

# PROHIBITED ACTS OF LENDERS AND LOAN BROKERS IN R.I. GEN. LAWS § 34-25.2-1 ET SEQ.

Lender/Broker:

Loan Originator:

## PROHIBITED ACTS AND PRACTICES DISCLOSURE REGARDING ALL HOME LOANS

1. **No financing, either directly or indirectly**, of any credit life, credit disability, credit unemployment, or credit property insurance, or any other life or health insurance, or any payments either directly or indirectly for any debt cancellation or suspension agreement or contract. Any insurance premiums or debt cancellation or suspension fees that are **CALCULATED and PAID IN FULL** on a monthly basis shall not be considered financed.
2. No **knowing or intentional** engagement in the unfair act or practice of **"Flipping a Home Loan."** Flipping a Home Loan is **the making of a Home Loan** to a borrower that refinances a Previous Loan that was consummated **within the prior 60 months** when the new loan does not have reasonable, **tangible net benefits** in accordance with R. I. Gen. Laws § 34-25.2-4(q) to the borrower considering all of the circumstances, including, but **not limited to**, the terms of both the new and refinanced loans, the cost of the new loan, and the borrower's circumstances.
3. No Creditor\* **shall recommend or encourage default** on an existing loan or other debt prior to and in connection to the closing or **planned closing of a Home Loan** that refinances all or any portion of such existing loan or debt.
4. No Home Loan may contain a provision that **permits the Creditor, in its sole discretion, to accelerate the indebtedness**. This provision **does not prohibit the acceleration** of the loan in good faith due to the borrower's failure to abide by the material terms of the loan.
5. No Home Loan may contain a provision that allows a party to **require a borrower to assert any claim or defense in a forum that is less convenient, more costly, or more dilatory** for the resolution of a dispute than a judicial forum established in this state where the borrower may otherwise properly bring a claim or defense or limits in any way a claim or defense the borrower may have.

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\* "Creditor" means any person who Regularly Makes Available a Home loan and shall include a loan broker