

STATE HIGH COST/PREDATORY LENDING REGULATIONS

State: California

Law: California Covered Loan Law

Cite: Finance Code Section 4970

Public Link: <http://www.leginfo.ca.gov/cgi-bin/calawquery?codesection=fin&codebody=&hits=20>

Loans Covered: Conventional FHA VA

Loan Amount Covered: FNMA loan limits

Loan Purposes Covered:

<input checked="" type="checkbox"/> Purchase	<input checked="" type="checkbox"/> Construction/Perm (refinance of construction loan)
<input checked="" type="checkbox"/> Construction	<input checked="" type="checkbox"/> Refinance
<input type="checkbox"/> HELOC	<input checked="" type="checkbox"/> Home Equity/closed end
<input type="checkbox"/> Bridge Loan (purchase)*	<input checked="" type="checkbox"/> Bridge Loan (refinance)*
<input checked="" type="checkbox"/> Purchase Plus	<input checked="" type="checkbox"/> Refinance Plus
<input checked="" type="checkbox"/> Home Improvement	
<input type="checkbox"/> One time with modification	<input type="checkbox"/> Reverse Mtg
<input type="checkbox"/> One-time Closing	

***Bridge loans with maturity less than one year are exempt**

Borrower(s) Covered: Consumer

Property Covered: Borrower(s)' primary residence 1-4 units

Total Loan Amount (TLA) is: SAME AS HOEPA/SECTION 32 (assumed Federal meaning since it is not defined within California law)

_____ NOTE AMOUNT

APR Test: **1st Lien:** >8%
Subordinate Lien: >8%

Fee Test: >6% of TLA

Fees to be Included/Excluded: (See link to law for more information)

(c) "Points and fees" shall include the following:

(1) All items required to be disclosed as finance charges under Sections 226.4(a) and 226.4(b) of Title 12 of the Code of Federal Regulations, including the Official Staff Commentary, as amended from time to time, except interest.

(2) All compensation and fees paid to mortgage brokers in connection with the loan transaction.

(3) All items listed in Section 226.4(c)(7) of Title 12 of the Code of Federal Regulations, only if the person originating the covered loan receives direct compensation in connection with the charge.

Special Notes: None

Legal Disclaimer: This is a good faith summary of the state's high cost/predatory lending laws. This is not legal advice. It is not a substitute for legal advice. See the referenced link to the actual law for further details and clarification.