

<b>Kentucky Mortgage Lending Licensing and Regulation</b>		
Regulator	Department of Financial Institutions 1025 Capital Center, Suite 200 Frankfort, Kentucky 40601	Ph: (502) 573-3390 Toll-Free: 1-800-223-2579 Fax: (502) 573-8787
<b>Licensing Requirements</b>		
Loan Officers	Mortgage Loan Company (Lender) License	Loan Broker License
\$50 Registration/Renewal 12 Hours CE (6 Live/12 Live – Initial) Expires Annually - June 30 Late - \$250 reinstatement	\$500,000 Funding Source or \$500,000 in net worth \$100,000 Surety Bond or assets	Physical Presence Required Photos and Zoning if Residential 30 Hour Course or 1 yr Experience \$50,000 Surety Bond or assets
General	<ul style="list-style-type: none"> <li>• Renewal due June 20 – late after June 30 Expiration Date - NMLS Transition 1/1/2010 will renew annually thereafter</li> <li>• 10 Days Notice PRIOR to address change</li> <li>• Licenses not transferable</li> <li>• May not use “certified” or “licensed” in advertising</li> <li>• May not use “Bank”, “Trust”, “National” or “Federal” in company name</li> </ul>	
Exemptions	FNMA, FHLMC, GNMA, Federally and State Regulated Entities and their employees, attorneys practicing law, HUD supervised mortgagees (must close 10 plus loans a year as HUD lender in KY to use exemption), natural person for private investment (no re-sale) Exempt entities still subject to inspection.	
Fees	<u>Investigation Fee</u> Main Office \$300 \$150 Branch Office Reinstatement Fee \$250	<u>Application Fee</u> Main Office \$450 (\$150 – Jan June) Branch \$250 (\$100 – Jan June) Annual Renewal \$350 Main \$250 Branch
<b>Prohibited Practices</b>		
<ul style="list-style-type: none"> <li>• Doing business without license \$500 - \$1,000 penalty (and forfeiture of fees)</li> <li>• Unearned Referral Fees/Kickbacks</li> <li>• Excessive Fees, False Statements, Misrepresentation, Fraud</li> <li>• Loan officer may not be an appraiser, title agent, real estate agent or General Contractor on own case</li> <li>• Failure to account for funds</li> <li>• Any license revoked in other states</li> <li>• Conviction of any crime of Moral Turpitude, any Felony</li> <li>• Refuse Examination</li> <li>• Failure to provide customer appraisals in 90 days</li> <li>• Delaying written payoff beyond 2 days, delaying payment history &gt; 10 days</li> <li>• Charging Fee for Payoff/payment history – may have 1 payoff/history free every 3 months</li> <li>• Fines \$1,000 up to \$5,000</li> </ul>		
Required Disclosure	Loan Brokerage Agency Agreement – must be given verbally and mailed within 2 business days	
<b>High Cost Loan Law</b>		
Triggers	<ul style="list-style-type: none"> <li>• Loan Amount 15,000 – 200,000</li> <li>• Refinance Primary Residence</li> <li>• Rate and Points – 8% First Mortgage Rate/5% Points Fees over \$20,000</li> </ul>	
Requirements for High Cost Loans	<ul style="list-style-type: none"> <li>• High Cost loan may not finance Prepayment Penalty or points/fees over 4%</li> <li>• Prepayment Penalties over 3 years, 3-2-1</li> <li>• No Acceleration/Demand feature, Balloon, Negative Am, more than 2 Payments in Advance, No Lending without verified Ability to Repay, Maximum 50% DTI Ratio</li> <li>• No direct payments to contractors</li> <li>• No paying off low cost loans with high cost loans</li> <li>• Video counseling required</li> <li>• Fees in excess of higher of \$2,000 or 4% prohibited</li> </ul>	
Other	<ul style="list-style-type: none"> <li>• Legal rate of interest is 8%, unless by agreement, may be 19% for loans less than \$15,000</li> <li>• Limits on ARMs for Manufactured Housing - 5 Yr T Bill or other FHLBB index, 6 month ARM 1% caps every 6 months maximum</li> </ul>	