

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) Providing 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.