

NC State Law Quiz Questions

- 1 The NC Predatory Lending Act (PLA) addresses:
 - a Provisions on first mortgage loans
 - b Provisions on high cost loans
 - c Violations of predatory lending laws and their consequences
 - d All of the above

- 2 A miscellaneous fee under the PLA can:
 - a in the aggregate, can only equal .25% of the loan amount or \$150 whichever is greater
 - b in the aggregate, can only equal .50% of the loan amount or \$250 whichever is greater
 - c never be charged
 - d none of the above

- 3 It is illegal in NC to charge a prepayment penalty on loans ___ or less:
 - a \$100,000
 - b \$150,000
 - c \$250,000
 - d \$175,000

- 4 Under the PLA, what would be the maximum miscellaneous fee on a \$100,000 loan?
 - a \$150.00
 - b \$200.00
 - c \$250.00
 - d \$300.00

- 5 In NC, which of these fees would not be considered a “junk fee?”
 - a Processing fees
 - b Underwriting fees
 - c Credit report fees
 - d Administrative fees

- 6 What is the maximum a broker practicing in NC can charge a borrower:
 - a 4 %, a processing fee and a document preparation fee
 - b 4 % and an application fee of \$500
 - c 4 % and a .25% miscellaneous fee
 - d 4 % of the loan amount

- 7 A high cost loan under Chapter 24 is triggered by:
 - a the APR exceeding the current yield by more than 8%
 - b a prepayment penalty charged more than 30 months after closing
 - c the points and fees exceeding 4% of the loan amount
 - d all of the above

- 8 On a \$30,000 mortgage in NC, the maximum points and fees that can be charged is:
 - a \$500
 - b \$1,000
 - c \$1,500
 - d \$2,000

- 9 Which of the following statements would not constitute a high cost loan in NC on a \$170,000 loan?
 - a A 32 month prepayment penalty
 - b An interest rate that is 12.5% over the yield on the Treasury Securities
 - c A \$45,000 loan with a \$2,400 fee
 - d A prepayment penalty of 1.75% in the aggregate of the amount paid

- 10 The “high cost loan” provision of the PLA affects what type of loan?
 - a Loan on a retail store
 - b Loan on an investment property
 - c Loan on the primary residence
 - d A Jumbo loan

- 11 When doing a “high cost loan” in NC, negative amortization is allowed:
 - a Sometimes
 - b Always
 - c Never
 - d With permission from the borrower

- 12 According to Chapter 24, the maximum Debt-to-income ratio on high-cost loans is:
 - a 40%
 - b 45%
 - c 50%
 - d 55%

- 13 When a borrower refinances a high cost loan with another high cost loan through the same lender, the lender:
- Can only charge 2% in points and fees
 - Can only charge 2% and only on the back end (YSP)
 - Can only charge 2.5% in points and fees
 - Cannot charge any points or fees
- 14 Which of the following people would not be required to have a license in NC:
- The processor who issues the rate guarantee agreement to the borrower
 - The origination assistant who makes the calls to solicit mortgage loans over the phone
 - The administrator that answers the phone and maintains the loan files
 - The loan officer who participates in "table funding"
- 15 Under the MLA, those who need to be licensed are:
- anyone applying for a mortgage loan
 - anyone that works for a mortgage broker
 - anyone that accepts applications in exchange for a fee
 - anyone that works for a depository institution
- 16 The following "Junk Fees" are prohibited under PLA:
- processing and underwriting fees
 - document preparation fees
 - administrative fees
 - all of the above
- 17 The miscellaneous fees allowed are limited to _____ of the loan amount.
- 2.5%
 - 25%
 - .25%
 - \$250.00
- 18 A loan is considered high cost if it exceeds any of the following "thresholds":
- point and fees
 - APR
 - pre-payment penalties
 - all of the above
- 19 The loan officer need not be concerned with:
- movement of the bond market
 - the local real estate market
 - Secretary of States Regulation B
 - interest rates
- 20 A loan officer can work for more than one broker when:
- their primary broker doesn't have the right loan
 - doing a "piggy back" 1st mortgage and a 2nd mortgage
 - leaving one broker and being mad at another
 - never
- 21 The three high cost thresholds of PLA are:
- third party fees, allowable fees, points
 - points and fees, APR, third party fees
 - misc fees, points and fees, third party fees
 - APR, points and fees, pre-payment penalty restrictions
- 22 When loan officers change companies, they must notify the Banking Commissioner within
- one month
 - 1 week
 - 15 days
 - 24 hours
- 23 When a loan is deemed 'high cost' in NC, the items that cannot be financed into the loan are
- Appraisal and pest inspection
 - Tax service fee
 - Recording fee
 - Points and fees
- 24 On a \$288,652.47 loan, would a miscellaneous fee of \$721.70 be allowed under the PLA?
- yes
 - no. the maximum is .25%
 - no. the maximum is .20%
 - only if disclosed on special form

