

U.S. House of Representatives

COMMITTEE ON STANDARDS OF
OFFICIAL CONDUCT

Washington, DC 20515

December 30, 2008

MEMORANDUM FOR ALL MEMBERS, OFFICERS, AND EMPLOYEES

FROM: Committee on Standards of Official Conduct
Gene Green, Acting Chairman *GG*
Doc Hastings, Ranking Republican Member *DH*

SUBJECT: Rules Regarding Financial Disclosure of Mortgages

The purpose of this memorandum is to clarify the rules regarding when a mortgage liability must be disclosed on the annual Financial Disclosure Statement required of all Members and certain House staff under the Ethics in Government Act (5 U.S.C. app. 4 § 101 et seq.) (EIGA). An apparent inconsistency between information contained in the *2008 House Ethics Manual* and that in the statute has led to confusion about the disclosure requirements.

Section 102(4) of the EIGA requires the disclosure of –

[t]he identity and category of value of the total liabilities owed to any creditor other than a spouse, or a parent, brother, sister, or child of the reporting individual or of the reporting individual's spouse which exceed \$10,000 at any time during the preceding calendar year, excluding–

(A) any mortgage secured by real property which is a personal residence of the reporting individual or his spouse; and

(B) any loan secured by a personal motor vehicle, household furniture, or appliances, which loan does not exceed the purchase price of the item which secures it.

As subsection (A) of this provision makes clear, filers of a Financial Disclosure Statement are not required to disclose a mortgage on their personal residence. This exception applies regardless of the fair market value of the property or the amount due on the mortgage. The Committee's instructions for completing a Financial Disclosure Statement also make clear that this exclusion extends to home equity loans and home equity lines of credit on personal residences, as long as the property is used only as a personal residence and does not generate any rental income. *See Instructions Guide for Completing Financial Disclosure Statement Form A (2008)* at 19.

Subsection (B) of this provision also excludes from disclosure any debt on a car, furniture, or appliances unless the amount of the debt is more than the purchase price of

the item. The construction of the statute makes clear that the requirement to disclose liabilities when the amount of the debt exceeds the purchase price applies only to items covered by subsection (B) – cars and household items – and *not* to those in subsection (A) – personal residences.

Page 258 of the *2008 House Ethics Manual* discusses both subsections together in a single sentence that appears to indicate that the “debt in excess of purchase price” requirement applies to both household items and to personal residences. As stated above, the requirement does *not* apply to personal residences that do not generate rental income. Thus, Financial Disclosure filers need not disclose a personal residence that does not generate rental income on their Statement regardless of the amount owed, or the ratio between the amount owed and the purchase price of the house. The *Ethics Manual* guidance will be amended in future editions to clarify this point.

Any further questions on the financial disclosure requirements should be directed to the Committee’s Financial Disclosure unit at 5-7103.