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SENATE BILL 473

46TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2004

INTRODUCED BY

Mark Boitano

AN ACT

RELATING TO HOME LOANS; AMENDING A SECTION OF THE HOME LOAN
PROTECTION ACT CONCERNING THE PRACTICE OF FLIPPING A HOME LOAN;
REPEALING A SECTION OF THAT ACT CONCERNING CLAIMS AGAINST
CERTAIN PERSONS; DECLARING AN EMERGENCY.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. Section 58-21A-4 NMSA 1978 (being Laws 2003,
Chapter 436, Section 4) is amended to read:

"58-21A-4. PROHIBITED PRACTICES AND PROVISIONS REGARDING
HOME LOANS.--

A. No creditor shall finance, directly or
indirectly, credit life, credit disability, credit unemployment
or credit property insurance, or any other life or health
insurance, or any payments directly or indirectly for any debt
cancellation or suspension agreement or contract, provided that

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1 nothing in this subsection prohibits the payment or receipt of
2 insurance premiums or debt cancellation or suspension fees
3 calculated on the unpaid balance of a home loan and paid on a
4 monthly basis or prohibits bona fide credit property insurance
5 required by the federal housing administration or the United
6 States department of agriculture to be paid in a single premium
7 to the respective federal agency. As used in this subsection,
8 "credit property insurance" means property insurance written in
9 connection with credit transactions under which the creditor is
10 the primary beneficiary.

11 B. No creditor shall knowingly and intentionally
12 engage in the unfair act or practice of flipping a high-cost
13 home loan. As used in this subsection, "flipping a high-cost
14 home loan" means the making of a high-cost home loan to a
15 borrower that refinances an existing home loan when the new
16 loan does not have reasonable, tangible net benefit to the
17 borrower considering all of the circumstances, including the
18 terms of both the new and refinanced loans, the cost of the new
19 loan and the borrower's circumstances."

20 Section 2. REPEAL.--Section 58-21A-7 NMSA 1978 (being
21 Laws 2003, Chapter 436, Section 7) is repealed.

22 Section 3. EMERGENCY.--It is necessary for the public
23 peace, health and safety that this act take effect immediately.