- 25 The PLA limits points and fees on loans less than \$20,000 to:
- a 4%
 - b 5%
 - c 7%
 - d 8%
- 26 The MLA prohibits the loan officer from originating a loan with a pre-payment penalty if the loan amount is ____ or less.
- a \$300,000
 - b \$300,700
 - c \$150,000
 - d \$417,000
- 27 Under the NC Predatory Lending Act, at application or within 3 business days of application, you must provide which disclosure?
- a Notice of Information and Samples of Amortization
 - b Notice of Points and Fees Disclosure
 - c Notice of Costs and Terms of Re-payment Disclosure
 - d All of the above
- 28 A branch office in North Carolina:
- a is an office of a mortgage broker or mortgage lender that is separate and distinct from the principal office
 - b shall not be located at an individual's home or residence
 - c shall provide adequate access to public restrooms
 - d both a & b
- 29 "Control" means the power, directly or indirectly
- a to vote 10% or more of a class of voting security
 - b to vote at least 20% or more shares of stock
 - c in the case of a partnership, has the right to receive upon dissolution 10% or more of the capital
 - d both a & c
- 30 In NC a "Depository Institution" has the same meaning as in Section 3 of the Federal Deposit Insurance Act and includes:
- a any mortgage servicing company
 - b savings and loan, servicer or finance company
 - c any credit union whose deposit accounts are insured under the Federal Credit Union Act
 - d all of the above
- 31 What chapter of the General Statutes defines the legal amount of interest allowed to be charged to the borrower?
- a Chapter 24
 - b Chapter 14
 - c Chapter 53
 - d Chapter 19B
- 32 The General Statute that sets \$300,000.00 as the benchmark for an exemption:
- a Chapter 24
 - b Chapter 53
 - c G.S. 226
 - d Chapter 19B
- 33 If a loan processor or underwriter negotiates rates, terms or counsels consumers about mortgage rates or terms they must:
- a properly disclose to consumers they are acting on behalf to the MLO or sponsoring entity
 - b have the locked in rates or terms signed off upon by the managing principal
 - c obtain a license as a MLO
 - d all of the above
- 34 An employee of a mortgage servicer that works with the borrower to collect data and make decisions necessary to modify loan terms is called a:
- a default modification specialist
 - b loss mitigation specialist
 - c loss prevention service specialist
 - d modification specialist

- 35 The bill that protects persons who report fraud:
- HB 1817, Fraud Act
 - HB 817, Mortgage Fraud Act
 - HB 2623 Fraud Prevention Act
 - HB 718, the Mortgage Fraud Act
- 36 A loan processor or underwriter can collect information and communicate directly with the borrower, without a MLO license as long as:
- the person is a third-party contractor and directly negotiates terms and rates
 - they do not negotiate rates or counsel borrowers about loan rates or terms
 - they do not represent to the public, through advertising or promotion that the individual can perform the activities of an originator
 - both b & c
- 37 A manufactured housing retail sales person can, without a license, pull credit and transmit or handle a mortgage loan application as long as they do not:
- negotiate or quote rates to borrowers
 - personally take or advise borrowers regarding an application
 - complete applications and provide disclosures to borrowers
 - all of the above
- 38 The “Principal Office” means a principal place of business that shall consist of at least one enclosed room of stationary construction, in which negotiations of loan transactions may be conducted in privacy and where records and files are stored. The Principal Office shall:
- not be located in an office park
 - consist of bricks and mortar
 - not be located in a home or residence
 - all of the above
- 39 The Act stating that when the loan is a high cost loan, points and fees cannot be financed into the loan.
- Predatory Lending Act
 - High Cost Lending Act
 - Mortgage Lending Act
 - Truth in Lending Act
- 40 When a mortgage lender or broker changes the person serving as a branch manager they have ____ days to notify the Commissioner of such change:
- 10
 - 15
 - 20
 - 30
- 41 If an applicant will be serving as the entity’s “qualifying individual” or as a branch manager they must have at least ____ years of experience in residential mortgage lending:
- 1
 - 2
 - 3
 - 5
- 42 The Act that defined three high cost thresholds on loans less than \$300,000.
- The Mortgage Lending Act
 - Consumer Protection Act
 - High Cost Lending Act
 - Predatory Lending Act
- 43 A NC licensed mortgage lender and loan servicer must obtain and maintain a minimum surety bond of \$150,000 and a licensed mortgage broker must obtain, depending on loan volume, a minimum surety bond of ____;
- \$25,000
 - \$50,000
 - \$75,000
 - \$100,000

