

**SOUTH CAROLINA DEPARTMENT OF CONSUMER AFFAIRS
MORTGAGE LOAN BROKER (MLB) COMPLIANCE REVIEW REPORT**

Date: _____ MLB Name: _____ ID No: _____

All deficiencies or noncompliance matters are denoted below by a "NO" in the designated space beside each question/statement. Refer to "Comment Section" for additional information concerning other noncompliance matters.

1. ADMINISTRATIVE COMPLIANCE		YES	NO
a.	Does the Mortgage Loan Broker (MLB) engage in the business of soliciting, processing, placing, or negotiating mortgage loans for consumers or offering to process, place, or negotiate mortgage loans for consumers for compensation or gain?		
b.	Is the Mortgage Loan Broker License prominently posted in the MLB's place of business?		
c.	Does the MLB maintain a physical presence in S.C., i.e. regular business hours not less than 30 hours per week, Monday through Friday?		
Hours: _____			
d.	Is the MLB's place of business and/or branch office(s) staffed by one or more employees who have the authority to contract and to accept service on behalf of the MLB, provide access to the files, and answer questions?		
e.	List the names of all MLB employees on file with the SCDCA?		
Note: An MLB-1, Supp A, Owner/Employee form, should be submitted on 1 st day of employment.			
f.	Does the MLB have other main, branch, or satellite locations in S.C.? Obtain the address(es) of any location(s):		
g.	If this is a "satellite" location, is it properly registered with SCDCA?		
h.	If multiple locations, has the MLB designated a main or branch location where the broker's records are stored?		
i.	Are the MLB's records maintained for a period of three (3) years and are the required records available for inspection in S.C.?		

2. OTHER GENERAL AREAS OF COMPLIANCE		YES	NO
a.	Does the MLB maintain and keep billing statements and/or invoices from credit reporting agencies?		
How are these statements currently maintained?			
<input type="checkbox"/> Individual borrower's file <input type="checkbox"/> Central billing file <input type="checkbox"/> Other _____			
b.	Does the MLB collect advance third-party service fees for the credit report and appraisal from consumers at the time of application or before conditional loan commitments? If yes, does the file contain:		
Copy of check or receipt if cash received?			
Copy of third party service provider invoices or billing statements?			
Copy of appraisal invoice in file if file contains a copy of the appraisal, regardless of whether any third-party fees were received?			
c.	Recasting: Refer to subsection (9) of Section 40-58-20. If the broker engages in recasting, does the MLB have on file the required documents and statements as outlined in subsection (6) of Section 40-58-70?		

2. OTHER GENERAL AREAS OF COMPLIANCE	YES	NO
d. Co-brokering: If yes, obtain the names and addresses of those MLBs.		
Note: In order to co-broker a loan for property in S.C., both brokers must be licensed as S.C. mortgage loan brokers in S.C.		
e. If "yes" to question "d," does the MLB agreement contain a statement advising the consumer(s) that the loan may be co-brokered? Refer to MLB Regulation No. 28-400-C, subsection (2) and (3) for the required disclosures.		

THE FOLLOWING IS A LISTING OF REQUIRED DISCLOSURES:

Note: The Department takes the position that within three business days of receipt of the application for credit or the credit report being pulled (whichever is earliest), and, thus, a credit decision is made, the consumer must be provided with either the Good Faith Estimate, Estimated Truth-in-Lending Statement, the Attorney/Insurance Agent Preference form, and broker fee agreement OR a Notification of Adverse Action (Turn Down) letter.

