or affect the laws of any State relating to land installment contracts, except to the extent that those laws are inconsistent with the provisions of this section, and then only to the extent of the inconsistency.

“(2) States May Provide Greater Protection.—Notwithstanding paragraph (1), this section shall not annul, alter, or affect the laws of any State that are inconsistent with the provisions of this section if such State laws give greater protection to the purchaser in a land installment contract.
(i) RULEMAKING.—The Bureau of Consumer Financial Protections may issue rules to carry out this section.

(j) DEFINITIONS.—For purposes of this section:

(1) HABITABLE.—With respect to a home, the home is ‘habitable’ if the home is one that has adequate heating, water, electricity, and is clean, weatherproofed and structurally sound and safe.

(2) HOME.—The term ‘home’ means a residential structure or manufactured home.

(3) LAND INSTALLMENT CONTRACT.—The term ‘land installment contract’—

(A) means an agreement under which—

(i) a seller agrees to sell an interest in residential real property to a purchaser;

(ii) the real property includes a home;

(iii) the purchaser agrees to pay the purchase price in 5 or more subsequent payments exclusive of the down payment, if any; and

(iv) the seller retains title to the real property as security for the purchaser’s obligation under the agreement;

(B) means an agreement under which—
“(i) a lessor provides a lease in residential real property to a lessee under which the lessee has the option to purchase the residential real property;

“(ii) the real property includes a home;

“(iii) the lessee agrees to make 5 or more lease payments; and

“(iv) the lessor retains title to the real property as security for the lessee’s obligation under the agreement; and

“(C) does not include a single payment option contract for the purchase of real property or purchase and sale agreements entered into with the good faith and reasonable expectation of a separate transaction in which a third party or the seller agrees to finance the purchase price in a single installment.

“(4) PURCHASER.—The term ‘purchaser’ means—

“(A) with respect to an agreement described under paragraph (3)(A), the person purchasing an interest in residential real property; and
“(B) with respect to an agreement described under paragraph (3)(B), the lessee.

“(5) SELLER.—The term ‘seller’ means—

“(A) with respect to an agreement described under paragraph (3)(A), the person selling an interest in residential real property; and

“(B) with respect to an agreement described under paragraph (3)(B), the lessor.

“(6) STATE.—The term ‘State’ means any of the several States, the District of Columbia, and any territory or possession of the United States.”.