

HB 1667 -- Missouri Homeowners' Protection Act

Sponsor: Harris (23)

This bill establishes the Missouri Homeowners' Protection Act relating to residential mortgage brokers. In its main provisions, the bill:

(1) Defines "creditor," "flipping a home loan," "fully indexed rate," "points and fees," "subprime loan," and "total loan amount";

(2) Prohibits a mortgage broker from:

(a) Engaging in the unfair act of flipping a home loan;

(b) Issuing a home loan without verifying the borrower's reasonable ability to pay;

(c) Charging a fee when a subprime loan is prepaid in whole or part;

(d) Making false, deceptive, or misleading statements, advertisements, or marketing materials;

(e) Issuing a residential mortgage loan to be used for paying all or part of a special mortgage unless the borrower has obtained written certification from an authorized independent loan counselor on the advisability of the loan transaction;

(f) Charging points or fees exceeding 5% of the total loan amount; and

(g) Financing credit life, disability, unemployment, property insurance, or any other life or health insurance premiums through a home loan;

(3) Requires the mortgage broker to inform the borrower when the periodic payment amount for a loan does not include property taxes or hazard insurance;

(4) Requires mortgage brokers to act in the borrower's best interest, to carry out lawful instructions of the borrower, and to disclose material facts that could adversely affect the borrower;

(5) Allows a borrower to a private right of action for damages caused by a mortgage broker; and

(6) Specifies that the crime of residential mortgage fraud will

be a class D felony.