

**HB 3319-S - DIGEST**

(DIGEST OF PROPOSED 1ST SUBSTITUTE)

Provides a mortgage broker, designated broker, loan originator, and other persons working with or for mortgage brokers must act in the borrower's best interest and in the utmost good faith toward the borrower, and shall not compromise a borrower's right or interest. A mortgage broker, designated broker, loan originator, and other persons working with or for mortgage brokers shall not accept, provide, or charge any undisclosed compensation.

Requires financial institutions subject to this act to use sound underwriting principles.

Provides a financial institution may not make or facilitate the origination of a residential mortgage loan that includes a prepayment penalty or fee that extends beyond sixty days prior to the initial reset period of an adjustable rate mortgage or three years after the date of the closing of the loan.