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MEMORANDUM

TO: Legislative Committee Members

FROM: Bill Bost

DATE: March 9, 2009

RE: Proposed Statute/Version 2.0

I propose adding this to Section 24-1.1E(a) as paragraph (8):

The term "points and fees" shall not include fees paid by a borrower to an agency of the United States Government (including the Federal Housing Administration, the United States Department of Veterans Affairs, or the United States Department of Agriculture) in connection with a home loan, if (i) the home loan has an initial principal balance less than \$150,000.00, (ii) the home loan is made, insured, or guaranteed by such agency, and (iii) the fee is for making, insuring, or guaranteeing the loan. A charge shall be considered to have been paid by a borrower if the charge is paid (i) by the borrower directly, (ii) by a settlement agent or lender on behalf of the borrower, or (iii) by a lender with respect to the borrower's loan from funds loaned to or received from the borrower.

And this to Section 24-1.1E(a)(6)b. as subparagraph 5.:

The term "discount points" shall include any fees paid by or on behalf of a borrower to the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, Government National Mortgage Association, the Veterans Administration or the United States Department of Agriculture or any federal agency as loan level price adjustments, adverse market delivery charges, or other charges levied by such agency to compensate for increased risks and costs which vary based upon credit score, loan size or property or housing types.

And this to 24-1.1A(c) as (3).

The term "discount points" shall include any fees paid by or on behalf of a borrower to the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, Government National Mortgage Association, the Veterans Administration or the United States Department of Agriculture or any federal agency as loan level price adjustments, adverse market delivery charges, or other charges levied by such agency to compensate for increased risks and costs which vary based upon credit score, loan size or property or housing types.