

**Rule Summary and Fiscal Analysis (Part A)****Attorney General**

Agency Name

**Consumer Protection**

Division

**Edana Essa**

Contact

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**109:4-3-19**

Rule Number

**AMENDMENT**

TYPE of rule filing

Rule Title/Tag Line

**Determining a consumer's ability to repay a residential mortgage loan.****RULE SUMMARY**

1. Is the rule being filed consistent with the requirements of the RC 119.032 review? **Yes**

2. Are you proposing this rule as a result of recent legislation? **No**

3. Statute prescribing the procedure in accordance with the agency is required to adopt the rule: **119.03**

4. Statute(s) authorizing agency to adopt the rule: **1345.05**

5. Statute(s) the rule, as filed, amplifies or implements: **1345.031(B)(2)**

6. State the reason(s) for proposing (i.e., why are you filing,) this rule:

This rule contains certain requirements suppliers must use to determine a consumer's ability to repay a mortgage loan, generally requiring the loan be reasonably underwritten. The proposed amended rule adds a new paragraph (H), which provides a safe-harbor provision that a consumer is assumed to have an ability to repay if the consumer is being refinanced at the same or better terms. This new provision will allow a lender to conduct the refinancing process over the telephone and forego conducting the standard underwriting process, because the consumer is current on his mortgage, and the refinance is for the same terms or better terms for the consumer.

7. If the rule is an AMENDMENT, then summarize the changes and the content of the proposed rule; If the rule type is RESCISSION, NEW or NO CHANGE, then summarize the content of the rule:

(H) For purposes of division (A) of this rule, a consumer shall be considered to have an ability to repay if the lender is offering a fully-amortizing fixed-rate refinance loan that has the same or lesser interest rate as the consumer's current loan, the same or lesser principal amount as the consumer's current loan, and does not extend the payoff date of the consumer's current loan. If the consumer currently has an adjustable rate mortgage, the interest rate of the consumer's current loan is the interest rate the consumer is paying as of the date of the refinance.

8. If the rule incorporates a text or other material by reference and the agency claims the incorporation by reference is exempt from compliance with sections 121.71 to 121.74 of the Revised Code because the text or other material is **generally available** to persons who reasonably can be expected to be affected by the rule, provide an explanation of how the text or other material is generally available to those persons:

Per R.C. 121.75, this rule cites the Laws of Ohio, found in the Ohio Revised Code and Ohio Administrative Code. The cited materials are generally available at no cost in public libraries or on the internet, to those persons reasonably expected to be affected by the rule.

9. If the rule incorporates a text or other material by reference, and it was **infeasible** for the agency to file the text or other material electronically, provide an explanation of why filing the text or other material electronically was infeasible:

Per R.C. 121.75, this rule cites the Laws of Ohio, found in the Ohio Revised Code and Ohio Administrative Code. The cited materials are generally available at no cost in public libraries or on the internet, to those persons reasonably expected to be affected by the rule.

10. If the rule is being **rescinded** and incorporates a text or other material by reference, and it was **infeasible** for the agency to file the text or other material, provide an explanation of why filing the text or other material was infeasible:

*Not Applicable.*

11. If **revising** or **refiling** this rule, identify changes made from the previously filed version of this rule; if none, please state so:

*Not Applicable.*

12. 119.032 Rule Review Date: **12/28/2011**

(If the rule is not exempt and you answered NO to question No. 1, provide the scheduled review date. If you answered YES to No. 1, the review date for this rule is the filing date.)

NOTE: If the rule is not exempt at the time of final filing, two dates are required: the current review date plus a date not to exceed 5 years from the effective date for Amended rules or a date not to exceed 5 years from the review date for No Change rules.

**FISCAL ANALYSIS**

13. Estimate the total amount by which *this proposed rule* would **increase / decrease** either **revenues / expenditures** for the agency during the current biennium (in dollars): Explain the net impact of the proposed changes to the budget of your agency/department.

This will have no impact on revenues or expenditures.

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Not applicable.

14. Identify the appropriation (by line item etc.) that authorizes each expenditure necessitated by the proposed rule:

Not applicable.

15. Provide a summary of the estimated cost of compliance with the rule to all directly affected persons. When appropriate, please include the source for your information/estimated costs, e.g. industry, CFR, internal/agency:

Not applicable.

16. Does this rule have a fiscal effect on school districts, counties, townships, or municipal corporations? **No**

17. Does this rule deal with environmental protection or contain a component dealing with environmental protection as defined in R. C. 121.39? **No**

