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# Vermont

## STATE HIGH COST/PREDATORY LENDING REGULATIONS

<b>Last Updated:</b>	<b>Date:</b>	<b>Initials:</b>
<b>By:</b>	<b>12/21/21</b>	<b>BH</b>
<b>Reviewed:</b>		
<b>Coded:</b>		
<b>By:</b>	<b>1/12/22</b>	<b>SA</b>
<b>Reviewed:</b>		

**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)

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

<https://dfr.vermont.gov/reg-bul-ord/high-rate-high-point-notices-residential-real-estate-loans>

**LOAN AMOUNT COVERED:** No limit

**BORROWERS COVERED:**

- |                                                                                           |                                                                               |
|-------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------|
| <input checked="" type="checkbox"/> Individuals<br><input type="checkbox"/> Organizations | <input checked="" type="checkbox"/> Trusts<br><input type="checkbox"/> Other: |
|-------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------|

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

- |                                                                                                                                    |                                                                                    |
|------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------|
| <input type="checkbox"/> Loan Amount as defined in HOEPA 226.32<br><input type="checkbox"/> Loan Amount as defined in HCML 1026.32 | <input checked="" type="checkbox"/> Note Amount<br><input type="checkbox"/> Other: |
|------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------|

**LOAN TYPES COVERED: 1<sup>st</sup> Lien Only**

- |                                                                                                                               |                                                                                    |
|-------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------|
| <input checked="" type="checkbox"/> Conventional<br><input checked="" type="checkbox"/> VA<br><input type="checkbox"/> Other: | <input checked="" type="checkbox"/> FHA<br><input checked="" type="checkbox"/> RHS |
|-------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------|

**LOAN PURPOSES COVERED:**

- |                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <input checked="" type="checkbox"/> Purchase<br><input type="checkbox"/> Builder<br><input checked="" type="checkbox"/> Equity Out<br><input checked="" type="checkbox"/> One Time Closing<br><input checked="" type="checkbox"/> Purchase Plus Improvements<br><input type="checkbox"/> Lot Loan<br><input checked="" type="checkbox"/> Borrower Interim<br><input checked="" type="checkbox"/> HELOC | <input checked="" type="checkbox"/> Construction to Perm<br><input checked="" type="checkbox"/> Refinance<br><input checked="" type="checkbox"/> Home Equity Closed End<br><input checked="" type="checkbox"/> Modification (If subject to TILA)<br><input checked="" type="checkbox"/> Refinance Plus Improvements<br><input checked="" type="checkbox"/> Home Improvement<br><input checked="" type="checkbox"/> One Time Closing with Modification<br><input checked="" type="checkbox"/> Assumption<br><input checked="" type="checkbox"/> Reverse Mortgage |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

**BRIDGE LOANS COVERED**

- |                                         |                             |
|-----------------------------------------|-----------------------------|
| <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
|-----------------------------------------|-----------------------------|

**PROPERTY OCCUPANCY COVERED:**

- |                                                                                              |                                                                                      |
|----------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|
| <input checked="" type="checkbox"/> Primary Residence<br><input type="checkbox"/> Investment | <input checked="" type="checkbox"/> Second Home<br><input type="checkbox"/> Raw Land |
|----------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|

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

☐ APR ☐ Unteased APR ☒ Other: Interest rate

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

☐ APOR ☐ Treasury Yield ☐ APR Itself ☒ Other: Overpayment Annual Rate + 3%  
Trigger rate per 32 VSA 3108 (2022 is 6.25%)  
<http://tax.vermont.gov/research-and-reports/interest-rates>

**DATE FOR APR TEST:**

☐ Application ☒ Closing  
☐ Other:

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

☐ Use HC Flag  
☐ Use APR & Paid To (§1026.32)  
☐ Use APR & Paid To, except:  
☒ Other: Fees includes all fees in Section A of the Closing Disclosure

**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

**IF LOAN IS STATE HIGH-COST, THEN MUST MEET FOLLOWING REQUIREMENTS:**

- There is only the disclosure requirement.

## **All Lenders**

The Vermont Anti-Predatory Lending Law, Vt. Stat. Ann. tit. 9, [§104](#), imposes disclosure requirements on lenders making "high rate loans."

### *Definitions*

"High rate loan" means a loan secured by a first lien on residential real estate in which the borrower is expected to be charged:

- (1) in excess of 4 points; or
- (2) an interest rate in excess of 3% over the "Declared Rate."

Vt. Stat. Ann. tit. 9, [§104\(a\)](#).

"Points" means all amounts required to be listed on the HUD-1A Disclosure form lines 801 and 802 (loan origination fee and loan discount), as in use on July 1, 1998. Vt. Code R. [21 010 011\(§3\)](#).

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"Declared Rate" means the average prime rate charged by banks during the immediately preceding 12 months commencing on October 1st of the prior year, rounded upwards to the nearest whole percent. The annual rate thus established may be converted to a monthly rate which must be rounded upwards to the nearest tenth of a percent. The rate established will be effective on January 1st of the immediately following year. The Commissioner will notify mortgage lenders of the Declared Rate annually. Vt. Stat. Ann. tit. 9, [§104\(b\)](#); Vt. Stat. Ann. tit. 32, [§3108](#).

The Declared Rate for 2020 is 5.50%. See <https://tax.vermont.gov/sites/tax/files/documents/2020%20Interest%20Rate%20memo.pdf>

"Lender" means any person who is in the business of making loans secured by a mortgage on real estate and to whom the debt is initially payable on the face of the loan documents. Va. Stat Ann. tit. 9, [§201\(3\)](#).

#### *Disclosures*

For disclosure requirements with respect to high-cost/covered loans, see [Section VII.C.: Predatory Lending Disclosures](#).

#### *Penalties*

The Commissioner may impose an administrative penalty of not more than \$5,000 on any person that fails to comply with the high rate loan disclosure requirements. The Commissioner may order a lender to refund any discount points or other charges paid by a borrower who has not received the required disclosures. Vt. Stat. Ann. tit. 9, [§104\(c\)](#).