
DIGEST

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Hines

HB No. 541

Abstract: Prohibits a mortgage lender from financing with a borrower for periodic payments that would lead to an increase in the principal balance (negative amortization).

Proposed law prohibits a mortgage lender from financing a residential mortgage loan for a payment schedule with regular periodic payments that cause the principal balance of the loan to increase, also commonly referred to as "negative amortization". However, the provisions of proposed law shall not apply as a consequence of a temporary forbearance or restructure sought by the borrower.

(Adds R.S. 6:1096(J))