



PSI EXAMINATION SERVICES
100 West Broadway, Suite 1100
Glendale, CA 91210
www.psiexams.com

*Before paying for
your examination registration,
be sure you understand
the contents of this bulletin.
Please retain and use it as a reference
when contacting PSI.*

STATE OF NORTH CAROLINA OFFICE OF THE COMMISSIONER OF BANKS

CANDIDATE INFORMATION BULLETIN

FOR EXAMINATIONS BEGINNING JULY 2002

Examinations by PSI Examination Services.....	1	Required Identification.....	4
Guidelines for Taking the Examination.....	1	Security Procedures.....	4
Registration and Scheduling Procedures.....	1	Review of Examination Questions.....	4
Fee.....	1	Taking the Examination by Computer.....	5
Standard Mail Registration.....	2	Identification Screen.....	5
Telephone Registration.....	2	Tutorial.....	5
Fax Registration.....	2	Examination Question Example.....	5
Internet Registration.....	2	Scope Reporting.....	5
Scheduling an Appointment.....	2	Duplicate Score Reports.....	6
Rescheduling an Appointment.....	2	Tips for Preparing for your License Examination.....	6
Canceling or Rescheduling an Appointment.....	2	Examination Study Materials.....	6
Missed Appointment or Late Cancellation.....	3	Description of Examinations.....	6
Special Examination Arrangements.....	3	Sample Questions.....	7
Emergency Examination Center Closing.....	3	Examination Registration Form.....	9
Social Security Confidentiality.....	3		
Examination Site Locations.....	3		
Reporting to the Examination Site.....	4		

EXAMINATIONS BY PSI EXAMINATION SERVICES

This Candidate Information Bulletin provides you with information about the examination and application process for becoming licensed as a Mortgage Loan Officer in the State of North Carolina.

The North Carolina Office of the Commissioner of Banks has contracted with PSI Examination Services (PSI) to conduct the North Carolina Mortgage Loan Officer License examination. PSI provides examinations through a network of computer examination centers in North Carolina. PSI works closely with the Commissioner of Banks to be certain that the examination meets state as well as national requirements in basic principles and examination development standards.

All questions and requests for information about examinations should be directed to:

PSI Examination Services
100 West Broadway, Suite 1100
Glendale, CA 91210
(800) 733-9267 · Fax (818) 247-3853
www.psiexams.com

NC's Mortgage Lending Act

Effective July 1, 2002 North Carolina has a new law regulating mortgage lending. The Mortgage Lending Act (NCGS Chapter 53, Article 19A), requires that certain businesses engaged in mortgage lending be licensed annually by the NC Commissioner of Banks as either a Mortgage Lender or a Mortgage Broker. In addition, any individual employed by a licensed Mortgage Lender or Mortgage Broker acting as a loan officer must have a Mortgage Loan Officer License. Some lenders, primarily banks and credit unions, are exempt from licensing, but must file and maintain a Claim of Exemption.

Initial Education Requirements

Before applying for a Mortgage Loan Officer License, an individual must have:

1. Completed a Mortgage Fundamentals Course approved by the COB, within the 3 year period immediately preceding the date of the application; and
2. Passed the North Carolina Mortgage Loan Officer License examination, within the 90-day period preceding the date of application.

All questions about applications for licensure should be directed to:

North Carolina Office of the Commissioner of Banks
Mortgage Licensing Section
4309 Mail Service Center
Raleigh, NC 27699-4309
(919) 733-0589 · Fax (919) 733-2978
www.banking.state.nc.us/

GUIDELINES FOR TAKING THE EXAMINATION

To make the license qualification process go as smoothly as possible, be certain that you:

1. Send the Registration Form found at the end of this Candidate Information Bulletin along with the correct payment for the examination.
2. Prepare for the examination by using the examination content outline in this Candidate Information Bulletin and the suggested study materials that cover the outline topics.
3. Be sure to take proper identification with you to your scheduled examination appointment.
4. Upon passing the examination, you may then submit the required license application documentation to the North Carolina Office of the Commissioner of Banks.

EXAMINATION REGISTRATION AND SCHEDULING PROCEDURES

The Examination Registration Form is found at the end of this Candidate Information Bulletin. Be sure the registration form is complete, accurate, signed, and that you include the correct fee. The registration form is valid for 1 examination. The candidate must pass the North Carolina Loan Officer License examination within 90 days preceding the date of application for a Mortgage Loan Officer License. You must first register to be eligible for an examination and upon approval by PSI then schedule an appointment to take the examination.

