

Ability-to-Repay Statutes

	STATUTE	DOES LENDER HAVE A DUTY TO VERIFY BORROWER'S ABILITY TO REPAY?	WHICH LOANS DOES THIS APPLY TO?
FEDERAL	Truth in Lending Act, Regulation Z	Yes	Only small subset of particularly risky loans: balloon payment loans, negative amortization loans, interest-only loans, or loans exceeding 30 years.
ALABAMA	Consumer Credit Act	No	N/A
ALASKA	Secure and Fair Enforcement for Mortgage Licensing Act	No	N/A
ARIZONA	Mortgage Bankers, Mortgage Brokers, and Loan Originators Statute	No	N/A
ARKANSAS	Fair Mortgage Lending Act	No	N/A
CALIFORNIA	Finance Lenders Law	No affirmative duty, but license may be revoked for repeated failure to verify borrowers' ability to repay	All mortgage loans
	Financial Code	Yes	Only loans that meet one of the following: 1) the annual percentage rate will exceed the yield on Treasury securities by more than 8 percent; or 2) the associated fees exceed 6 percent of the loan amount.

COLORADO	Mortgage Loan Originator Licensing Act	Yes	All mortgage loans
CONNECTICUT	Connecticut Banking Law	Yes	Only high-cost and non-prime home loans
DELAWARE	Licensed Lenders Statute	No	N/A
FLORIDA	Loan Originators and Mortgage Brokers Act	No	N/A
GEORGIA	Banking and Finance Law	Lender prohibited from making loan with intent to foreclose, which can be shown by giving loan to person who has low probability of being able to repay	All mortgage loans
HAWAII	Secure and Fair Enforcement for Mortgage Licensing Act	Yes	All Mortgage Loans
IDAHO	Residential Mortgage Practices Act	No	N/A
ILLINOIS	Residential Mortgage Licensing Act	Yes	All Mortgage Loans
	High Risk Home Loan Act	Yes	Only high-risk loans, defined as a loan with one or more of the following characteristics: 1) For a first mortgage, a loan of more than 6 percent the average prime offer rate; 2) for a second mortgage, a loan of more than 8 percent the average prime offer rate; 3) a loan with prepayment fees for any prepayment more than 3 years after the loan is

			obtained; 4) a loan with prepayment fees of more than 2 percent the amount paid ahead of schedule; 5) a loan for \$20,000 or more that has fees totaling 5 percent of the total loan amount; or 6) a loan for less than \$20,000 that has fees totaling either 8 percent of the total loan amount or fees totaling \$1,000 or more.
INDIANA	Mortgage Loan Brokers Act	No	N/A
IOWA	Mortgage Licensing Act	No	N/A
KANSAS	Mortgage Business Act	No	N/A
KENTUCKY	Commerce and Trade Statute	Yes	Only high-cost loans, defined as a loan that meets the criteria of a "Mortgage" under the Home Ownership and Equity Protection Act of 1994, or a loan with total points and fees exceeding the greater of \$3,000 or 6% of the total loan amount
LOUISIANA	SAFE Residential Mortgage Lending Act	No	N/A
MAINE	SAFE Mortgage Licensing Act	No	N/A
MARYLAND	Mortgage Lender Law	No	N/A
MASSACHUSETTS	Mortgage Lender and Broker Law	Yes	All mortgage loans

MICHIGAN	Mortgage Brokers, Lenders, and Servicers Licensing Act	No	N/A
MINNESOTA	Residential Mortgage Originator and Servicer Licensing Act	Yes	All mortgage loans
MISSISSIPPI	SAFE Mortgage Act	No	N/A
MISSOURI	Mortgages, Deeds of Trust and Mortgage Brokers Act	No	N/A
MONTANA	Mortgage Act	No	N/A
NEBRASKA	Residential Mortgage Licensing Act	No	N/A
NEVADA	Mortgage Brokers and Mortgage Agents Act	Yes	All mortgage loans
NEW HAMPSHIRE	Mortgage Bankers and Brokers Act	Yes	All mortgage loans
NEW JERSEY	Residential Mortgage Lending Act	No	N/A
NEW MEXICO	Mortgage Loan Originator Licensing Act	Yes	All mortgage loans
	Home Loan Protection Act	Yes	Mortgage loans with a principal amount not exceeding Fannie Mae's limits for a single family dwelling
NEW YORK	New York Banking Law	No statutory requirement, but may be requirement through case law	N/A

NORTH CAROLINA	North Carolina General Statutes	Yes	Only for rate spread home loans, defined as a loan with an annual percentage rate exceeding the limits set out in 15 U.S.C. § 1639
NORTH DAKOTA	Mortgage Loan Originator Act	No	N/A
OHIO	Mortgage Broker Act	Lender must make reasonable effort to ensure terms of loan are advantageous to borrower's interest	All mortgage loans
OKLAHOMA	SAFE Mortgage Licensing Act	No	N/A
OREGON	Mortgage Lender Law	Yes	Only for negative amortization loans
PENNSYLVANIA	Mortgage Loan Industry Licensing and Consumer Protection Law	No	N/A
RHODE ISLAND	Home Loan Protection Act	Yes	Only for high-cost home loans, defined as loans with greater-than-average interest rates or total points and fees exceeding 5% for a loan greater than \$50,000 or 8% for a loan less than \$50,000.
SOUTH CAROLINA	Consumer Protection Code	Yes	Only for high-cost home loans, defined as a loan with a greater-than-average interest rate or points and fees exceeding 5% for a loan greater than \$20,000 or 8% for a loan less than \$20,000.
SOUTH DAKOTA	Mortgage Lender Business Statute	No	N/A

TENNESSEE	Home Loan Protection Act	Yes	Only for high-cost loans, defined as a loan with a greater-than-average interest rate or points and fees exceeding 5% for a loan greater than \$30,000 or 8% for a loan less than \$30,000
TEXAS	Mortgage Banker Registration and Residential Mortgage Loan Originator License Act	No	N/A
UTAH	Mortgage Lending and Servicing Act	No	N/A
VERMONT	Licensed Lenders Act	No	N/A
VIRGINIA	Mortgage Lenders and Brokers Act	No	N/A
WASHINGTON	Consumer Loan Act	No	N/A
WASHINGTON D.C.	Mortgage Lenders and Brokers Act	Lender may not make loan with intent to foreclose, which can be shown by giving a loan to a borrower with a low probability of repayment	All mortgage loans
WEST VIRGINIA	Residential Mortgage Lender, Broker, and Servicer Act	Lenders may have licensed revoked for repeated failure to verify borrower's ability to repay	All mortgage loans
WISCONSIN	Mortgage Banker, Loan Originators and Mortgage Brokers Act	No	N/A
WYOMING	Residential Mortgage Practices Act	No	N/A