



Sen. Coleman protects borrowers from predatory lenders

Lenders who would prey on unassuming citizens who must borrow money are being served notice by State Sen. Maida Coleman (D-5): Change your ways or face serious financial consequences.

“I am fed up with shady lenders who treat innocent people like sharks treat seals,” the Democratic Floor Leader said. “This legislation throws a protective net around our citizenry and keeps these lender predators away.”

SB 1043 prohibits lenders from affecting an appraiser’s independent judgment with respect to the value of a home loan. Also, lenders could not leave blanks on a loan document to be filled in after the borrower signs the documents and if the discussion between borrower and lender is in a language other than English, the lender must provide a free copy of all disclosures in the language in which the discussion was primarily conducted.

“This legislation would protect borrowers from collecting certain advance premiums for life or health insurance or other fees,” Sen. Coleman said. “It would also restrict charging late payment fees.”

The legislation also stipulates:

- High-cost home loans could not be accelerated by lenders upon their sole discretion.
- Amounts of compensation paid to a broker must be disclosed to the borrower no later than three days prior to closing.
- Certain high-cost home loans pertaining to prepayment penalties, interest increases after default, contractor payments under the loan, inability to make payments and mandatory arbitration are restricted.
- Disclosure requirements of and procedures for curing high-cost home loans are included.

“We have put some teeth into this legislation because it’s not enough to say ‘You can’t do that,’” Sen. Coleman said. “So these predators will face actual, statutory and punitive damages along with injunctive, declaratory and other equitable relief. Borrower protection without real teeth can’t possibly scare the sharks away.”