EXAMINATION FEE	
Examination	\$100
NOTE: REGISTRATION FEES ARE NOT REFUNDABLE OR TRANSFERABLE	

STANDARD MAIL REGISTRATION

1. Complete the Examination Registration Form found in this Candidate Information Bulletin. BE SURE TO READ ALL DIRECTIONS CAREFULLY BEFORE COMPLETING THE EXAMINATION REGISTRATION FORM. IMPROPERLY COMPLETED FORMS WILL BE RETURNED TO YOU UNPROCESSED.

Return the completed original form to PSI with the appropriate examination fee. Payment of fees can be made by money order or cashier's check. Money orders or cashier's checks should be made payable to PSI. Print your social security number on your check or money order to ensure that your fees are properly assigned. **CASH, COMPANY CHECKS, PERSONAL CHECKS, MASTERCARD, AND VISA ARE NOT ACCEPTED.**

TELEPHONE REGISTRATION

For telephone registration you will need a valid VISA or MasterCard.

Complete the Examination Registration Form, including your credit card number and expiration date, so that you will be prepared with all of the information needed to register by telephone.

1. Call (800) 733-9267, 24 hours a day and register using the Automated Registration System. Otherwise, PSI registrars are available Monday through Friday, between 9:00 a.m. and 8:00 p.m., Eastern Time, to receive the information listed on your Examination Registration Form and schedule your appointment for the examination.

FAX REGISTRATION

For fax registration, you will need a valid VISA or MasterCard.

Complete the Examination Registration Form, including your credit card number and expiration date.

1. Fax the completed form to PSI (818) 247-3853. Fax registrations are accepted 24 hours a day.
2. You may call PSI the following business day to schedule the examination(s) after 2:00 p.m., Eastern Time, (800) 733-9267.

INTERNET REGISTRATION

The Examination Registration Form is available at PSI's website, www.psiexams.com. You may register and schedule for an examination via the Internet 24 hours a

day. NOTE: You may schedule through the Internet if you have already registered.

1. Download the form, print, complete, and return it to PSI by mail or fax; (or)
2. Complete the registration form on line and send it to PSI via the Internet.

SCHEDULING AN APPOINTMENT TO TAKE THE EXAMINATION

Once confirmed, you are responsible for calling PSI to schedule an appointment to take the examination. PSI will make every effort to schedule the examination site location and time that is most convenient for you. To schedule your examination using a touch-tone phone, call PSI 24 hours a day at (800) 733-9267. To schedule with a PSI registrar, call Monday through Friday, between 9:00 a.m. and 8:00 p.m., Eastern Time. If space is available in the examination site of your choice, you may schedule an examination 2 business days prior to the examination date of your choice. Please be prepared to offer alternative examination appointment choices.

RESCHEDULING FOR AN EXAMINATION

It is not possible to make a new examination appointment on the same day you have taken an examination; this is due to processing and reporting scores. A candidate who tests unsuccessfully on a Wednesday can call the next day, Thursday, and retest as soon as Saturday, depending upon space availability. You may access a registration form at www.psiexams.com. You may also call PSI at (800) 733-9267. Please note that you may also use the automated system, using a touch-tone phone, 24 hours a day in order to schedule or reschedule an examination.

CANCELING AN EXAMINATION APPOINTMENT

You may cancel and reschedule an examination appointment without forfeiting your fee if your *cancellation notice is received 3 full business days before the scheduled examination date*. For example, for a Monday appointment, the cancellation notice would need to be received by the close of business on the previous Wednesday. You may call PSI at (800) 733-9267 or fax a note to (818) 247-3853. Please note that you may also use the automated system, using a touch-tone phone, 24 hours a day in order to cancel and reschedule your appointment.

MISSED APPOINTMENT OR LATE CANCELLATION

Your registration will be invalid, you will not be able to take the examination as scheduled, and you will forfeit your examination fee, if you:

- Do not cancel your appointment 3 full business days before the scheduled examination date;
- Do not appear for your examination appointment;
- Arrive after examination start time;
- Do not present proper identification when you arrive for the examination.

SPECIAL EXAMINATION ARRANGEMENTS

All examination centers are equipped to provide access in accordance with the Americans with Disabilities Act (ADA) of 1990, and every reasonable accommodation will be made in meeting a candidate's needs. Applicants with disabilities or those who would otherwise have difficulty taking the examination should request for alternative arrangements with PSI. Requests for any special accommodations should be made in writing, describing the specific accommodations that will be needed, and must include supporting documentation on official letterhead from a licensed professional.

