

APPENDIX A: North Carolina Examination Supplement

A completed North Carolina Examination Supplement and Uniform Manager’s Questionnaire must be returned to our office within 15 days of receipt of notification of examination. If you should have any questions concerning this supplement, contact Karen Brinkley at kbrinkley@nccob.org.

This appendix contains questions regarding your operations in North Carolina. Please make every effort to answer the questions to the best of your abilities. If you are unable to attach any of the requested information electronically, for example the financial statement, you must mail or hand-deliver to our Agency such information within 15 days of receipt of this questionnaire.

Provide information regarding NC residential mortgage loans offered (either brokered or made) by licensee in past year in table below:

Prime Loans

Loan Type	Number	Volume (in thousands)	Pct of Total Originations
Total mortgage originations Interest-only first mortgages			
100% LTV Option-pay ARMs			
Other first-lien mortgages that permit negative amoritzation			
Low/No Doc Loans Primary Residence Investment Property			

Subprime Loans

Loan Type	Number	Volume (in thousands)	Pct of Total Originations
Total mortgage originations Interest-only first mortgages			
100% LTV Option-pay ARMs			
Other first-lien mortgages that permit negative amoritzation			
Low/No Doc Loans Primary Residence Investment Property			

Applicable to Mortgage Bankers

NON-TRADITIONAL MORTGAGE LOANS

1. Does licensee maintain underwriting policies and procedures used to qualify customers for non-traditional mortgage loans, including procedures used to determine borrower's ability to repay the debt by final maturity at the fully indexed rate? YES NO

If YES, provide copy of policies & procedures.

2. Does licensee maintain underwriting policies related to the use of reduced or no documentation in conjunction with non-traditional mortgage loans? YES NO

If YES, provide copy of policies & procedures.

3. Does licensee offer simultaneous second-lien loans in conjunction with non-traditional mortgage loans? YES NO

If YES, identify policies used to determine borrower's ability to manage second-lien debt service under expected payment schedule.

4. Has licensee made non-traditional mortgage loans that required an exception to stated underwriting policies? YES NO

If YES, provide a list of such mortgage loans.

Applicable to Mortgage Bankers – *continued*

NON-TRADITIONAL MORTGAGE LOANS – *continued*

5. Does licensee offer non-traditional mortgage loans where the monthly payment may increase by more than 20% within the first five years, assuming no change in applicable interest rates?

YES NO

If YES, provide the percentage of non-traditional loans made by licensee (as a percentage of overall non-traditional mortgage loans).

_____ %

6. Does licensee apply a risk management approach to non-traditional mortgage loans?

YES NO

If YES, provide details and copies of applicable documentation including volume limits, systems for monitoring risk of concentrations of non-traditional mortgages, any unique quality controls in place for non-traditional mortgages.

7. Has licensee foreclosed on NC residential property secured by non-traditional mortgages?

YES NO

If YES, Number of Properties: _____

Dollar Amount: \$ _____

8. Does licensee maintain due diligence policies and procedures for monitoring the quality of non-traditional mortgage loans originated through third-party originators (brokers, correspondents)?

YES NO

If YES, provide details and copies of applicable documentation.

Applicable to Mortgage Bankers – *continued*

NON-TRADITIONAL MORTGAGE LOANS – *continued*

9. Does licensee maintain policies and procedures for informing borrowers of the risks of non-traditional mortgage loans and have controls in place to ensure that borrowers are adequately informed of the unique risks of non-traditional mortgage loans? YES NO

If YES, provide details and copies of applicable documentation.

DELIQUENCIES, REPURCHASES, AND FORCLOSURES

10. Does licensee service residential mortgage loans secured by NC residential property? YES NO

If YES, provide the most recent delinquency reports for both owned mortgage loans and serviced mortgage loans secured by NC residential property.

11. Has licensee required third-party originators (brokers, correspondents) to buy back loans due to suspected fraud, include name of loan officer? YES NO

If YES, provide list of such third-party originators.

12. Has licensee foreclosed on NC residential property secured by mortgages other than non-traditional mortgages? YES NO

If YES, Number of Properties: _____ Dollar Amount: \$ _____

Applicable to Mortgage Bankers – *continued*

COMPLAINTS

13. Does licensee maintain policies and procedures that address customer complaints?

YES NO

If YES, provide details and copies of applicable documentation.

