

HB0177S01 compared with HB0177

~~{deleted text}~~ shows text that was in HB0177 but was deleted in HB0177S01.

inserted text shows text that was not in HB0177 but was inserted into HB0177S01.

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Representative Jon E. Stanard proposes the following substitute bill:

MORTGAGE LENDING AMENDMENTS

2016 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Jon E. Stanard

Senate Sponsor: _____

LONG TITLE

General Description:

This bill modifies provisions that address mortgage lending.

Highlighted Provisions:

This bill:

- ▶ defines terms;
- ▶ addresses ~~{exemptions from filing notification}~~the application of the Mortgage Lending and Servicing Act to mortgage lenders; and
- ▶ makes technical changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

HB0177S01 compared with HB0177

Utah Code Sections Affected:

AMENDS:

70D-2-102, as last amended by Laws of Utah 2015, Chapter 284

70D-2-201, as last amended by Laws of Utah 2015, Chapter 284

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

Section 1. Section **70D-2-102** is amended to read:

70D-2-102. Definitions.

As used in this chapter:

(1) (a) Except as provided in Subsection (1)(b), "broker" means a person who in the regular course of business assists a person in obtaining a mortgage loan for a fee or other consideration paid directly or indirectly.

(b) "Broker" does not include a person solely because of the person's:

(i) real estate brokerage activities; or

(ii) activities as an attorney licensed to practice law in this state who, in the course of the attorney's practice as an attorney, assists a person in obtaining a mortgage loan.

(2) "Business as a lender, broker, or servicer" means a person who engages in an act for compensation or in the expectation of compensation that makes the person a lender, broker, or servicer.

(3) (a) Except as provided in Subsection (3)~~(b)~~(c), "lender" means a person who in the regular course of business originates a loan secured by a mortgage.

(b) "Lender" includes a mortgage lender.

~~(b)~~ (c) "Lender" does not include a person who:

(i) as a seller only receives one or more mortgages as security for a purchase money obligation; or

(ii) only receives a mortgage as security for an obligation:

(A) payable on an installment or deferred payment basis; and

(B) arising out of materials furnished or services rendered in the improvement of real property.

(4) "Manufactured home" means a transportable factory built housing unit that:

(a) is constructed:

HB0177S01 compared with HB0177

(i) on or after June 15, 1976, according to the National Manufactured Housing Construction and Safety Standards Act of 1974; and

(ii) in one or more sections, which:

(A) in the traveling mode, is eight body feet or more in width or 40 body feet or more in length; or

(B) when erected on site, is 400 or more square feet;

(b) is built on a permanent chassis;

(c) is designed to be used as a dwelling with or without a permanent foundation when connected to the required utilities; and

(d) includes the plumbing, heating, air-conditioning, and electrical systems.

(5) "Mobile home" means a transportable factory built housing unit built before June 15, 1976, in accordance with a state mobile home code that existed before the National Manufactured Housing Construction and Safety Standards Act of 1974.

(6) "Modular home" means a modular unit as defined in Section 15A-1-302.

(7) "Mortgage lender" means an entity that performs each of the following related to originating a mortgage loan:

(a) taking and processing an application;

(b) providing a required disclosure;

(c) in some circumstances, underwriting the mortgage loan and making the final credit approval decision;

(d) closing the mortgage loan in its name;

(e) funding the mortgage loan; and

(f) selling the mortgage loan to an investor.

~~(7)~~ (8) "Nationwide database" means the Nationwide Mortgage Licensing System and Registry, authorized under 12 U.S.C. Sec. 5101 for federal licensing of mortgage loan originators.

~~(8)~~ (9) "Permanently affixed" means anchored to, and supported by, a permanent foundation or installed in accordance with the manufactured housing installation standard code referred to in Section 15A-1-202.

~~(9)~~ (10) "Servicer" means a person who in the regular course of business assumes responsibility for servicing and accepting payments for a mortgage loan.

HB0177S01 compared with HB0177

Section 2. Section 70D-2-201 is amended to read:

70D-2-201. Registration -- Exemptions.

(1) (a) Except as provided in Subsection (2), a person may not engage in business as a lender, broker, or servicer in this state before the day on which the person:

(i) provides evidence satisfactory to the commissioner that the person is registered with the nationwide database; and

(ii) pays a fee required by Section 70D-2-203.

(b) The commissioner may by rule, made in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, provide for the transition of persons registering with the nationwide database.

(2) The following persons are exempt from this part, except for a reimbursement or fee described in Subsection 70D-2-203(2):

(a) a federally insured depository institution;

(b) a wholly owned subsidiary of a depository institution described in Subsection (2)(a); and

(c) a person who:

(i) is required to be licensed with the Division of Real Estate pursuant to Title 61, Chapter 2c, Utah Residential Mortgage Practices and Licensing Act; ~~††~~and~~††~~

(ii) is not a:

(A) servicer[-]; ~~†and†~~or

(~~†iii†~~B) ~~†is not a†~~ mortgage lender.

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Legislative Review Note

~~Office of Legislative Research and General Counsel†~~ (3) A mortgage lender who is required to be registered under this chapter is not exempt from Title 61, Chapter 2c, Utah Residential Mortgage Practices and Licensing Act.