

## North Carolina Mortgage Banking Law

### Licensing Requirements

Loan Officers	Mortgage Bankers	Mortgage Brokers
Detailed Application – Resume, Credit Report, Prior Legal Issues	Detailed Application – 3 Years History for Principals, Financial Condition, Credit History, Qualifications, Business History	
Education/Experience – 8 Hour Fundamentals	\$150,000 Bond or \$250,000 Net Worth	“Bricks and Mortar” \$50,000 Bond or \$250,000 Net Worth
Initial - \$50 Fee Annual Renewal - \$50 + 8 Hours CE	Initial \$1,000 + \$100 per branch Renewal \$500 + \$100 per branch	
Changes/Inactive – Notice within 15 days	Changes to license 10 days prior notice	

May renew 45 days prior to expiration – June 30. Late renewal is \$250 Fine. Non-renewal within 90 days will lapse license – must re-apply.

### Duties of Mortgage BROKERS/Loan Officers

Employed by ONE licensee at a time  
 Make reasonable efforts to secure loan that is reasonably advantageous to borrower  
 Account for borrower deposits  
 Follow borrower instructions  
 Act with reasonable skill, care and diligence

### Prohibited Acts for all loans

No Brokered Loans:

- With Prepayment Penalty (\$150,000 or less)
- Violations of Predatory Lending Law
- Without License (Class I Felony)

No False Statements/Misrepresentation/False Advertising, Fraud, Failure to act in Good Faith or Unfair Dealings  
 No failure to deliver money or documents, including timely payments to vendors

North Carolina Commissioner of Banks may

Suspend, revoke, deny or refuse to issue or renew a license  
 Up to \$10,000 penalty for violations/\$25,000 for violation of cease and desist  
 Conduct annual reviews, examinations, and investigations of complaints

## North Carolina Predatory Lending Law

<b>All Loans</b>	<ul style="list-style-type: none"> <li>• No prepayment penalties for brokered home loans of \$150,000 or less</li> <li>• No “flipping”, where a lender repeatedly refinances an existing home loan with upfront fees</li> <li>• No financing of upfront, single premium insurance. Monthly payment insurance is still permitted</li> </ul>	
<b>High Cost Loans</b> \$300,000 or less	A loan is high cost if	
<b>POINTS</b> more than 5% of the loan amount in upfront points, fees, or other charges	Costs <b>DO NOT</b> include <ul style="list-style-type: none"> <li>• regular closing costs</li> <li>• the yield spread premium</li> </ul>	Costs <b>DO</b> include <ul style="list-style-type: none"> <li>• fees paid directly by borrower to mortgage brokers</li> <li>• prepayment penalty in excess of 1% (on old loan)</li> </ul>
<b>RATE</b>	Interest rate that is 8% more than the comparable Treasury bond rate	
<b>PREPAYMENT PENALTY</b>	<ul style="list-style-type: none"> <li>• Longer than 30 months</li> <li>• More than 2% of amount prepaid</li> </ul>	
<b>Prohibited Practices</b>		
<u>If the loan is high cost</u>	<ul style="list-style-type: none"> <li>• No financing of upfront fees and insurance premiums</li> <li>• Require Counseling for high cost home loan borrowers</li> <li>• No balloon payments, no Demand or Acceleration features, No direct payments to contractors</li> <li>• No Negative Amortization, No Prepayment Penalties</li> <li>• No lending without consideration of consumer’s ability to repay</li> <li>• 50% DTI Max</li> </ul>	
<u>Reminder</u>	All other Features of Section 32 Loans apply where not specifically stated by North Carolina Law	