

By Senator Crist

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A bill to be entitled

An act relating to mortgage lending; creating s. 494.00675, F.S.; requiring lenders to place certain funds for homeowner's insurance premium and property tax payment into escrow when requested by the borrower; amending s. 494.00792, F.S., relating to disclosures for high-cost home loans, to conform; providing an effective date.

Be It Enacted by the Legislature of the State of Florida:

Section 1. Section 494.00675, Florida Statutes, is created to read:

494.00675 Escrow of insurance premium, property tax.--Each licensee under ss. 494.006-494.0077 which makes mortgage loans on real estate must, when requested by the borrower, hold moneys for the payment of property tax in escrow. Each such licensee that requires a borrower to maintain homeowner's insurance must, when requested by the borrower, hold the premium for such insurance in escrow.

Section 2. Paragraph (a) of subsection (1) of section 494.00792, Florida Statutes, is amended to read:

494.00792 Required disclosures for high-cost home loans.--

(1) In addition to other disclosures required by law and in conspicuous type:

(a) Notice to borrower.--A lender making a high-cost home loan shall provide a notice to a borrower in substantially the following form:

1 If you obtain this high-cost home loan, the lender will
2 have a mortgage on your home. You could lose your home and
3 any money you have put into it if you do not meet your
4 obligations under the loan.

5 Mortgage loan rates and closing costs and fees vary
6 based on many factors, including your particular credit and
7 financial circumstances, your employment history, the
8 loan-to-value requested, and the type of property that will
9 secure your loan. The loan rate and fees could also vary
10 based upon which lender or broker you select. As a borrower,
11 you should shop around and compare loan rates and fees.

12 You should also consider consulting a qualified
13 independent credit counselor or other experienced financial
14 adviser regarding the rates, fees, and provisions of this
15 mortgage loan before you proceed. You should contact the
16 United States Department of Housing and Urban Development for
17 a list of credit counselors available in your area.

18 You are not required to complete this agreement merely
19 because you have received these disclosures or have signed a
20 loan application.

21 Borrowing for the purpose of debt consolidation can be
22 an appropriate financial management tool. However, if you
23 continue to incur significant new credit card charges or other
24 debts after this high-cost home loan is closed and then
25 experience financial difficulties, you could lose your home
26 and any equity you have in it if you do not meet your mortgage
27 loan obligations.

28 Remember that property taxes and homeowners' insurance
29 are your responsibility. ~~Not all lenders provide escrow~~
30 ~~services for these payments.~~ You should ask your lender about
31 escrow these services for these payments.

1 Also, your payments on existing debts contribute to
2 your credit rating. You should not accept any advice to ignore
3 your regular payments to your existing creditors.

4 Section 3. This act shall take effect July 1, 2007.

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SENATE SUMMARY

Requires a licensee under ss. 494.006-494.0077, F.S., which makes a mortgage loan on real estate and requires the borrower to maintain homeowner's insurance to place moneys for the premium thereon into escrow when requested by the borrower. Requires such a licensee to place moneys for payment of property taxes into escrow when requested by the borrower.