

BULLETIN

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Anti-Predatory Lending Policy

Background *Predatory lending consists of any of a number of fraudulent, deceptive, discriminatory or unfavorable lending practices. Many of these practices are illegal, while others are legal, but not in the best interest of the borrower (s). According to the definition, a loan is considered to be predatory if the terms are unfavorable relative to other loans "offered to similarly qualified borrowers." Unfavorable terms include placing a consumer in a loan at more onerous terms, charging the customer a higher interest rate, discount points, or other fees, or such as charging prepayment penalties that the consumer could have avoided had they shopped other sources for the same loan at the same time. The unfavorable terms and overcharging of fees to a consumer result in what is referred to as a "high cost loan."*

Purpose *Baytree Lending/St Francis Mortgage Company also d/b/a/St. Francis Mortgage Corporation does not engage nor tolerate any abusive or predatory lending practices from loan originators within the broker community. Baytree Lending/St Francis Mortgage will employ technologies to mitigate and/or eliminate purchasing any high cost loan subject to **any individual county, municipality or state "predatory high cost loan" lending law or any loan subject to the federal Homeownership Equity Protection act (HOEPA).***

Baytree Responsibility *As defined by Baytree Lending/St Francis Mortgage, high cost loans are loans that meet one of two thresholds. The thresholds are:*

- 1. The point and fees charged on the loan times the "total Loan Amount" exceed more than 5 percent. This threshold may vary based on the points and fees threshold established by the state's predatory lending law pursuant to where the property is located.*
- 2. The APR of the loan exceeds comparable U.S. Treasury rates plus 8 percentage points for first lien loans and comparable U.S. Treasury rates plus 9 percentage points for subordinate lien loans. This threshold may vary based on APR or interest rate thresholds established by the state's predatory lending law pursuant to where the property is located.*

Exceeding either of these two threshold means the loan is a high cost loan.

Additional Information *These two thresholds do not exclude any applicable county or local municipality predatory high cost loan test.*
