

April 11, 2001

**H 1106. ENACT MORTGAGE LENDING ACT. TO ENACT THE MORTGAGE LENDING ACT TO GOVERN MORTGAGE BROKERS AND BANKERS.** Repeals GS Ch. 53, Art. 19, which establishes a registration system for mortgage lenders and brokers and replaces it with a new GS Ch. 53, Art. 19A, establishing a licensing system for such persons. Prohibits other than exempt persons from acting as a mortgage broker or mortgage banker without license from state Comm'r of Banks and sets out various exempt persons. Provides that the Banking Comm'n may adopt implementing rules and may review any rule or order adopted by the Comm'r of Banking and allows persons aggrieved to appeal such orders to the Comm'n. Sets out conditions for qualifying for license, including surety bond requirements. Establishes annual fees for licensed bankers and brokers, branch offices, and loan officers. Allows rules on continuing education (applicable to renewals on or after July 1, 2003). Requires a managing principal and sets standards for branch managers. Sets out activities prohibited to licensees and provides a disciplinary system for licensees and any person who owns an interest in or participates in the business of a licensee. Requires registration of exempt persons within 90 days of effective date. Allows those registered as mortgage brokers and bankers and qualified loan officers and lenders as of effective date to secure license. Effective July 1, 2002.

**Intro. by Church, Morgan, Cole, Brubaker, Hill.**

Ref. to Insurance

GS 53, 66

July 19, 2001

**H 1106. ENACT MORTGAGE LENDING ACT.** Intro. 4/11/01. House committee substitute makes the following changes to 1st edition. Modifies definitions by (1) specifying that "commissioner" means the Administrator of the Credit Union Division of the Dep't of Commerce for purposes of compliance by credit unions; (2) adding a definition of employee; (3) exempting life insurance companies licensed to do business in NC with respect to provisions concerning mortgage lenders; (4) exempting officers and employees of exempt lenders only when they act within the scope of employment for the exempt lender; (5) adding nonprofit corporations that make loans to promote home ownership or improvements by disadvantaged borrowers, provided that the company is not primarily in the business of soliciting or brokering mortgage loans. Adds to qualifications for licensure that person must provide information about conviction of misdemeanor involving fraudulent dealings or moral turpitude or of any felony conviction. Deletes exemption from bond requirement for supervised or nonsupervised institutions, as defined in 24 C.F.R. 202.2, approved by HUD. Requires separate license for each principal office and each branch office (was, each branch office). Adds new section defining the duties of a mortgage broker and adds prohibited activities for brokers. Deletes failure to pay surveyor from list of prohibited activities. Adds felony conviction to reasons for action on license by Comm'r and deletes willfulness requirement for failure to comply with provisions of the Article. Authorizes Comm'r to inspect books and records of licensees. Deletes proposed 53-243.13 regarding the effect of violation on validity of the loan. Adds new section specifying that violation of the article is a Class I felony and that each transaction is a separate offense. Changes from 180 to 90 days, the time within which a qualified person may file for license as a loan officer without meeting training requirements. Provides that, unless inconsistent with new law, rules adopted under former Article 19 remain in effect until superseded by rules adopted under new law. Authorizes Legislative Research Comm'n to study implementation and enforcement of the act and the Act to Prohibit Predatory Lending, and to report its findings and recommendations to the 2002 session or the 2003 General Assembly.