



REFORM CA/HB 631 TO PROTECT HOMEBUYERS

CS/HB 631 Revises the Law Surrounding Loan Originators, Mortgage Brokers, and Mortgage Lenders

Legislation to revise the law surrounding the activity and regulation of buying a home provides additions to current law. However, the bill deletes important protections in law for the homebuyer.

Quick facts on Mortgage Loans

- The Florida Fair Lending Act provides that any material violation will result in forfeiture of the interest charge; it also provides a right to cure after default; both are important protections for consumers in high cost mortgages
- “Processing fee. Here’s another cost that should be covered by the origination fee. After all, making a mortgage is nothing more than processing paper.” *Cut Your Closing Costs By Getting Rid of Junk Fees, Chicago Tribune, January 6, 2012*

Processing Fees Should Be Included In Loan Origination Fees

Processing fees are often referred to as junk fees and can be used to pad the origination costs. Current law in Florida declares that processing fees be included as loan origination fees, placing them within the 3% cap under the new federal law for all points and fees. CS/HB 631 would take them out of the 3% cap, effectively increasing the closing cost for consumers.

Mortgage Broker Agreements Should Be Required

Current law requires that brokers provide consumers with a Mortgage Broker Agreement, in addition to the federal forms required. The federal forms will be updated beginning August 2015. The Mortgage Broker Agreement provides clear indication of the brokers costs and fees. Removing it completely will result in a loss for homebuyers.

Keep the Florida Fair Lending Act In Law

The Florida Fair Lending Act, passed in 2002 with bipartisan support, embeds federal law protections against high cost mortgages in state law and provides enhanced protections for homebuyers in Florida. The federal law on high cost mortgages has been revised, but the enhanced protections in Florida law for homebuyers remain and are not provided by the new federal law. Completely removing the Florida Fair Lending Act will result in a loss of protection for consumers.