

HB 2463/SL 2008-228

Regulate Mortgage Servicers

This legislation requires mortgage loan servicers doing business in North Carolina to be licensed and imposes new standards on their loan collection activities, providing more protection for North Carolina homeowners.

This bill adds mortgage servicing regulation to the regulation of mortgage bankers and mortgage brokers.

New duties for mortgage servicers include:

- Safeguarding and accounting for any money handled for the homeowner
- Following instructions from the homeowner
- Making proper disclosures to the homeowner, including
 - Schedule of servicing fees,
 - Notice of NC Commissioner of Banks' (COB) licensing, and
 - NC COB complaint contact information
- Acting reasonably and diligently, including attempting a resolution or workout to any delinquency
- Handling hazard, homeowners' or flood insurance properly
- Filing schedule of servicing-related costs and fees with COB
- Filing detail of activities in NC when requested by COB

Prohibitions are clarified and strengthened. Prohibited activities include:

- Failing to comply with mortgage servicer obligations
- Refusing to reinstate a delinquent loan once it is paid
- Failing to mail 45-day pre-foreclosure notice
- Failing to make payments from escrow account in a timely manner

Disciplinary Authority

- The COB disciplinary authority is strengthened
- Suspension of foreclosure proceedings for 60 days is appropriate discipline in some cases
- The COB and Attorney General have enforcement responsibility for this law
- Homeowners may bring legal action if they feel that their rights under this act have been violated

Effective dates:

- Commissioner's ability to suspend foreclosures took effect April 1, 2008.
- Commissioner's authority to regulate and discipline servicers became effective August 17th, 2008.
- The remainder of the bill is effective January 1, 2009 and applies to:
 - Anyone engaged in the business of mortgage servicing on or after that date
 - Foreclosure proceedings filed on or after that date