3. MORTGAGE LOAN BROKER(MLB) FEE AGREEMENT-must contain the following disclosures:	YES	NO
a. The company name, S.C. physical office address, and telephone number of the broker.		
b. A statement that the initial specified time of the MLB agreement is 90 days or less.		
c. Amount of fees to be received by broker: i.e., broker fee, loan origination, discount, and nature of services provided to the consumer(s) by the MLB. Note: The Department takes the position that a total broker fee of 10% and above is unconscionable. (Broker fee, Premium, Origination, Processing, Loan Discount Fee.) This would be reviewed on a case-by-case basis.		
d. If applicable, a statement disclosing the specific amount of any processing fee to be collected by the broker only at <u>closing</u> .		
e. If applicable, a statement regarding additional compensation to be paid directly to the MLB by the lender or investor; i.e., yield spread, par pricing, service release premium, etc.		
f. Disclosure space for the typed or printed name(s) of the consumer(s).		
g. Disclosure spaces for the signature(s) and date(s) entered by the consumer(s) in consumer(s)' own handwriting; the consumer should date the agreement the actual date it is signed.		
h. Disclosure space for the signature and date entered by the broker.		
i. If applicable, extension agreement with a specified time (up to additional 90 days) to be mutually agreed upon by consumers(s).		
j. Consumer must receive a copy of the MLB agreement and, if applicable, extension agreement. Copy of MLB agreement and, if applicable, extension agreement must be maintained in consumer(s)' file.		

4. GOOD FAITH ESTIMATE-must contain the following disclosures:	YES	NO
a. An itemization of both MLB and lender fees.		
b. Interim interest, if applicable.		
c. A TOTAL of the fees to be incurred to close the loan.		
d. Any anticipated additional compensation, i.e., yield spread, par pricing, service release premium, etc., disclosed in a dollar amount or dollar range (not to exceed a range of \$2,000).		
e. Disclosure signed and dated (actual date signed) by consumer(s) in consumer(s)' own handwriting.		

4. GOOD FAITH ESTIMATE-must contain the following disclosures:	YES	NO
f. Copy of disclosure must be maintained in the consumer(s)' file.		
g. Copy of re-disclosure of Good Faith Estimate, if applicable, signed and dated by consumer(s), which is suggested broker should provide to consumer(s) if figures change substantially.		

5. ESTIMATED TRUTH-IN-LENDING STATEMENT-must contain the following disclosures:	YES	NO
a. Accurately disclose the cost of credit as a yearly rate (APR), etc.		
b. Contain a designation that the figures are estimates.		
c. Contain completed section regarding prepayment penalties.		
d. Disclosure signed and dated (the actual date signed) by the consumer(s) in the consumer(s)' own handwriting.		
e. Copy must be provided to consumer(s), and a copy must be maintained in the consumer(s)' file.		
f. Copy of re-disclosure, signed and dated by consumer(s), if the APR increases by more than 1/8 of 1% in a fixed rate transaction or if terms of loan change.		

6. ATTORNEY/INSURANCE AGENT PREFERENCE FORM-must contain the following disclosures:	YES	NO
a. Form used substantially similar to form in 1983 Attorney/Insurance Agent Interpretation by SCDCA.		
b. Attorney and insurance provider selections, the date and signature(s) of consumer(s) - "ALL" entered in the consumer(s) own handwriting.		
c. If consumer(s) elects, may enter "TBD" or "undecided" in selection spaces; however, prior to loan closing must complete another Attorney/Insurance Agent Preference Form with attorney and/or insurance provider selection. If the consumer(s) elects to change selections, must complete another form. The additional Attorney/Insurance Agent Preference Form must be dated the actual date of execution.		
d. If applicable, a preprinted list of current closing agents and/or insurance providers which consumer(s) may select.		
e. Copy must be provided to consumer(s).		

7. WRITTEN COVER LETTER/TRANSMITTAL LETTER-must contain the following disclosures:	YES	NO
a. Required if disclosures delivered to the consumer(s) by mail or fax.		
b. Contain the date the required disclosures are mailed.		
c. Specifically list the required disclosures: Good Faith Estimate, Estimated Truth-in-Lending Statement, Attorney/Insurance Agent Preference Form, and MLB Agreement (with at least a sentence explanation of each disclosure).		
d. Copies of disclosures and cover letter/transmittal letter must be maintained in consumer(s)' file.		

8. NOTIFICATION OF ADVERSE ACTION LETTER-must contain the following disclosures:	YES	NO
a. Delivered to consumer within three business days of receipt of application of credit or credit report being pulled if Good Faith Estimate, Estimated TIL, Attorney/Insurance Agent Preference Form, and broker fee agreement NOT delivered to the consumer.		
b. Contain the consumer(s)' names(s) and address as it appears on the application for credit.		
c. Provides the reason for the credit denial.		

