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# Vermont

## STATE HIGH COST/PREDATORY LENDING REGULATIONS

Last Updated: 01/02/2019 By: RC

Coded: 03/06/2018 By: ZB

Reviewed: 03/06/2018 By: RC

**LAW:** Vermont High Rate, High Point Law (the ACT) (Title 9: Chapter 4. 104 and Vermont Banking Division, REGULATION B-98-2: High Rate, High Point Notices for Residential Real Estate Loans)

**LOAN AMOUNT COVERED:** No limit

**BORROWERS COVERED:**

Individuals  
 Organizations

Trusts  
 Other:

**TOTAL LOAN AMOUNT (TLA) IS DEFINED AS:** Title 9: Chapter 4. 104 and VT Banking Division, REGULATION B-98-2

Loan Amount as defined in HOEPA 226.32  
 Loan Amount as defined in HCML 1026.32

Note Amount  
 Other:

**LOAN TYPES COVERED:**

Conventional  
 VA  
 Other:

FHA  
 RHS

**LOAN PURPOSES COVERED:**

Purchase  
 Builder  
 Equity Out  
 One Time Closing  
 Purchase Plus Improvements  
 Lot Loan  
 Borrower Interim  
 HELOC

Construction to Perm  
 Refinance  
 Home Equity Closed End  
 Modification  
 Refinance Plus Improvements  
 Home Improvement  
 One Time Closing with Modification  
 Assumption  
 Reverse Mortgage

**BRIDGE LOANS COVERED**

Yes

No

**PROPERTY OCCUPANCY COVERED:**

Primary Residence  
 Investment

Second Home  
 Raw Land

**APR THRESHOLDS:** <http://legislature.vermont.gov/statutes/chapter/09/004>

APR  
 Unteased APR  
 Other: Interest rate

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**APR COMPARED AGAINST:** Title 9: Chapter 4. 104

APOR  
 Treasury Yield

APR Itself  
 Other: Overpayment Annual Rate + 3%  
Trigger rate per 32 VSA 3108 (2019 is 7.75%)  
<http://tax.vermont.gov/research-and-reports/interest-rates>

**DATE FOR APR TEST:**

Application  
 Other:  Closing

**FEE TEST METHOD:** Title 9: Chapter 4 § 42

Use HC Flag  
 Use APR & Paid To (§1026.32)  
 Use APR & Paid To, except:

**FEE TEST THRESHOLDS:** Title 9: Chapter 4 § 42

1<sup>st</sup> liens: > 4%

**ADJUSTMENTS:**

No  Yes | How: In accordance with 32 V.S.A. 3108 as published by the VT Commissioner of Taxes each December 15

**FEES INCLUDED IN TEST:** Title 9: Chapter 4 § 42

- (a) Except for interest as herein and hereinafter provided, a lender shall make no charges against a borrower for the use or forbearance of money other than:
- (1) the reasonable cost of credit investigation and appraisal fees;
  - (2) the reasonable cost of title evidence, including abstracts, legal opinions or title insurance;
  - (3) the reasonable cost of protection against insurable hazards;
  - (4) the reasonable cost of creditor life or disability insurance, or of a debt protection agreement as set forth in section 10405 of Title 8, if agreed to by the borrower;
  - (5) filing and recording fees, and other official fees, including fees required by Federal Housing Agencies, the Federal Home Loan Mortgage Corporation and the Federal National Mortgage Corporation;
  - (6) reasonable value of services rendered in connection with the making of any loan of \$4,000.00 or less or any loan or loan commitment of any amount or manner of payment to finance an income producing business or activity subject to such rules as the commissioner of banking, insurance, securities, and health care administration adopts;
  - (7) the reasonable cost of private mortgage guaranty insurance subject to such limitation as the commissioner of banking, insurance, securities, and health care administration shall have approved; and
  - (8) reasonable fees associated with a credit card, agreed upon by the lender and borrower, including late charges and over-limit charges.

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(b) A borrower may procure an opinion and abstract of title from an attorney of his choice acceptable to the lender, or hazard insurance in a company or in companies of his choice acceptable to the lender, and in such cases the lender's acceptance shall not be unreasonably withheld.

(Added 1967, No. 377 (Adj. Sess.), eff. March 26, 1968; amended 1969, No. 66, §2, eff. April 17, 1969; 1973, No. 222 (Adj. Sess.), §5, eff. April 3, 1974; 1975, No. 216 (Adj. Sess.), §4, eff. March 27, 1976; 1979, No. 173 (Adj. Sess.), §13, eff. April 30, 1980; 1985, No. 36, §3; 1989, No. 225 (Adj. Sess.), §25(b); 1995, No. 9, §2; 1995, No. 180 (Adj. Sess.), §38(a.)

(a) The Commissioner may adopt disclosure rules for loans secured by a first lien on residential real estate in which the borrower is expected to be charged in excess of four points or interest in excess of three percent over the rate established pursuant to 32 V.S.A. § 3108, or both, on the loan. The rules may provide for restrictions on representations by the lender regarding the disclosures required by the rules.

**OTHER ITEMS TO BE TESTED/CONSIDERED:**

**SPECIAL NOTES: Vermont Banking Division, REGULATION B-98-2**

A disclosure must be given that is printed on colored paper.  
**YOU MAY BE ELIGIBLE FOR A LOAN WITH EITHER A LOWER INTEREST RATE, FEWER POINTS, OR BOTH, FROM ANOTHER LENDER**  
P&P does not prepare this disclosure.  
§ 104. High rate loans  
(a) The Commissioner may adopt disclosure rules for loans secured by a first lien on residential real estate in which the borrower is expected to be charged in excess of four points or interest in excess of **three percent over the rate established pursuant to 32 V.S.A. § 3108, or both, on the loan.** The rules may provide for restrictions on representations by the lender regarding the disclosures required by the rules.  
(b) The Commissioner shall notify all mortgage lenders of the interest rate determined under 32 V.S.A. § 3108 annually.  
(c) The Commissioner may impose an administrative penalty of not more than \$5,000.00 on any person that fails to comply with the provisions of this section. The Commissioner may order a lender to refund any discount points or other charges paid by a borrower who has not received disclosures required by the rule. (Added 1997, No. 98 (Adj. Sess.), § 7, eff. April 16, 1998; amended 2015, No. 23, § 89.)