

1                                   **REGULATION OF MORTGAGE LENDERS**

2                                   1999 GENERAL SESSION

3                                   STATE OF UTAH

4                                   **Sponsor: Gerry A. Adair**

5    AN ACT RELATING TO MORTGAGE FINANCING; PROHIBITING CERTAIN CONDUCT.

6    This act affects sections of Utah Code Annotated 1953 as follows:

7    ENACTS:

8           **70D-1-19**, Utah Code Annotated 1953

9    *Be it enacted by the Legislature of the state of Utah:*

10          Section 1. Section **70D-1-19** is enacted to read:

11          **70D-1-19. Prohibited conduct.**

12            (1) For purposes of this section "residential mortgage loan" means a mortgage loan secured  
13 by a dwelling that will be owned and occupied by a signatory to the mortgage loan within 90  
14 calendar days of the execution of the mortgage loan.

15            (2) For a transaction involving a residential mortgage loan, a person subject to the  
16 notification requirements of Section 70D-1-10, may not:

17            (a) propose, prepare, or cause to be prepared a document, agreement, closing statement,  
18 or any other device or scheme, that does not reflect the true terms of a transaction;

19            (b) knowingly participate in a transaction in which a device described in Subsection (2)(a)  
20 is used;

21            (c) participate in a transaction in which a mortgagor enters into agreement that:

22            (i) is not disclosed to the mortgage lender; and

23            (ii) if disclosed, may have a material effect on the terms or the granting of a mortgage loan;

24            (d) use or propose the use of two or more purchase agreements, one of which is not made  
25 known to a prospective mortgage lender or loan guarantor;

26            (e) provide compensation, directly or indirectly, to an appraiser for the purpose of  
27 influencing the independent judgment of the appraiser with respect to the value of any real estate

28 which is to be covered by a residential mortgage; or  
29 (f) participate in a transaction if at the time of the transaction the person knew or should  
30 have known that the mortgagor would not be able to pay the mortgage loan in full.

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**Legislative Review Note**  
**as of 2-2-99 10:59 AM**

A limited legal review of this legislation raises no obvious constitutional or statutory concerns.

**Office of Legislative Research and General Counsel**