



IDAHO

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NEWS RELEASE

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NEW AND AMENDED LAWS AFFECT CONSUMERS AND FINANCIAL SERVICE PROVIDERS IN IDAHO

Laws to Combat Foreclosure Scams and Allow Consumers to Freeze Credit Reports Go Into Effect July 1

Boise, Idaho – Two new laws and amendments to several existing laws that go into effect on July 1 will significantly enhance protections to the consumers of financial services in Idaho. "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. Among the legislative action sponsored by the department:

- ◆ The Idaho Escrow Act, which regulates independent escrow companies, was amended to add consumer restitution as a remedy that can be sought by the department in an action to enforce that law.
- ◆ The Idaho Residential Mortgage Practices Act was amended to (1) enable the director to adopt a pre-license test requirement by rule, (2) clarify that the definitions of certain mortgage activities include engaging in such activities for compensation or gain or "in the expectation of compensation or gain", and (3) clarify that the Act applies to loans on all 1-4 family dwellings in Idaho regardless of occupancy.
- ◆ The Idaho Credit Code was amended to add a mortgage retail lending exemption for companies already licensed under the Idaho Residential Mortgage Practices Act, eliminating an unnecessary dual license requirement. This law was also amended to eliminate an outdated and unnecessary limitation placed on consumer finance companies from relocating more than five miles from their initial licensed locations.

- ◆ The Idaho Collection Agency Act was amended to (1) establish uniformity of licensing requirements for collection agencies operating in Idaho, whether based inside or outside of the state, (2) eliminate an in-state office requirement and replace a testing requirement with an experience requirement for office managers, (3) add a definition of credit repair organizations and implement associated requirements and restrictions, and (4) repeal the requirement that credit and debt counselors in Idaho be non-profit 501(c)(3) charitable organizations under the Internal Revenue Code.

Idaho's new Credit Report Protection Act, sponsored by Idaho financial service industries, will allow residents to place a freeze on their credit reports. "There is no magic formula that will protect Idaho residents from identity theft," said Gee. "However, a credit freeze is an indispensable element of any state's identity theft-fighting strategy." Under the new law, the three credit reporting agencies are required to freeze an individual's report within three business days of receiving a written request. The request must be made to each of the three agencies, and include certain identifying information. If a resident is a victim of identity theft, a copy of the police report must be provided to the agencies, and the victim will not be required to pay a fee to obtain the freeze. Idahoans who are not identity theft victims must pay a fee of up to \$6.00 to each agency for each freeze.

A second new law, the Consumer Foreclosure Protection Act, was enacted to address foreclosure rescue scams in which innocent homeowners facing foreclosure are defrauded of their title, equity interest, or other value in their homes by companies promising to postpone or stop a foreclosure sale. The law requires that all contracts entered into while a home is in foreclosure must be in writing and consumers have a 5 day right of rescission in which to void the contract. In addition, a warning for consumers about foreclosure rescue scams is to be included in foreclosure notification papers and in any written contract.

Amendments to other existing laws administered by the department include:

- ◆ Changes to update language in the Uniform Securities Act.
- ◆ The repeal of outdated provisions in the Idaho Bank Act relating to certain branching and reserve requirements, and an amendment to allow banks to purchase and hold their own stock for certain business purposes.

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, money transmitters, endowed care cemeteries, independent escrow companies and others. By licensing and registering companies and individuals in Idaho's financial marketplace, the department is able to monitor their professional activities and ensure compliance with Idaho laws. For those operating outside of the licensing/registration requirements, the department pursues enforcement or other corrective action to ensure compliance with those laws.

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