

North Carolina QuickNotes™				
NC Commissioner of Banks 4309 Mail Service Center, Raleigh, NC 27699-4309		Ph: (919) 733-3016 Fax: (919) 733-6918		
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	Physical Office not required	"Bricks and Mortar"		
	\$150,000 Bond or \$250,000 Net Worth	\$50,000 Bond or \$250,000 Net Worth		
Initial - \$101.25 Fee Annual	Initial \$1,875 + \$187.50 per branch			
Renewal - \$101.25 + 8 Hours CE	Renewal \$937.50 + \$187.50 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. Beginning 6/30/07 Licenses Expire December 31.				
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 Practices	No Brokered Loans with Prepayment Penalty (\$150,000 or less)			
	Doing business 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			
Penalties	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/High Cost Lending Law				
All Loans	No prepayment penalties for brokered home loans of \$150,000 or less			
	No Churning - called loan "flipping" - where lender repeatedly refinances existing home loan with upfront fees			
	No financing of upfront, single premium insurance. Monthly payment insurance is still permitted			
High Cost Loan Triggers	High Cost Loan amount \leq \$300,000			
	POINTS	RATE	Costs DO NOT include	Costs DO include
	more than 5% of the loan amount in upfront points, fees, or other charges	Interest rate that is 8% more than the comparable Treasury bond rate	regular closing costs or yield spread premium	fees paid directly by borrower to mortgage broker; prepayment penalty on old loan in excess of 1%
	PREPAYMENT PENALTY	> 2% of Loan amount; > 30 months		
Prohibited Practices	· No financing of upfront fees and insurance premiums		· No Negative Amortization, No Prepayment Penalties	
	· Require Counseling for high cost home loan borrowers		· 50% DTI Max	
	· No balloon payments, no Demand or Acceleration features, No direct payments to contractors		· No lending without consideration of consumer's ability to repay	
	All other Features of Section 32 Loans apply where not specifically stated by North Carolina Law			
Residential Fraud Act	Defines Fraud: Knowingly deceptive, conspiracy, transaction recorded in North Carolina, pattern of fraud = 5 mortgage loans Class H Felony			
Reverse Mortgages	Reverse Mortgage Lenders must be licensed separately; No Shared Appreciation Mortgages			