



SUPPORT [S.J.Res. 149](#) to Protect Consumers Against Deceptive and Predatory Lending

In 2024, the Consumer Financial Protection Bureau (CFPB) cracked down on predatory or deceptive lending practices used in risky home purchase transactions, such as contracts for deed, and issued guidance on the rules surrounding these types of financing arrangements. But in a rule submitted to Congress, the Trump CFPB rescinded that guidance—increasing the risk of sellers using high-interest, deceptive lending tactics that can result in the homebuyer’s eviction and loss of underlying equity.

Senator Schumer’s joint resolution of congressional disapproval (JRD) would undo the Trump CFPB decision and restore the earlier rule: “Truth in Lending (Regulation Z); Consumer Protections for Home Sales Financed Under Contracts for Deed.”

Endorsers: National Consumer Law Center (on behalf of its low-income clients), Consumer Federation of America, Center for Responsible Lending, Protect Borrowers, Americans for Financial Reform, National Community Reinvestment Coalition

Key Points

- **Abusive lenders have preyed on families trying to buy a home.** Their tactics include pressuring buyers to enter “contracts for deed,” immediately saddling them with all of the obligations of homeownership but delaying transfer of the deed until the full purchase price is paid. Families can lose everything and be evicted like a tenant if they fall behind on payments at any time, are unable to cover a large “[balloon payment](#)” sometimes written into the contract, or do not pay specific costs like maintenance. These transactions [extract enormous amounts of wealth](#) from people dreaming of becoming a homeowner but unable to access the traditional mortgage market. Pew Charitable Trusts estimated that [over eight million Americans](#) have used a contract for deed to purchase their home.
- **The Biden CFPB issued guidance to protect buyers from exploitation.** In 2024, the CFPB issued an [advisory opinion](#) confirming that contracts for deed are considered credit under Regulation Z, meaning that sellers using contracts for deed arrangements must comply with all applicable consumer lending laws under the Truth in Lending Act (TILA)—including the requirement to determine whether the buyer can afford to repay the loan and the prohibition on mandatory arbitration clauses.
- **The Trump Administration withdrew this commonsense guidance, and this JRD seeks to restore it.** Although underlying statutes like TILA continue to protect consumers from these types of predatory financing arrangements, the Trump Administration’s rescission of guidance that was intended to clarify lenders’ specific obligations signals to bad actors that they may be able to get away with deceptive and predatory lending techniques when conducting a contract for deed transaction without fear of facing any real consequences from the current CFPB. It is critical for Congress to restore the earlier guidance.