



HOUSE BILL 126: Mortgage Origination Support Registration

2015-2016 General Assembly

Committee:
Introduced by:
Analysis of: S.L. 2015-293

Date:
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Staff Attorney

SUMMARY: *S.L. 2015-293 amends the Secure and Fair Enforcement Mortgage Licensing Act to authorize the Commissioner of Banks to implement a registration system for persons engaged exclusively in the processing or underwriting of mortgage loans and not engaged in the mortgage business.*

The provision authorizing the Commissioner of Banks to adopt temporary rules became effective October 29, 2015. The remainder of this act became effective November 1, 2015, and applies to all applications for registration as a mortgage origination support registrant filed on or after that date.

CURRENT LAW:

In 2009, the North Carolina Secure and Fair Enforcement Mortgage Licensing Act was enacted to conform to the requirements of Title V of the federal Housing and Economic Recovery Act of 2008. This act is the licensing and regulatory statute for the mortgage lending industry which is administered by the Office of Commissioner of Banks. It provides for the licensing of mortgage loan originators, and transitional mortgage loan originators, as well as mortgage brokers, lenders, and servicers through registration with the Nationwide Mortgage Licensing System and Registry.

BILL ANALYSIS: S.L. 2015-293 amends the S.A.F.E. Mortgage Licensing Act by authorizing the Commissioner of Banks to establish a registration system for "mortgage origination support registrants or registrants", which are defined as persons engaged exclusively in the processing or underwriting of residential mortgage loans and not engaged in the mortgage business.

Upon issuance of the registration, a registrant can sponsor and employ licensed mortgage loan originators or transitional mortgage loan originators to control and supervise the registrant's loan processors or underwriters in accordance with federal law.

The application requirements for registration are the same as for licensure as a mortgage broker, lender, or servicer. However, the application, renewal, and late fees for registrants are graduated based on the number of employees or contractors engaged solely as loan processors or underwriters maintained by the registrant. The application fee for initial registration as a mortgage origination support registrant is; (i) \$250 for applicants who employ or contract with fewer than 5 individuals, (ii) \$1,000 for applicants who employ or contract with between 5 and 30 individuals, and (iii) \$2,000 for applicants who employ or contract with more than 30 individuals.

The annual renewal fee for mortgage origination support registrants is (i) \$125 for registrants who employ or contract with fewer than 5 individuals, (ii) \$500 for registrants who employ or contract with between 5 and 30 individuals, and (iii) \$1,000 for registrants who employ or contract with more than 30 individuals.

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If the annual renewal fee is not paid by the expiration date, the registrant must pay the renewal fee plus a late fee of (i) \$62.50 for a registrant who employs or contracts with fewer than 5 individuals, (ii) \$250 for a registrant who employs or contracts with between 5 and 30 individuals, and (iii) \$500 for a registrant who employs or contracts with more than 30 individuals.

No bond is required for mortgage loan originators or transitional mortgage loan originators who are employed by a mortgage origination support registrant solely for the purpose of supervising and controlling loan processors or underwriters.

The Commissioner of Banks retains the same regulatory and disciplinary authority for registrants as he currently exercises over licensees.

Section 2 of the act provides a severability clause and states that if any provision of the act is deemed by HUD to conflict with its interpretation of federal law, the provision shall be interpreted, applied, or amended in such a way as to comply with the federal law as interpreted by HUD.

Section 3 authorizes the Commissioner of Banks to use temporary rulemaking to administer the act. Under G.S. 150B-21.1(a)(2), the Commissioner already has authority to use temporary rulemaking to implement a recent act of the General Assembly.

EFFECTIVE DATE: Section 3 of the act is effective when it becomes law. The remainder of the act becomes effective November 1, 2015, and applies to all applications for registration as a mortgage origination support registrant filed on or after that date.