

THAT WILL APPLY AFTER THE EXPIRATION OF AN INTRODUCTORY INTEREST RATE.

[(3)] (4) "Home buyer education or housing counseling" means instruction on preparing for home ownership, shopping for a home, obtaining a mortgage, loan closing, and life as a homeowner.

~~[(4)] (5) "Residential real property" means owner-occupied real property having a dwelling on it designed principally as a residence with accommodations for not more than four families.~~

(b) ~~(1)~~ A lender may not make a [covered] SECONDARY MORTGAGE loan without giving due regard to the borrower's ability to repay the SECONDARY MORTGAGE loan in accordance with its terms, INCLUDING THE FULLY INDEXED RATE OF THE SECONDARY MORTGAGE LOAN, IF APPLICABLE, AND PROPERTY TAXES AND HOMEOWNER'S INSURANCE WHETHER OR NOT AN ESCROW ACCOUNT IS ESTABLISHED FOR THE COLLECTION AND PAYMENT OF THESE EXPENSES.

~~(2) A borrower is presumed to be able to repay a SECONDARY MORTGAGE loan if at the time the SECONDARY MORTGAGE loan is made the borrower's total scheduled monthly payment obligations, including the [required loan payment] PRINCIPAL, INTEREST, PROPERTY TAXES, AND HOMEOWNER'S INSURANCE, do not exceed 45 percent of the borrower's monthly gross income.~~

[(3) This subsection does not apply to a covered loan to a borrower whose monthly gross income is greater than 120 percent of the median family income for the metropolitan statistical area in which the residential real property securing the loan is located.]

(c) (1) DUE REGARD TO A BORROWER'S ABILITY TO REPAY A SECONDARY MORTGAGE LOAN MUST INCLUDE ~~VERIFICATION~~:

(I) CONSIDERATION OF THE BORROWER'S DEBT TO INCOME RATIO, INCLUDING EXISTING DEBTS AND OTHER OBLIGATIONS; AND

(II) VERIFICATION OF THE BORROWER'S GROSS MONTHLY INCOME AND ASSETS BY REVIEW OF THIRD-PARTY WRITTEN DOCUMENTATION REASONABLY BELIEVED BY THE LENDER TO BE ACCURATE AND COMPLETE.

(2) ACCEPTABLE THIRD-PARTY WRITTEN DOCUMENTATION INCLUDES: