

HB 3319 - DIGEST

(SEE ALSO PROPOSED 1ST SUB)

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 in favor of another's right or interest, including a right or interest of the mortgage broker. 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 or realize any undisclosed remuneration that inures to the benefit of the mortgage broker on an expenditure made for the borrower.

Requires financial institutions subject to this act to use sound underwriting principles and to adopt and adhere to the interagency guidance on nontraditional mortgage product risks and the statement on subprime mortgage lending.

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 five years after the date of the closing of the loan.

Provides if the borrower has a loan that will be refinanced, the financial institution must provide the borrower with a written side-by-side comparison chart prior to making the loan.