

OKLAHOMA HIGH-COST RECAP

What loans are subject to rule:

A consumer-purpose loan secured by the borrower's primary dwelling, but excluding HELOCs, purchase, or initial construction transactions.

Fees included:

Points and fees include all mortgage broker compensation, credit insurance premiums written in connection with the loan, any charge where the creditor or an affiliate receives direct or indirect compensation, and all items included in the finance charge, except interest or the time-price differential.

The transaction is considered a high-cost home loan if:

The points and fees exceed the greater of 8% of the total loan amount or \$1,243.

APR threshold test: The APR is compared against the Treasury Yield of comparable maturity of the loan as of the 15th day of the month immediately preceding the month in which the application for the extension of credit is received by the creditor.

The transaction is considered a high-cost home loan if:

First Lien: APR is more than 8% higher than comparable Treasury Yield figure

Subordinate Lien: APR is more than 10% higher than comparable Treasury Yield figure

Additional limitations:

- No payments directly to contractor of home improvement loan, except jointly to borrower and contractor or at borrower's option to third party escrow agent.
- No advance payments.
- No negative amortization.
- No increased default interest rate.
- No demand clause.
- No balloon payments less than 5 years
- No prepayment penalty after 2 years and limited within 2 years.

Disclosures required:

At least three days prior to consummation, the Subsection 10 Mortgage Loan Disclosure (Doc ID 2551 in the PPDocs, Inc. document library) must be provided to borrower.

If borrower is purchasing credit insurance, then the Insurance Notice to Obligor (Doc ID 4426 in the PPDocs, Inc. document library) must be provided to borrower at closing.

Underlying Regulation:

“Oklahoma Home Ownership and Equity Protection Act” a/k/a subsection 10 mortgages ([Okla. Stat. tit. 14A 1-301\(10\)](#))

Requirements for certain closed-end home loans: [Okla. Admin. Code § 160:45-9-2](#)