EXAMINATION SITE CLOSING FOR AN EMERGENCY

In the event that severe weather or another emergency forces the closure of an examination site on a scheduled examination date, your examination will be rescheduled. PSI personnel will attempt to contact you in this situation. However, you may check the status of your examination schedule by calling (800) 733-9267. Every effort will be made to reschedule your examination at a convenient time as soon as possible.

SOCIAL SECURITY NUMBER CONFIDENTIALITY

PSI will use your social security number only as an identification number in maintaining your records and reporting your examination scores to the state. If you elect not to disclose your social security number to PSI, please enclose a separate letter explaining this with your Examination Registration Form. However, you **must** provide it to the state.

EXAMINATION SITE LOCATIONS

ASHEVILLE

**1306 C Patton Avenue
Asheville, NC 28806**

From I-40 take exit 44, Smokey Park Highway (US 19 and 23), and proceed North/East approximately 3 miles. The test center is in a multi-building complex between Haywood and Druid. Turn right into the complex at Haywood, Patterson or Druid.

From I-240 exit 3A US 19/23 and proceed South approximately 2 miles. The test center is in a multi-building complex between Druid and Haywood. Turn left into the complex at Haywood or Patterson.

CHARLOTTE

**Midtown Plaza
1300 Baxter Street Suite 175
Charlotte, NC 28204**

From Interstate 277, exit 2, Kenilworth and proceed South. Turn left on Baxter. Turn right into the drive way for 1300 Baxter.

GREENVILLE

**Charles Center
2404 South Charles Blvd Suite B
Greenville, NC 27858**

From the South, proceed North on State Highway 11, and merge to the right onto Greenville Blvd SE (US 264/State 43). Turn right on South Charles Blvd. From the East, proceed West on US 264 and turn left onto Greenville Blvd SE. Turn left on South Charles Blvd.

From the West, proceed East on US 264. Turn right on Memorial Drive. Turn left on Greenville Blvd. Turn right on South Charles Blvd.

RALEIGH

**5711 Six Forks Road Suite 208
Raleigh, NC 27609**

From I-440, exit 8, Six Forks Road and proceed North. Turn left on Loft Lane, then right into the first driveway.

FAYETTEVILLE

**3724 Sycamore Dairy Road, Suite 128
Fayetteville, NC 28303**

From the North, take I-95 South. Merge onto US 301/I-95 Business Route South towards Fayetteville/Fort Bragg/Pope AFB. Turn right onto NC-210/NC-24 Grove St. which becomes Rowan St. From Rowan St., turn right onto Bragg Blvd. Turn left onto Sycamore Dairy Road. The test center will be on the right.

From the South, take I-95 North to NC 24 West. NC 24 West becomes Bragg Blvd. (See above for directions to test center from Bragg Blvd.)

From the Northwest, take NC-87 South to NC-24 E/Bragg Blvd. Continue on NC-24 E/Bragg Blvd beyond the intersection with Hwy 401 Bypass. Turn right onto Bargain Street and proceed to Sycamore Dairy Road.

From the Southwest, take US 401 North and turn left onto 401 Bypass (Skibo Road). Continue on 401 Bypass/Skibo Road. Turn right onto Legend Ave; turn left onto Sycamore Dairy Road. The test center will be on the left.

WILMINGTON

Judges Road Business Park
311 Judge's Road, Suite 8D
Wilmington, NC 28405

When Interstate 40 ends, it merges with State Highway 132 (College Road). Exit Market Street (Highway 17) and proceed northeast toward Jacksonville, approximately one mile. Turn left at Judge's Road. As you approach Judge's Road Business Park, you will see a dozen brick buildings housing industrial units. Turn left into the Business Park and proceed to the third aisle. Turn right down the aisle for Building 8. Suite 8D is on the left. Overflow parking is available at the southern end of the building or on the street.

WINSTON-SALEM

1540 Westbrook Plaza Drive, Suite 103
Winston-Salem, NC 27103

From Interstate 40, exit 189, Stratford Road proceed north (left) approximately 100 yards. Turn left on Westbrook Plaza Drive. Turn left at four way stop, continuing on to Westbrook Plaza Drive. Go through next traffic light. The test center is approximately 1/4 mile past the light and on your left.

PSI has examination centers throughout the United States. You may take this examination at any of these locations by calling 1-800-733-9267. You will find these other locations at <http://www.psiexams.com>.

