

1 **HB 1411 - H AMDS 042 ADOPTED 3-7-97**

2 By Representatives Keiser & L. Thomas

3 On page 1, after line 9, strike all material through and  
4 including line 13 on page 1, and insert:

5 (2)(a)(i) Until June 30, 2002, in connection with the making  
6 of a loan that is secured primarily by real estate, charge the  
7 borrower a nonrefundable loan origination fee, which may be  
8 included in the principal balance of the loan;

9 (ii) After June 30, 2002, in connection with the making of a  
10 loan that is secured primarily by real estate, charge the borrower  
11 a nonrefundable loan origination fee not to exceed four percent of  
12 the first twenty thousand dollars and two percent thereafter of the  
13 principal amount of the loan advanced to or for the direct benefit  
14 of the borrower, which fee may be included in the principal balance  
15 of the loan;-

16 On page 2, after line 28, insert the following:

17 NEW SECTION. Sec. 2. The department of financial  
18 institutions shall monitor the impact on consumers of removing the  
19 origination fee limit for real estate loans under this act,  
20 particularly the relationship between the interest rate charged and  
21 origination fees. The department shall report to the financial  
22 institutions committees of the legislature by October 1, 2001.-

23 Correct the title accordingly.

**EFFECT:** Makes the removal of the origination fee limit on real estate loans made by consumer loan companies effective until June 30, 2002; after that date, the limitation in current law of 4% of the first \$20,000 and 2% thereafter is reinstated. The Department of Financial Institutions is to monitor the impact of deregulating the origination fees for real estate loans and report to the Legislature by October 1, 2001.