

# Hall of the House of Representatives

83rd General Assembly - Regular Session, 2001

## Amendment Form

\*\*\*\*\*

### Subtitle of House Bill No. 1545

"AN ACT TO PROHIBIT PREDATORY LENDING IN THE HOME MORTGAGE MARKET."

\*\*\*\*\*

### Amendment No. 1 to House Bill No. 1545.

Amend House Bill No. 1545 as originally introduced:

Page 2, delete lines 7 through 11 and substitute the following:

"(A) The annual percentage rate of the home loan at consummation equals or exceeds six (6) percentage points for a first lien mortgage loan or eight (8) percentage points for subordinate mortgage liens over the weekly average yield on ten-year United States Treasury securities, as made available by the Federal Reserve Board, as of the week immediately preceding the week in which the interest rate for the loan is established, provided that if the terms of the home loan offers any initial or introductory period, and the annual percentage rate that is taken is less than that which will apply after the end of the initial or introductory period, then the annual percentage rate that shall be taken into account for the purposes of this subsection shall be the rate which applies after the initial or introductory period;"

AND

Page 2, delete lines 14 through 19 and substitute the following:

"established in subdivision (5)(A) of this section and the potential or scheduled increases in the annual percentage rate of the home loan are not directly tied to future increases in a widely used federal or private market measurement that reflects the cost of borrowing money, such as the interest rate yield on United States Treasury securities, the federal funds rate, or the prime interest rate; or"

AND

Page 2, delete lines 20 and 21 and substitute the following:

"(C) The total points and fees on the loan exceed five percent (5%) of the total loan amount where the total loan amount is more than twenty thousand dollars (\$20,000) or the total points and fees on the loan exceed the lesser of eight percent (8%) of the total loan amount or one thousand

dollars(\$1,000) if the total loan amount is less than twenty thousand dollars (\$20,000). The following discount points shall be"

AND

Page 2, delete line 36 and substitute the following:

"Federal Home Loan Mortgage Corporation, whichever is greater; or

(D) The home loan contains a pre-payment penalty of more than three percent (3%) in the first year or more than two percent (2%) in the second year or more than one percent (1%) in the third year, or any pre-payment penalty beyond the third year;"

AND

Page 3, line 1, delete "(6)" and substitute "(6)(A)"

AND

Page 3, line 3, delete "(A)" and substitute "(i)"

AND

Page 3, line 6, delete "(B)" and substitute "(ii)"

AND

Page 3, line 7, delete "(C)" and substitute "(iii)"

AND

Page 3, line 9, delete "(D)" and substitute "(iv)"

AND

Page 3, delete line 13 and substitute the following:

"dwelling;

(B) "Home loan" does not include any loan for the purpose of the construction of a one-to-four family residential structure if the term of the loan is three (3) years or less;"

AND

Page 3, line 14, delete "(5) home" and substitute "(5) high cost home"

AND

Page 3, line 16, delete "(5) home" and substitute "(5) high cost home"

AND

Page 4, delete lines 1 through 3 and substitute the following:

"(ii) fees paid to any person, not in excess of the customary charge for similar products and services in the local market, for the following: appraisal fees; fees for inspections"

AND

Page 4, delete lines 17 through 21 and substitute the following:

"SECTION 2. Limitations and Prohibited Acts and Practices for High Cost Home Loans."

AND

Page 4, line 22, delete "(b)" and substitute "(a)"

AND

Page 4, line 23, delete "four percent (4%)" and substitute "five percent (5%)"

AND

Page 5, line 1, delete "(c)" and substitute "(b)"

AND

Page 5, line 3, delete "consumer home" and substitute "consumer high cost home"

AND

Page 5, line 5, delete "(d)" and substitute "(c)"

AND

Page 5, line 8, delete "(e)" and substitute "(d)"

AND

Page 5, line 10, delete "a residential" and substitute "a high cost residential"

AND

Page 5, line 21, delete "(f)" and substitute "(e)"

AND

Page 5, line 25, delete "a residential mortgage" and substitute "a high cost residential"

AND

Page 5, line 26, delete "(g)" and substitute "(f)"

AND

Page 5, line 28, delete "a home" and substitute "a high cost home"

AND

Page 5, line 30, delete "(h) Home" and substitute "(g) High cost home"

AND

Page 5, delete lines 33 through 36

AND

Page 6, delete lines 1 through 4

AND

Page 6, line 5, delete "(a)" and substitute "(h)"

AND

Page 6, line 9, delete "(b)" and substitute "(i)"

AND

Page 6, line 12, delete "(c)" and substitute "(j)"

AND

Page 6, line 17, delete "(d)" and substitute "(k)"

AND

Page 6, line 22, delete "(e)" and substitute "(l)"

AND

Page 6, line 25, delete "(f)" and substitute "(m)"

AND

Page 6, line 30, delete "(g)" and substitute "(n)"

AND

Page 6, line 33, delete "(h)" and substitute "(o)"

AND

Page 7, line 4, delete "(i) Home" and substitute "(p) High cost home"

AND

Page 7, line 7, delete "(j)" and substitute "(q)"

AND

Page 7, line 9, delete "(k)" and substitute "(r)"

AND

Page 7, line 9, delete "a home" and substitute "a high cost home"

AND

Page 7, delete lines 16 through 22

AND

Page 7, line 24, delete "SECTION 5" and substitute "SECTION 3"

AND

Page 7, line 25, delete "section 4" and substitute "section 2"

AND

Page 7, delete lines 27 through 30

AND

Page 7, line 31, delete "(2)" and substitute "(1)"

AND

Page 7, line 33, delete "(3)" and substitute "(2)"

AND

Page 7 lines 33 and 34, delete "similar to subdivisions (a)(1) and (2)"

AND

Page 7, line 36, delete "section 4" and substitute "section 2"

AND

Page 8, line 7, delete "section 4" and substitute "section 2"

AND

Page 8, line 20, delete "section 4" and substitute "section 2"

AND

Page 8, line 23, delete "section 4" and substitute "section 2"

AND

Page 8, line 28, delete "SECTION 6" and substitute "SECTION 4"

AND

Page 8, line 29, delete "shall" and substitute "may"

AND

Page 9, line 6, add the following:

"(d) Violations of this act shall be deemed to be deceptive trade practices under Arkansas Code Title 4, Chapter 88, and the Attorney General is entitled to pursue all remedies available to him under that chapter."

AND

Page 9, line 7, delete "SECTION 7" and substitute "SECTION 5"

AND

Page 9, delete lines 8 and 9 and substitute the following: "The lender shall not make investments that the lender knows are backed by high cost home loans that violate section 2 of this act."

AND

Page 9, delete lines 11 through 36

AND

Page 10, delete lines 1 through 8

The Amendment was read \_\_\_\_\_

By: Representatives C. Johnson, Ledbetter  
LH/RRS - 031320011535  
RRS663

\_\_\_\_\_  
Chief Clerk