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## **NEWS RELEASE**

For Immediate Release

June 25, 1996

### **IDAHO RESIDENTIAL MORTGAGE PRACTICES ACT Effective July 1, 1996**

Boise, Idaho . . . . The new Idaho Residential Mortgage Practices Act, passed by the Idaho Legislature last session, goes into effect July 1, 1996. The Act charges the Department of Finance with the responsibility for licensing and regulating the mortgage activities of mortgage bankers and mortgage brokers. The legislation, which was the result of a cooperative effort by the mortgage industry and the Department of Finance, provides some regulatory oversight, minimum financial standards and a surety bond requirement to an industry which makes or brokers residential mortgage loans. Idaho joins a majority of states which now regulate mortgage lenders and mortgage brokers.

Numerous provisions of the new Act are designed to protect consumers from unfair or deceptive practices by mortgage brokers and mortgage lenders while seeking a mortgage loan. Among the specific practices prohibited by the Act are:

- requiring a borrower to pay any fees other than those set forth in the statute prior to closing the mortgage loan;
- accepting any fees at closing which were not previously disclosed fully to the borrower;
- delaying closing of a residential mortgage loan for the purpose of increasing interest, costs, fees, or charges payable by the borrower;
- making any payment, directly or indirectly, to any kind of in-house or fee appraiser for the purpose of influencing the independent judgment of the appraiser;
- obtaining any agreement or instrument in which blanks are left to be filled in after execution; and
- engaging in any misrepresentation in connection with a residential mortgage loan.

The Act requires that those engaged in mortgage lending or mortgage brokering activities obtain a license not later than August 31, 1996. Failure to comply with the licensing provision of the Act is a felony. Certain financial institutions, governmental agencies, real estate brokers and agents, attorneys and accountants are exempt from the Act.

Qualifications for a license include a minimum net worth of \$10,000 and a surety bond in the amount of \$10,000. Each licensed mortgage broker and lender will be required to file an annual report with the Department setting forth the number and dollar amount of loans made or brokered during the previous year, and a list of the locations within the state at which business is conducted.

Licensing applications can be obtained from the Department of Finance by mail or through the Internet:

Idaho Department of Finance Securities Bureau P.O. Box 83720 Boise, ID 83720-0031

Internet: <http://www2.state.id.us/finance/dof.htm>

For more information, please call the Department at (208) 332- 8004.

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