

SOUTH CAROLINA HIGH-COST RECAP

What loans are subject to rule:

A consumer-purpose loan, other than a HELOC, made to an individual or trust, secured by the borrower's principal dwelling, in an amount not to exceed the FNMA conforming loan limits.

Fees included:

Points and fees include APR fees and lender/affiliate compensation, except interest or the time-price differential, credit insurance charges or premiums, and the maximum prepayment fees and penalties.

The loan is considered a high-cost transaction if the points and fees:

- Equal or exceed 5 % of total loan amount when total loan amount is greater than \$20,000; or
- Exceed the lesser of 8% of total loan amount or \$1,000 when total loan amount is less than \$20,000.

APR threshold test: .

The loan is considered a high-cost transaction if:

First lien: APR exceeds 6.5% over APOR as of the date on which the interest rate for the transaction is set.

Subordinate lien: APR exceeds 8.5% over APOR as of the date on which the interest rate for the transaction is set.

Additional limitations:

- No Prepayment penalty unless original loan did not exceed \$690,000 adjusted each July 1 by CPI).
- Credit Insurance may not be financed (not considered "financed" if calculated and paid on a monthly basis).
- Borrower must complete counseling and provide certification of such.
- Lender must take borrower's ability to repay into account when underwriting high-cost loan.
- No loan acceleration provision (except via default, due on sale provision, or some other provision of the loan docs unrelated to the payment schedule).
- No Balloon Payments.
- No Negative Amortization.
- No Default Interest Rate unless related to a variable rate program and not triggered by default.
- No Advance Payments – may not include terms under which more than 2 periodic payments required under the loan are consolidated and paid in advance from the loan proceeds provided to the consumer.
- No fees to modify, renew, extend, or amend a high-cost home loan or to defer a payment.

- No Financing of Fees for points and fees exceeding 2.5% of total loan amount, or for the prepayment fee/penalty in a refinancing if lender or affiliate is the noteholder.
- Points and fees may not be charged if the proceeds of the high-cost home loan are used to refinance an existing high-cost home loan held by the same lender as noteholder.
- Payments to Contractors prohibited under home improvement, unless payable to borrower or jointly (borrower and contractor); or at the election of borrower, by a 3rd party escrow agent per agreement between borrower, lender and contractor before payment date.
- High-cost loan may not contain a choice of law provision identifying a state other than South Carolina unless otherwise allowed under federal law.

Disclosures required:

The Approved High-Cost Home Loan Counselors disclosure (Doc ID 3860 in the PPDocs, Inc. document library) and the High-Cost Home Loan Counseling Certification form (Doc ID 3864 in the PPDocs, Inc. document library) must be provided within 3 business days of learning the loan is or will be a high-cost transaction.

Underlying Regulation: [S.C. Code §37-23-10 et seq.](#)

<https://www.scstatehouse.gov/code/t37c023.php>