FRAUD

14. Does licensee maintain policies, and procedures to prevent mortgage fraud?

YES NO

If YES, provide details and copies of applicable documentation.

15. Has licensee, within the last two years, terminated the use of an appraiser due to inflated valuation concerns?

YES NO

If YES, provide details and copies of applicable documentation

EMPLOYEES

16. Does licensee perform due diligence on prospective employees?

YES NO

If YES, provide details and copies of applicable documentation.

Applicable to Mortgage Bankers – *continued*

EMPLOYEES – *continued*

17. Has licensee, within the last two years, suspected an employee of making a material misstatement in connection with a mortgage loan?

YES NO

If YES, provide details and copies of applicable documentation.

18. Provide a list of **ALL** current and former NC employees from July 1, 2002 to present. The list should include the following (in excel spreadsheet format):

1. Name (Last, First, Middle)
 2. Title
 3. Social security number (last four digits only)
 4. Loan officer license number (if applicable)
 5. Hire date
 6. Termination date (if applicable)
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19. Provide physical location of payroll records and personnel files.
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SEGREGATION OF FEES

20. Does licensee obtain funds from applicants at time of application?

YES NO

If YES, provide list describing funds collected at time of application.

Applicable to Mortgage Brokers (or Mortgage Lenders engaged in brokering or correspondent lending):

NON-TRADITIONAL MORTGAGE LOANS

1. Does licensee offer non-traditional mortgages to customers?

YES NO

If YES, provide a list of all lenders with whom you regularly do business that make non-traditional mortgage loans to your customers.

If YES, provide copies of lender certification of compliance with the non-traditional mortgage loan guidance, on a form prescribed by OCOB (see Exhibit A).

2. Does licensee maintain policies and procedures for selecting lenders that offer non-traditional mortgages?

YES NO

If YES, provide details and copies of applicable documentation.

3. Does licensee maintain policies and procedures in place to ensure that your customers are offered loans in compliance with the non-traditional mortgage loan guidance?

YES NO

If YES, provide details and copies of applicable documentation

Applicable to Mortgage Brokers (or Mortgage Lenders engaged in brokering or correspondent lending) - *continued*:

NON-TRADITIONAL MORTGAGE LOANS – *continued*

4. Does licensee maintain policies and procedures for informing borrowers of the risks of non-traditional mortgage loans and have controls in place to ensure that borrowers are adequately informed of the unique risks of non-traditional mortgage loans? YES NO

If YES, provide details and copies of applicable documentation

FORCLOSURES

5. Does licensee track foreclosures of NC residential property secured by mortgage loans originated by the licensee? YES NO

If YES, Number of Properties: _____ Dollar Amount: \$ _____

COMPLAINTS

6. Does licensee maintain policies and procedures that address customer complaints? YES NO

If YES, provide details and copies of applicable documentation.

FRAUD

7. Does licensee maintain policies, and procedures to prevent mortgage fraud? YES NO

If YES, provide details and copies of applicable documentation.

Applicable to Mortgage Brokers (or Mortgage Lenders engaged in brokering or correspondent lending) - *continued*:

FRAUD – *continued*

8. Has licensee, within the last two years, terminated the use of an appraiser due to inflated valuation concerns?

YES NO

If YES, provide details and copies of applicable documentation

EMPLOYEES

9. Does licensee perform due diligence on prospective employees?

YES NO

If YES, provide details and copies of applicable documentation.

10. Has licensee, within the last two years, suspected an employee of making a material misstatement in connection with a mortgage loan?

YES NO

If YES, provide details and copies of applicable documentation.

Applicable to Mortgage Brokers (or Mortgage Lenders engaged in brokering or correspondent lending) - *continued*:

EMPLOYEES – *continued*

11. Provide a list of **ALL** current and former NC employees from July 1, 2002 to present. The list should include the following (in excel spreadsheet format):

1. Name (Last, First, Middle)
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-

12. Provide physical location of payroll records and personnel files.

SEGREGATION OF FEES

13. Does licensee obtain funds from applicants at time of application? YES NO

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