8. NOTIFICATION OF ADVERSE ACTION LETTER-must contain the following disclosures:	YES	NO
d. If credit related, provides the name, address, and telephone number of the credit reporting agency.		
e. Under the ECOA disclosure, contains the Federal Trade Commission as the regulatory agency, with either the Washington, DC, or Atlanta regional office address.		
f. Contains the date mailed and signed by the broker/broker representative authorized to make the credit decision.		
g. If the required disclosures are delivered to the consumer(s) and the consumer(s) withdraws, Notification of Adverse Action letter or withdrawal letter should be delivered to the consumer within 30 days of the consumer withdrawing.		
h. If the required disclosures are delivered to the consumer(s) and the broker exhausts all attempts to place the loan, the Notification of Adverse Action letter should be delivered to the consumer within 30 days of the last turn down by lender(s).		
i. Copy of signed Notification of Adverse Action letter on file.		
j. If applicable, on a purchase transaction if the subject property is "to be determined" and a credit report is pulled or application has been taken, under the RESPA definition of application, the broker must provide either a written letter advising the consumer that the consumer has been preapproved and once a property has been located that the broker will proceed with the loan or follow the procedure as outlined under "Note" on Page 2.		

9. THE FOLLOWING IS A LISTING OF DISCLOSURES, WHEN APPLICABLE, WHICH MUST BE MAINTAINED IN EACH BROKERED LOAN FILE (I.E., CLOSED LOANS, LOANS IN-PROCESS, AND REJECTED LOANS):	YES	NO
a. Credit report		
b. Loan application		
c. Written cover/transmittal letter, if applicable		
d. Mortgage Loan Broker Fee Agreement		
e. Good Faith Estimate		
f. Estimated Truth-in-Lending Statement		
g. Attorney/Insurance Agent Preference Form		
h. Copies of any re-disclosures of the above noted forms		
i. Copy of Consumer's Check for Advance Third-Party Fees or Receipt for Cash		
j. Receipts and/or invoices for third-party service providers		
k. Final Truth-in-Lending Statement signed by consumer(s))		
l. Final Itemization of Amount Financed and/or Final HUD Settlement Statement (signed by consumer(s))		
m. Notice of Right to Rescind or Cancel (if applicable) (signed by consumer(s))		
n. Copy of broker fee checks(s)		
o. Any co-brokered MLB fee check(s)		
The Department requests that the above listed disclosures be placed on the left-hand side of the file.		

10. ADVERTISING:	YES	NO
a. Does the MLB advertise and/or solicit by way of flyers, handouts, mail, newspapers, tabloids, radio, television, telemarketing, telephone directory listings, and/or computer online services, etc.?		
b. Does the MLB advertise mortgage loan rates?		

10. ADVERTISING:	YES	NO
c. If yes to question "b," are the mortgage loan broker rates properly disclosed as required by the Federal Truth-in-Lending Act? See examples in the Federal Trade Commission advertising guidelines.		
d. If yes to question "b," can the MLB provide proof as to the dates in which the advertised mortgage loan rates were available to the MLB to offer to consumers?		
e. If yes to question "b," can the MLB produce any mortgage loan applications in which consumers were delivered or mailed Good Faith Estimates and Estimated Truth-in-Lending statements that reflect the advertised mortgage loan rates during the period covered by the advertisement in question?		
f. If yes to question "b," can the MLB provide the name(s) of the lender and/or investor that offered the advertised mortgage loan rates for the dates covered by the advertisement in question?		
g. If yes to question "b," can the MLB produce any mortgage loans that have closed with note rates and APRs that are similar to the advertised mortgage loan rates during the period covered by the advertisement in question?		

11. INTERNET:	YES	NO
a. Does the broker have a website? If so, list the address:		
b. Are rates advertised on the site?		
c. Are disclosures provided via website with electronic signatures?		
d. How often is the site updated?		