



Contact: Michael Larsen  
Consumer Finance Bureau Chief  
(208) 332-8000

## **NEWS RELEASE**

For Immediate Release

June 29, 2006

### **NEW AND AMENDED LAWS AFFECT FINANCIAL SERVICE PROVIDERS DOING BUSINESS IN IDAHO**

#### **Law to Combat Identity Theft Goes Into Effect July 1**

**Boise, Idaho** – July 1 marks the effective date of two new laws affecting financial services companies doing business in Idaho, and an amendment to a current law administered by the Department of Finance. One of the new laws will require businesses to notify Idaho consumers if their personal information has been compromised; the other new law will impose additional regulation on car title lenders. The Idaho Credit Code was amended to reduce regulatory burden on the businesses that fall under its provisions. The Residential Mortgage Practices Act was also amended during the last legislative session to allow Idaho to convert to a nationwide automated mortgage licensing system. “We are pleased with the efforts made during the legislative session to provide additional consumer protections while also reducing the regulatory burden on the industries we regulate,” said Gavin Gee, Director of the Department of Finance. “Also, Idaho’s ability to participate in the nationwide automated licensing system will generate significant efficiencies in the licensing process while creating better tools to combat mortgage fraud.”

The mortgage industry has grown substantially over the past 16 years. In 1990 only 18 states regulated mortgage brokers and mortgage lenders; today, they are regulated by all but one state. Approximately one-half of the states now require individual loan originators to obtain a license. The Idaho Department of Finance began licensing individual mortgage loan originators in January of this year. To date, the Department has received 4,930 loan originator applications. Also, a total of 1,857 companies are currently licensed in Idaho as mortgage brokers or lenders.

The Department of Finance is participating in a nationwide mortgage taskforce to promote greater uniformity and efficiency in licensing. The taskforce is comprised of mortgage industry representatives as well as state regulators. The amendment to the Residential Mortgage Practices Act grants the Department limited authority to implement changes to existing licensing requirements that are necessary to participate in the nationwide licensing system once it is implemented.

The purpose of the amendments to the Idaho Credit Code is to simplify compliance and promote uniformity of annual renewal requirements for businesses offering consumer credit in Idaho. The revisions substitute an outdated and cumbersome tax and fee system with a straightforward licensing requirement. The amendments also eliminate duplication of regulatory oversight of state chartered banks and credit unions; they will remain subject to the substantive provisions of the Idaho Credit Code, but will no longer be required to be licensed under that law.

Recent high profile breaches of computer security led to the passage of a new law designed to help fight identity theft. The law provides for the disclosure to Idaho citizens, by an agency, individual or commercial entity, of a breach of security of computerized personal information. Most banks and credit unions are already required to have a response program to address incidents of unauthorized access to customer information. Part of the response program should be a system to provide notice to any affected customers.

A second new law imposes additional regulation on car title lenders doing business in Idaho. This law establishes increased consumer protections by prohibiting inappropriate lending practices, requiring certain disclosures, and limiting interest accruals on title loans. A significant new provision requires borrowers of car title loans to make principal reduction payments beginning with a third renewal of the loan.

As a regulatory agency, the Department administers laws governing the financial services industry. These businesses include state-chartered financial institutions, regulated lenders, securities issuers, broker-dealers and stockbrokers, residential mortgage brokers and lenders, investment advisers and sales personnel, collection agencies, endowed care cemeteries, independent escrow companies and others. By licensing and registering those companies in Idaho's financial marketplace, the Department is able to monitor these entities and individuals, and ensure compliance with Idaho laws. For those operating outside of the licensing/registration components, the Department pursues enforcement or other corrective action to ensure compliance with those laws.

\* \* \* \*

*Department of Finance Press Releases and other information can be found on the Internet via the worldwide web at <http://finance.idaho.gov> and may be obtained by contacting the Department at (208) 332-8000 or Idaho toll-free at 1-888-346-3378.*