

TEXAS HIGH-COST RECAP

What loans are subject to rule:

Consumer-purpose transactions, excluding HELOCs, secured by the borrower's primary residence, with a loan amount between \$20,000 and ½ of the current FNMA conventional loan limits.

Fees included:

Includes the APR fees payable to a creditor, mortgage broker, and/or its affiliates in the fee test.

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

The points and fees exceed 5% of the total loan amount for a loan amount of \$24,866 or more, or the lesser of 8% of the total loan amount or \$1,243 for a loan amount less than \$24,866.

APR threshold test:

The APR test follows 1026.32, which means the first lien APR cannot exceed APOR as of the date interest rate is set by more than 6.5%, and a subordinate lien APR cannot exceed APOR as of the date interest rate is set by more than 8.5%.

Additional limitations:

- Single Premium Credit Insurance prohibited unless an Insurance Notice is given 3 business days after application.
- No Balloon Payment before 5 years, unless on a bridge loan in connection with the acquisition or construction
- No Negative Amortization.
- No Prepayment Penalties.

Disclosures required:

None

Underlying Regulation:

[Texas Finance Code, Sections 343.201 et seq.](#)

<https://statutes.capitol.texas.gov/Docs/FI/htm/FI.343.htm#343.201>