

## SB 83 -- SALE OF DEFICIENCY WAIVER ADDENDUMS

This bill authorizes the sale of a deficiency waiver addendum, a guaranteed asset protection, or a similar product as part of certain consumer loans, second mortgage loans, or retail credit sales if the product is purchased as part of a loan transaction with collateral. The borrower must consent to the purchase in writing and acknowledge receipt of the required disclosures. The cost of the product must be reasonable and disclosed in the loan contract. Each deficiency waiver addendum, guaranteed asset protection, or other similar product must provide that in the event of the termination of the product prior to the scheduled maturity date of the indebtedness, any refund must be paid or credited promptly to the debtor, except that a refund of less than \$1 does not need to be made. The pro rata method must be used in computing the refund.

A debtor may cancel a product within 15 days of its purchase and receive a complete refund or credit of the premium. This information must be specified in the loan contract or in a separate written disclosure at the time the debt is incurred in 10-point type and in a manner reasonably calculated to inform the debtor of this right.