- 44 In connection with an application for licensing as an originator, mortgage lender, broker or servicer shall furnish to the NMLS information concerning the applicant's identity, including:
- fingerprints for state, national and international criminal background checks
 - personal history and experience necessary to obtain a credit report and information related to any civil, administrative or criminal findings
 - an authorization for the Commissioner to obtain your personal history or fingerprint information anytime
 - all of the above
- 45 General Statute that establishes a 4% cap on points and fees.
- Chapter 24
 - Chapter 53
 - Chapter 75
 - Chapter 49
- 46 Table-funding is defined in what act?
- the PLA
 - the MLA
 - the TFA
 - the CRA
- 47 Prohibits MLOs from originating loans when not employed by a licensed broker/banker.
- Right to Work Law
 - The NC SAFE Mortgage Bankers Act
 - The NC SAFE Mortgage Employment Act
 - The NC SAFE Mortgage Lending Act
- 48 An application for licensure will be denied if the controlling person has been convicted or plead guilty or
- nolo contendere to any misdemeanor within the past 5 years, involving moral turpitude, any fraud, misstatement or omission
 - theft, wrongful taking of property, bribery, perjury, forgery, counterfeiting or extortion
 - felony involving any financial service-related business
 - all of the above
- 49 An individual will be denied licensure when they have demonstrated a lack of financial responsibility, character or general fitness in their own affairs. Evidence that a person has not shown financial responsibility includes;
- outstanding judgments, other than for medical expense
 - current outstanding tax or government liens or foreclosure within 3 years
 - a pattern of serious delinquent accounts within the past 3 years
 - all of the above
- 50 Reasons for a denial of an application for licensure include;
- the MLO applicant has failed to complete their 24 hours of pre-license education and passed their required tests
 - the lender, broker or servicer applicant has failed to meet the surety bond requirements
 - the lender, broker or servicer applicant does not meet the net worth requirements
 - all of the above
- 51 How many hours of NMLS approved pre-licensing education must a MLO complete for NC licensure?
- 20 hours
 - 16 hours
 - 24 hours
 - 28 hours
- 52 Every MLO applicant for NC licensure must pass a 100 question national test and a 50 question NC law test and pass both tests with a minimum passing score of:
- 65%
 - 70%
 - 75%
 - 80%
- 53 The Act that requires disclosure of "Samples of Amortization."
- The Consumer Disclosure Act
 - The Mortgage Lending Act
 - The Early Disclosure Act
 - The Predatory Lending Act

- 54 The Statute that limits charges on 2nd liens less than \$25,000 to 2%.
- a G.S. Chapter 53 b G.S. Chapter 49 c G.S. Chapter 24 d G.S. Chapter 75
- 55 An applicant for licensure that fails to pass any test must wait 30 days before retaking the test. If the applicant fails a test 4 times they must wait _____ months before retaking it:
- a 3 months b 6 months c 9 months d cannot retake it
- 56 All licenses expire December 31st of each year, with the renewal window starting November 1st. If a licensed lender, broker or servicer fails to renew, they will have a late renewal grace period until the last day of February to renew and pay a late fee of \$250. If a MLO renews in this late period, they must pay a late fee of:
- a \$100 b \$125 c \$150 d \$200
- 57 Allowable fees are defined in this law:
- a MLA – Chapter 53 b CLA – Chapter 75 c CRL – Chapter 57 d PLA – Chapter 24
- 58 Act that requires a separate trust account for the handling of borrower's funds:
- a the PLA b the CRL c the PBJ d the MLA
- 59 The usury law:
- a Chapter 24 b Chapter 53 c Article 19B d Chapter 47
- 60 Although mortgage loan originators have no minimum net worth requirements, mortgage lenders and servicers must demonstrate a net worth of \$100,000 and mortgage brokers must prove net worth of:
- a \$15,000 b \$25,000 c \$40,000 d \$50,000