

Senate Study Bill 1235 - Introduced

SENATE FILE _____
BY (PROPOSED COMMITTEE
ON COMMERCE BILL BY
CHAIRPERSON SCHULTZ)

A BILL FOR

- 1 An Act relating to loans originated by mortgage bankers.
- 2 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 535.8, subsection 2, Code 2021, is
2 amended to read as follows:

3 2. If a lender that is a financial institution as defined
4 in [section 537.1301](#) or a mortgage banker licensed pursuant
5 to [chapter 535B](#) makes a loan in which the points and fees
6 the borrower is charged by all lenders in connection with
7 the loan do not exceed the amounts specified in 12 C.F.R.
8 §1026.43(e)(3), the loan shall not be subject to the provisions
9 of [subsection 4](#), paragraphs "a", "b", and "d", or subsection
10 5. [This subsection](#) applies to the financial institution lender
11 that originates the loan and to subsequent purchasers of the
12 loan originated by the financial institution.

13 EXPLANATION

14 The inclusion of this explanation does not constitute agreement with
15 the explanation's substance by the members of the general assembly.

16 This bill relates to loans originated by mortgage bankers.
17 The bill provides that if a lender that is a financial
18 institution or a mortgage banker licensed pursuant to Code
19 chapter 535B makes a loan in which the points and fees the
20 borrower is charged in connection with the loan do not exceed
21 the amounts specified in 12 C.F.R. §1026.43(e)(3), the loan
22 shall not be subject to the provisions of Code section 535.8,
23 subsection 4, paragraphs "a", "b", and "d" (providing for
24 additional fees and the right to recover unlawful fees), or
25 subsection 5 (authorizing the lender to offer to make a loan
26 on all of the same terms except at a lower interest rate in
27 exchange for the payment of an interest reduction fee).