The Act gives the CFPB separate exemption authority for high-cost mortgage loans. The CFPB may exempt specific mortgage products or categories of mortgages from certain high-cost mortgage (HOEPA) provisions: those spelled out in subsections (c) through (i) of section 1639. Those subsections include HOEPA’s restrictions on prepayment penalties, default interest rates, balloon payments, negative amortization, extending credit without regard to the consumer’s repayment ability, and making payments to home improvement contractors. However, the exemption authority does not extend to HOEPA’s disclosure and pre-loan counseling requirements, its requirements regarding payoff statements, and its restrictions on recommending default, late fees, acceleration, financing of points and fees, evasions, and modification and deferral fees. Nor does it extend to HOEPA’s provisions regarding enforcement, remedies, and defenses. In order to invoke its exemption authority for HOEPA, the CFPB must find that the exemption is in the best interest of the borrowing public and will apply only to products that maintain and strengthen home ownership and equity protection.

Footnotes


255 [255] Id.

Source: National Consumer Law Center, Truth in Lending [10th ed.], updated at www.nclc.org/library
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