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# Oklahoma

## STATE HIGH COST/PREDATORY LENDING REGULATIONS

Last Updated: 2/27/18 By: BH

Coded: 3/5/2018 By: ZB

Reviewed: 3/5/2018 By: BH

**LAW:** "Oklahoma Home Ownership and Equity Protection Act" a/k/a subsection 10 mortgages (14A O.S. 2001, Section 1-301)

**LOAN AMOUNT COVERED:** No limitation

**BORROWERS COVERED:**

Individuals  Trusts  
 Organizations  Other:

**TOTAL LOAN AMOUNT (TLA) IS DEFINED AS:** Not defined, we use Section 32/HCML definition for calculations

Loan Amount as defined in HOEPA 226.32  Note Amount  
 Loan Amount as defined in HCML 1026.32  Other:

**LOAN TYPES COVERED:**

Conventional  FHA  
 VA  RHS  
 Other:

**LOAN PURPOSES COVERED:**

Purchase  Construction to Perm  
 Builder  Refinance  
 Equity Out  Home Equity Closed End  
 One Time Closing  Modification  
 Purchase Plus Improvements  Refinance Plus Improvements  
 Lot Loan  Home Improvement  
 Borrower Interim  One Time Closing with Modification  
 HELOC  Assumption

**BRIDGE LOANS COVERED**

Yes  No

**PROPERTY OCCUPANCY COVERED:**

Primary Residence  Second Home  
 Investment  Raw Land

**APR THRESHOLDS:** <https://www.ok.gov/okdccc/documents/1.%20Title%2014A%20UCCC%2009.pdf> and <http://www.oklegislature.gov/osStatuesTitle.html>

APR  Unteased APR  Other:

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First Lien: > 8 %

Subordinate Lien: > 10 %

**APR COMPARED AGAINST:** 14A O.S. 2001, Section 1-301

- |                                     |                |                          |            |
|-------------------------------------|----------------|--------------------------|------------|
| <input type="checkbox"/>            | APOR           | <input type="checkbox"/> | APR Itself |
| <input checked="" type="checkbox"/> | Treasury Yield | <input type="checkbox"/> | Other:     |

**DATE FOR APR TEST:**

- |                                     |   |                          |         |
|-------------------------------------|---|--------------------------|---------|
| <input type="checkbox"/>            | Application   | <input type="checkbox"/> | Closing |
| <input checked="" type="checkbox"/> | Other: 15 <sup>th</sup> day of the month prior to application |                          |         |

**FEE TEST METHOD:** 14A O.S. 2001, Section 1-301

- |                                     |  |
|-------------------------------------|--|
| <input type="checkbox"/>            | Use HC Flag  |
| <input type="checkbox"/>            | Use APR & Paid To (§1026.32)                       |
| <input checked="" type="checkbox"/> | Use APR & Paid To, except: do not include interest |

**FEE TEST THRESHOLDS:** 14A O.S. 2001, Section 1-301

All liens: Exceeding greater of 8% or \$1052

**ADJUSTMENTS:**

- |                          |    |                                     |     |                               |
|--------------------------|----|-------------------------------------|-----|-------------------------------|
| <input type="checkbox"/> | No | <input checked="" type="checkbox"/> | Yes | How: Every January 1 with CPI |
|--------------------------|----|-------------------------------------|-----|-------------------------------|

**FEES INCLUDED IN TEST:** 14A O.S. 2001, Section 1-301

- |       |  |
|-------|--|
| (i)   | all items included in the finance charge, except interest or the time-price differential;  |
| (ii)  | all compensation paid to mortgage brokers;   |
| (iii) | each of the charges listed in 15 U.S.C., Section 1605(e), except an escrow for future payment of taxes, unless:<br>(aa) the charge is reasonable;<br>(bb) the creditor receives no direct or indirect compensation; and<br>(cc) the charge is paid to a third party unaffiliated with the creditor;  |
| (iv)  | premiums or other charges for credit life, accident, health, or loss-of-income insurance, or debt-cancellation coverage, whether or not the debt-cancellation coverage is insurance under applicable law, that provides for cancellation of all or part of the consumer's liability in the event of the loss of life, health, or income or in the case of accident, written in connection with the credit transaction; and |
| (v)   | such other charges as the Administrator determines to be appropriate.  |

**SPECIAL NOTES:** 14A O.S. 2001, Section 1-301

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A mortgage transaction subject to this section shall not include the following terms:

(1) **Balloon payment.**

(A) For a loan with a term of less than five years, a payment schedule with regular periodic payments that when aggregated do not fully amortize the outstanding principal balance.

(B) **Exception.** The limitations in paragraph (d)(1)(A) of this section do not apply to loans with maturities of less than one year, if the purpose of the loan is a "bridge" loan connected with the acquisition or construction of a dwelling intended to become the consumer's principal dwelling.

(2) **Negative amortization.** A payment schedule with regular periodic payments that cause the principal balance to increase.

(3) **Advance payments.** A payment schedule that consolidates more than two periodic payments and pays them in advance from the proceeds.

(4) **Increased interest rate.** An increase in the interest rate after default.

(5) **Rebates.** A refund calculated by a method less favorable than the actuarial method (as defined by section 933(d) of the Housing and Community Development Act of 1992, 15 U.S.C. 1615(d)), for rebates of interest arising from a loan acceleration due to default.

(6) **Prepayment penalties.** Except as allowed under paragraph (d)(7) of this section, a penalty for paying all or part of the principal before the date on which the principal is due. A prepayment penalty includes computing a refund of unearned interest by a method that is less favorable to the consumer than the actuarial method, as defined by section 933(d) of the Housing and Community Development Act of 1992, 15 USC 1615(d).

(7) **Prepayment penalty exception.** A mortgage transaction subject to this section may provide for a prepayment penalty (including a refund calculated according to the rule of 78s) otherwise permitted by law if, under the terms of the loan:

(A) The penalty will not apply after the two-year period following consummation;

(B) The penalty will not apply if the source of the prepayment funds is a refinancing by the creditor or an affiliate of the creditor;

(C) At consummation, the consumer's total monthly debt payments (including amounts owed under the mortgage) do not exceed 50 percent of the consumer's monthly gross income, as verified in accordance with 160:45-9-4(a)(4)(B); and

(D) The amount of the periodic payment of principal or interest or both may not change during the four-year period following consummation.

(8) **Due-on-demand clause.** A demand feature that permits the creditor to terminate the loan in advance of the original maturity date and to demand repayment of the entire outstanding balance, except in the following circumstances:

(A) There is fraud or material misrepresentation by the consumer in connection with the loan;

(B) The consumer fails to meet the repayment terms of the agreement for any outstanding balance; or

(C) There is any action or inaction by the consumer that adversely affects the creditor's security for the loan, or any right of the creditor in such security.

**50/ Total loan amount.** For purposes of the "points and fees" test, the total loan amount is calculated by taking the amount financed, as determined according to 160:45-5-2(2), and deducting any cost listed in 160:45-9-2(b)(1)(C) and 160:45-9-2(b)(1)(D) that is both included as points and fees under 160:45-9-2(b)(1) and financed by the creditor.