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An Act To Permit Lenders To Exclude Government Insurance Fees When Determining whether a Loan Is a High-rate, High-fee Loan

Emergency preamble. Whereas, acts and resolves of the Legislature do not become effective until 90 days after adjournment unless enacted as emergencies; and

Whereas, this legislation reduces costs for home buyers concerning mortgages and, in this difficult economic time, it will improve home sales; and

Whereas, in the judgment of the Legislature, these facts create an emergency within the meaning of the Constitution of Maine and require the following legislation as immediately necessary for the preservation of the public peace, health and safety; now, therefore,

Be it enacted by the People of the State of Maine as follows:

Sec. 1. 9-A MRSA §8-103, sub-§1-A, ¶O, as enacted by PL 2007, c. 273, Pt. A, §4 and affected by §§37 and 41, is amended to read:

O. "Excluded points and fees" means, in connection with a residential mortgage loan, ~~1% of the total loan amount attributable to~~ all bona fide fees paid to a federal or state government agency that insures payment of some portion of a residential mortgage loan plus an amount not to exceed 2% of the total loan amount attributable to bona fide discount points or a conventional prepayment penalty.

Emergency clause. In view of the emergency cited in the preamble, this legislation takes effect when approved.

SUMMARY

This bill permits lenders to exclude points and fees assessed by federal or state government agencies for insurance when calculating the thresholds used to determine whether or not a loan is a high-rate, high-fee loan.