

NEWS FROM SCDCA

South Carolina Department of Consumer Affairs



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FOR IMMEDIATE RELEASE

South Carolina Department of Consumer Affairs Supports Efforts to Regulate Mortgage Lending Industry through S. 1090

Columbia, SC – A bill to regulate mortgage lenders and their loan originators has moved from a Senate committee and is now headed to the Senate floor. Sen. David Thomas, Senate Banking and Insurance Chair, stated that South Carolina is one of only two states in the nation that does not license and regulate mortgage lenders. Thomas also said there is not a South Carolinian who can condone unscrupulous lending practices that allow our citizens to be fraudulently manipulated into losing their homes.

In 2003, the South Carolina General Assembly took extraordinary steps to help protect consumers from predatory mortgage lending through the High Cost and Consumer Home Loan Act. This landmark legislation addresses a number of the problems that occur when consumers are steered into a high cost predatory loan. The law limits flipping, prohibits the financing of credit insurance, mandates counseling for high cost borrowers, and limits certain fees and charges. This law made a huge difference in providing protection for many consumers, yet the stories and data clearly indicate South Carolina consumers are not safe from mortgage abuse. Since 1988, the South Carolina Department of Consumer Affairs has provided oversight for mortgage brokers and beginning in 2005, after the passage of the anti-predatory lending legislation, began licensing loan originators.

About the South Carolina Department of Consumer Affairs:

Established by the Consumer Protection code in 1974, The South Carolina Department of Consumer Affairs represents the interests of South Carolina Consumers.

Our mission is to protect consumers from inequities in the marketplace through advocacy, mediation, enforcement and education.

For more information, visit www.sccoconsumer.gov.

HOW S.1090 PROTECTS CONSUMERS

- Requires a license for mortgage lenders and mortgage brokers and their loan originators
- Requires pre-licensing education and testing requirements.
- Requires FBI background checks.
- Requires eight (8) hours of continuing professional education annually.
- Makes mortgage fraud a crime that carries stiff penalties.
- Requires data reporting to the Department of Consumer Affairs to ensure compliance with federal and state laws.
- Prohibits false information on credit applications.
- Prohibits lending without regard to repayment ability on a high cost loan.
- Provides oversight for mortgage servicing companies making them accountable to regulatory guidelines.
- Prohibits coercion, intimidation or influencing of appraisers.

For more information on S.1090, predatory lending or other consumer issues, contact the Department of Consumer Affairs, 734.4200, toll free 1.800.922.1594, or online at

www.scconsumer.gov.

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