

**535A.1 Definitions.**

For purposes of [this chapter](#), unless the context otherwise requires:

1. “*Financial institution*” means any bank, credit union, insurance company, mortgage banking company or savings and loan association, industrial loan company, or like institution or any other person who makes mortgage loans and which operates or has a place of business in this state. “*Financial institution*” does not include an individual who makes less than five mortgage loans a year.

2. “*Mortgage loan*” means a loan for the purchase, construction, improvement or rehabilitation of residential property containing or to contain four or fewer family dwelling units in which the property is used as security for the loan.

3. “*Mortgage loan disclosure statement*” means the statement required by the federal Home Mortgage Disclosure Act, 12 U.S.C. § 2801 to 2809.

4. “*Red-lining*” means the practice by which a financial institution may designate certain areas as unsuitable for the making of mortgage loans and reject applications for mortgage loans or vary the terms of a mortgage loan upon property within that area because of the prevailing income, racial or ethnic characteristics of the area, or because of the age of the structures in the area.

5. “*Reporting financial institution*” means a financial institution which is required to file a mortgage loan disclosure statement.

6. “*Vary the terms of a mortgage loan*” includes, but is not limited to the following:

a. Requiring a greater than average down payment than is usual for the particular type of mortgage loan involved.

b. Requiring a shorter period of amortization than is usual for the particular type of mortgage loan involved.

c. Charging a higher interest rate or higher loan origination fees than is usual for the particular type of mortgage loan involved.

d. An unreasonable underappraisal of real estate or item of property offered as security.

[C79, 81, §535A.1; 81 Acts, ch 174, §4, 5]

85 Acts, ch 238, §1

Referred to in [§528.2](#), [535A.2](#), [535A.6](#)