

Welcome to the fifth issue of our quarterly newsletter. Visit our website at www.franzen-salzano.com where you can find more information about our firm, our published articles, and special client services. As always, we invite your suggestions of topics you would like to see covered in the newsletter. **AND PLEASE SEND US YOUR E-MAIL ADDRESS!** We frequently send periodic updates via e-mail and would like to add you to our list.

"TALKING THE TALK"

Terry Franzén is speaking on consumer credit litigation in Santa Monica **June 8th and 9th** at the Conference on Consumer Finance Law. She is discussing web site compliance at the **June** Georgia Equity Lenders' Association meeting. She is also addressing the American Bar Association meeting in New York on **July 8-10** regarding the impact of the Fair Credit Reporting Act on sexual harassment investigations.

Loretta Salzano addressed the Alabama Brokers Association at Beau Rivage last month and will be speaking at the AMBA's **May 10** meeting in Birmingham, Alabama. Loretta addressed compliance issues relative to e-commerce at an educational seminar sponsored by the Mortgage Bankers Association of Georgia in Atlanta and will do so in Macon in **early June**.

On **June 21** Leslie Howell will address the Atlanta Association of Professional Mortgage Women regarding legislative issues.

FEDERAL "ANTI-PREDATORY LENDING" BILLS INTRODUCED; SIMILAR LEGISLATION DIES IN SEVERAL STATES

In March and April, as several state bills regulating high-cost home loans died, federal "predatory lending" legislation was introduced in the U.S. Congress.

Illinois, Maryland and Minnesota each rejected efforts to restrict high-cost home loans during the most recent legislative session. As of early May, proposals were still pending in California, Missouri, New York and South Carolina. On April 12, 2000, a "predatory lending" bill was introduced in Massachusetts.

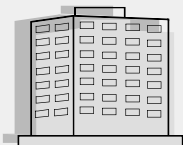
The Office of Thrift Supervision (the "OTS") announced on April 4, 2000 that it is reviewing its mortgage and lending regulations in an effort to limit "predatory practices." The OTS is seeking public input as to whether, among other things, it should limit: fees, prepayment penalties, refinancings and rollovers, balloon payments and other features of high-cost home loans.

Fannie Mae and Freddie Mac have issued new guidelines concerning "high-cost home loans." Fannie Mae will prohibit lenders from: "steering" well qualified borrowers to higher-cost mortgages; charging excessive fees to borrowers with blemished credit; requiring credit life insurance; and charging a prepayment penalty unless it benefits the borrower. Freddie Mac will no longer purchase sub-prime mortgages with single premium credit insurance policies.

HUD held a public fact-finding forum in Atlanta in April and will hold forums in other states in May to gather information on abusive lending practices. HUD has established a joint Task Force with the Department of Treasury on predatory lending.

SPECIAL ANNOUNCEMENT

To respond to client demand, Franzén and Salzano has expanded its services to include commercial real estate transactions and estate planning.



Please call us to discuss how we can help you in these areas!



Points of Interest IN LEGISLATIVE AND REGULATORY DEVELOPMENTS

MANDATORY ARBITRATION

The U.S. Supreme Court will review the Eleventh Circuit Court of Appeals' ruling in *Green Tree Fin. Corp. v. Randolph* that a mandatory arbitration clause was unenforceable because the arbitration fees may deter consumers from pursuing their legal rights. In light of this ruling, lenders may wish to provide in the arbitration clause that the lender will pay the arbitration costs.

STATE LICENSING LEGISLATION

Licensing legislation is pending, or has been recently enacted, in a number of states.

ALABAMA, MISSISSIPPI AND NORTH CAROLINA

Legislation is pending in Alabama and Mississippi which would require the licensing of mortgage brokers in those states. North Carolina is expected to consider licensing legislation when the legislature convenes in May.

GEORGIA

Georgia legislation was recently enacted to change reporting requirements and renewal dates. The new law also allows the Department of Banking to issue regulations requiring education and experience for licensees. Proposed regulations, which have been published for public comment, require two years of experience or 40 hours of education with an exemption for certain currently licensed mortgage brokers. The proposed regulations also create a Limited Mortgage Broker

licensing category for those whose only activity is receiving an application from the consumer.

ILLINOIS

Illinois recently adopted a new regulation requiring continuing education for Residential Mortgage Act licensees' employees take residential mortgage applications in that state.

UTAH

Utah has enacted the "Residential Mortgage Practices Act," which is effective July 1, 2000. The Act applies to closed end first lien residential mortgage loans. Registration is required for those persons engaged in "the business of mortgage loans." Regulators with the Division of Real Estate confirmed that a registrant's employees are required to be registered under the Act.

WEST VIRGINIA

Legislation was enacted which amends West Virginia's Secondary Mortgage Loan Act. The amendments are significant in that effective July 1, 2000, licensure of mortgage lenders and brokers is now required relative to first mortgage loans. Previously, a lender or broker license was required only in connection with subordinate lien mortgage loans. Licenses issued this year will expire on December 31, 2001.

Publisher's Note:

Points of Interest is published by Franzén and Salzano, P.C. for clients and colleagues in the lending industry and should not be construed as legal advice. The contents are for general information purposes only. You are urged to consult legal counsel concerning any specific situation or legal issue.

Terry Franzén's e-mail address: tfranzen@franzén-salzano.com Loretta Salzano's e-mail address: lsalzano@franzén-salzano.com



FRANZÉN AND
SALZANO, P.C.

ATTORNEYS AT LAW

3169 Holcomb Bridge Road
Suite 202
Atlanta, Georgia 30071-1315