

CHAPTER 7

(Senate Bill 270)

AN ACT concerning

Credit Regulation – Mortgage Lending and Other Extensions of Credit

FOR the purpose of prohibiting a lender from requiring or authorizing the imposition of a prepayment penalty, fee, premium, or other charge in connection with certain ~~subprime~~ mortgage loans; prohibiting certain lenders and credit grantors from making certain mortgage loans without giving due regard to the borrower's ability to repay the loans; repealing certain provisions of law that establish a certain presumption about a borrower's ability to repay a loan; requiring due regard to a borrower's ability to repay to include consideration of a certain debt to income ratio and verification of certain income and assets by review of certain written documentation; altering the threshold amount of a commercial loan on which prepayment charges or penalties may be charged; ~~providing that no prepayment charges may be imposed on consumer borrowers in connection with certain open end credit;~~ requiring a certain representation by a mortgage broker to be contained in a finder's fee agreement; authorizing the Commissioner of Financial Regulation to participate in the establishment and implementation of a multistate automated licensing system for mortgage lenders and mortgage originators and to adopt certain regulations to facilitate implementation of the system; requiring certain license applicants and licensees to have and maintain a certain net worth; requiring the Commissioner to deny an application for certain licenses filed by persons with certain felony convictions; requiring the Commissioner to set certain fees by regulation and to publish certain fee schedules; requiring certain licensees to file surety bonds in certain amounts; altering the procedures for renewing a certain license; altering certain examination requirements for a mortgage originator's license; ~~requiring mortgage originators to reside within 100 miles of the licensed office locations from which they work;~~ requiring the Commissioner to revoke the mortgage originator license of any licensee who, while licensed, has been convicted of certain felonies; requiring the Commissioner to conduct certain studies; requiring the Commissioner to report certain findings and recommendations on or before a certain date; defining certain terms; ~~repealing a certain definition~~ certain definitions; altering a certain definition; making certain conforming changes; providing for the application of this Act; providing that certain licensing, examination, and investigation fees shall remain in effect until the fees set by regulation by the Commissioner take effect; providing for the effective dates.