

[Senator Name]

I would appreciate it if you would meet with our industry representative, Bill Bost. He can give you further detail on my outline below.

I am concerned about the effects of HB 1222.

On the surface, this bill seems benign. On closer examination, however, you will see that North Carolina General Statutes § 53-243.11. (16A) contains language that the Federal Reserve Board rejected! IF HB 1222 is enacted as it is, it will result in fewer loans being originated in North Carolina – loans that your constituents need in a time of dire financial need. (The new North Carolina the S.A.F.E Mortgage Licensing Act, a re-write of the current Mortgage Lending Act, contains the exact same language.)

HB 1222 adopts the new Federal Reserve Board index into our state law. The new PMOR index is designed to capture more loans in the “rate spread” category for the purpose of HMDA reporting. In its deliberations, the Federal Reserve Board said that they knew that the new index would capture loans that were not truly sub-prime. The Federal Reserve Board testing rejected any connection between the new index and limitations on points and fees.

The result of our state law is that many government loans (FHA, VA, and USDA) below \$200,000 will be categorized as sub-prime loans. I am asking that either the Federal rules and regulations (which contain all of the other protections granted by North Carolina law except the one rejected by the FRB) be enacted in their entirety, or that your vote against this bill.

**Current North Carolina law which will limit fees on loans North Carolina families need**

**NCGS § 53-243.11.(16A)** In connection with the brokering or making of a rate-spread home loan as defined under G.S. 24-1.1F, no lender shall provide nor shall any broker receive any compensation that changes based on the terms of the loan. This subdivision shall not prohibit compensation based on the principal balance of the loan.

My name is \_\_\_\_\_

I live at \_\_\_\_\_

City, North Carolina Zip+4

My day phone is \_\_\_\_\_

My email is \_\_\_\_\_

I can arrange a meeting with a representative of the North Carolina Association of Mortgage Professionals to further explain the position of the industry on this legislation for you or your staff.