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| 1  | REGULATION OF MORTGAGE LENDERS   |
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| 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 <b>70D-1-19</b> 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 h:   |
| 30a | (i) AS A RESULT OF THE TRANSACTION, THE TOTAL OF ALL RESIDENTIAL MORTGAGE                    |
| 30b | LOANS OUTSTANDING ON THE DWELLING THAT IS SECURED BY THOSE LOANS EXCEEDS THE                 |
| 30c | FAIR MARKET VALUE OF THE DWELLING; AND   |
| 30d | (ii) BECAUSE THE RESIDENTIAL MORTGAGE LOANS EXCEED THE FAIR MARKET VALUE OF                  |
| 30e | THE DWELLING AS DESCRIBED IN SUBSECTION (2)(f)(i), h the mortgagor would not be able to pay  |
| 30f | the mortgage loan in full.   |

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

H.B. 294

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

Office of Legislative Research and General Counsel

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