2021 Home Ownership Equity Protection Act (HOEPA) Worksheet

Primary Borrower Name

Joint Borrower

Guarantor/Co-Signer

Member Number

Loan ID

Loan Officer

Coverage Test:
Is this a covered loan?
(at least one box must be checked)

- [ ] This loan is a purchase-money mortgage secured by a consumer's principal dwelling.
- [ ] This loan is a closed-end home equity loan secured by a consumer's principal dwelling.
- [ ] This loan is a refinance and is secured by a consumer's principal dwelling.
- [ ] This loan is an open-end credit plan (i.e. HELOC) secured by a consumer's principal dwelling

Coverage Test - APR Determine the rate spread using the Rate Spread Calculator

Lock-in/Approval Date

FFIEC Published Rate

Loan Rate

- ○ This loan is a 1st lien transaction and it's interest rate exceeds the published rate by 6.5 percentage points
- ○ This loan is a 1st lien transaction <$50,000 and secured by personal property and it's interest rate exceeds the published rate by 8.5 percentage points
- ○ This loan is a subordinate lien transaction and it's interest rate exceeds the published rate by 8.5 percentage points

Coverage Test - Points and Fees (adjusted annually - check date of worksheet)

- ○ Loan amount greater than or equal to $22,052 and the points and fees exceed 5% of the total loan amount
- ○ Loan amount <$22,052 and the points and fees exceed 8% of the total loan amount or $1,103, whichever is less

Coverage Test - Prepayment Penalties

N/A - FCUs and PA state chartered CUs are not authorized to charge pre-payment penalties

If no boxes are checked within the Coverage Test catagories, STOP HERE, this is not a HOEPA loan.

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☐ This loan is a HOEPA Loan

- ☐ For closed-end transactions the Ability to Repay Worksheet is complete and in file. (For HELOCs go to HELOC Tab)
- ☐ HOEPA Disclosure provided to borrower(s) at least three (3) days prior to consumation; sample disclosure H-16 can be found in Appendix H of Regulation Z
  http://www.gpo.gov/fdsys/pkg/CFR-2012-title12-vol3/pdf/CFR-2012-title12-vol3-part226-appH.pdf
- ☐ Borrowers provided written certification that they received homeownership counseling from an approved counselor.
- ☐ This loan contains a balloon feature (if this box is checked than one of the following boxes must be checked)
  - ☐ The payment schedule is adjusted to accommodate seasonal or irregular income.
  - ☐ The loan is a short term bridge loan (12 months or less) to finance a new home purchase for a consumer
  - ☐ The creditor meets criteria for "Small Creditor serving a rural or underserved area" and ATR/QM is met.
  - ☐ The creditor meets criteria for "Small Creditor" and application is received prior to April 1, 2016.
- ☐ Restrictions and Prohibitions (all boxes must be checked)
  - ☐ The creditor did not recommend default of another loan that this loan refinanced.
  - ☐ No fee was collected or charged for modification, deferral, renewal, extension or amendment.
  - ☐ Late fees do not exceed 4% of the past due amount.
  - ☐ No pyramiding of late fees.
  - ☐ There is no fee for generation of payoff statements.
  - ☐ Points and fees are not financed.
  - ☐ There is no negative amortization.
  - ☐ Loan proceeds are not used to make more than two (2) periodic payments in advance.
  - ☐ There is no provision to increase interest rate after default.
  - ☐ Loan is not purposely structured to evade HOEPA coverage

2021 Home Ownership Equity Protection Act (HOEPA) Worksheet

How to calculate APR (§1026.32)

Please note: The APR used to determine if a transaction is a high-cost mortgage is calculated differently from the APR that you disclose on your TILA disclosures.

- For fixed-rate transactions, calculate the APR by using the interest rate in effect on the date you set the interest rate for the transaction.

- For transactions where the interest rate varies with an index, use the greater of the introductory interest rate (if any) or the fully-indexed rate (i.e., the interest rate that results from adding the maximum margin permitted at any time during the term of the transaction, to the value of the index rate in effect on the date you set the interest rate for the transaction).

- If the interest rate for the transaction may or will vary other than in accordance with an index, such as in a step-rate loan, use the maximum rate that the applicant may pay during the term of the transaction.

- If dealing with a HELOC - go to HELOC Considerations tab.

2021 Home Ownership Equity Protection Act (HOEPA) Worksheet

What is calculated into points and fees (§1026.32)

To calculate points and fees, add together the amounts paid in connection with the transaction or the open-end credit plan (as applicable) for the categories of charges listed below:

a. Finance Charge (May exclude - mortgage insurance premiums; bona fide third party charges; up to two bona fide discount points)

b. MLO Compensation

c. Real Estate Fees (May exclude - title exam, abstract, insurance and property survey; document prep fees; notary fees; credit report fees; appraisal or inspection fees; and escrow deposits - if reasonable and not paid to the creditor or its affiliate)

d. Credit Insurance Premiums (credit property, life, accident, health or loss of income)

- If dealing with a HELOC - go to HELOC Considerations tab.

2021 Home Ownership Equity Protection Act (HOEPA) Worksheet

Additional considerations for HELOCs (§1026.32)

Points and Fees

To calculate points and fees for HOEPA coverage of HELOCs, use the same general approach you would use for calculating points and fees for closed-end credit transactions, but include the additional items noted below, if applicable.

- Participation fees payable at or before account opening
- Fees charged to consumers to draw on HELOCs (assume a consumer will draw on their credit line at least once)

APR

Creditors originating a HELOC should compare the HELOC's APR (calculated according to the special rules for HOEPA coverage) to the APOR for the most closely-comparable closed-end transaction.

- To identify the most closely-comparable closed-end transaction, first determine if the HELOC is fixed- or variable-rate. If the HELOC has a variable rate and an optional, fixed rate feature, the HELOC is a variable-rate transaction for purposes of the APR coverage test.
- For a variable-rate HELOC, the most closely-comparable closed-end transaction will be a variable-rate transaction with an initial, fixed-rate period that lasts approximately as long as the introductory period, if any, on the HELOC. (If the HELOC has no initial, fixed rate period, assume an initial, fixed-rate period of one year.)
- For a fixed-rate HELOC, the most closely-comparable closed-end transaction will be a fixed-rate transaction with the same loan term (in years) as the term of the HELOC to maturity. (If the HELOC has no definite plan length, assume a 30-year term until maturity)

Ability to Repay

Dodd-Frank Ability to Repay rules do not apply to HELOCs, so for high cost HELOCs use the HOEPA Ability to Repay rules. In general creditors must consider the following:

- Current or reasonably expected income or assets (from W-2s, tax returns, payroll receipts, financial institution records, or other reasonably reliable evidence)
- Current obligations, including any mortgage-related obligations such as property taxes, required insurance premiums, community association fees, ground rent, and leasehold payments