REPORTING TO THE EXAMINATION SITE

On the day of the examination, you should arrive at least 30 minutes before your appointment. This extra time is for sign-in, identification, and familiarizing you with the examination process. *If you arrive late, you may not be admitted to the examination site and you will forfeit your examination registration fee.*

REQUIRED IDENTIFICATION AT EXAMINATION SITE

You must provide 2 forms of identification. One must be a VALID form of government issued identification (driver's license, state ID, passport, military ID), which bears your signature and has your photograph or a complete physical description. The second ID must have your signature and preprinted legal name. All identification provided must match the name on the Examination Registration Form and your Registration Confirmation Notice.

If you cannot provide the required identification, you must call (800) 733-9267 at least 3 weeks prior to your

scheduled appointment to arrange a way to meet this security requirement. *Failure to provide all of the required identification at the time of the examination without notifying PSI is considered a missed appointment, and you will not be able to take the examination.*

After you sign-in and present the required identification, the proctor will issue you the following examination materials.

- Scratch paper
- Test question review sheet

SECURITY PROCEDURES

The examinations will be CLOSED book. You will NOT be allowed to bring any reference materials to the examination.

The following security procedures will apply during the examination:

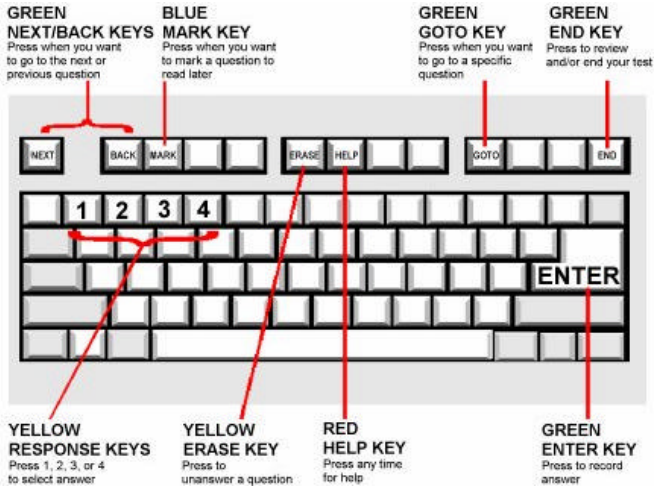
- Notes or Books are not allowed.
- You may not exit the building during the examination.
- Cell phones, pagers, and children are not allowed in the examination center.
- Only nonprogrammable calculators that are silent, battery-operated, do not have paper tape printing capabilities, and do not have a keyboard containing the alphabet will be permitted.
- Smoking, eating, or drinking is not allowed in the examination center.
- Copying or communicating examination content is a violation of security regulations. Either one may result in the disqualification of examination results and may lead to legal action under copyright laws.

REVIEW OF EXAMINATION QUESTIONS

PSI, in cooperation with the North Carolina Office of the Commissioner of Banks, will be consistently evaluating the examinations being administered to ensure that the examinations accurately measure competency in the required knowledge areas. Examinees will be provided with test question review sheets. Your comments regarding the questions and the examinations are welcomed. These comments will be analyzed by PSI examination development staff. PSI does not respond to individuals regarding these comments, all substantive comments are reviewed. If an error affecting examination scores is discovered as a result, which occurs very rarely, the examination scores of all affected candidates will be automatically adjusted. **This is the only review of examination materials available to candidates.**

TAKING THE EXAMINATION BY COMPUTER

Taking the PSI examination by computer is simple. You do not need any computer experience or typing skills. You will use fewer keys than you use on a touch-tone telephone. All response keys are colored and have prominent characters. An illustration of the special keyboard is shown here.



IDENTIFICATION SCREEN

You will be directed to a semiprivate testing station to take the examination. When you are seated at the testing station, you will be prompted to confirm your name, identification number, and the examination for which you are registered as shown in the initial screen display below.

INITIAL SCREEN DISPLAY

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Hello!

Welcome to the North Carolina Mortgage Loan
Officer License Examination!

We have the following information about you:
NAME: Jane Doe
SOCIAL SECURITY NUMBER: XXX-XX-XXXX
REGISTERED EXAMINATION: Mortgage Loan

If ANY of this information is not correct,
please contact the Proctor immediately!

If all this information IS correct, press the
green ENTER key.
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TUTORIAL

Before you start your examination, an introductory tutorial to the computer and keyboard is provided on the computer screen. The time you spend on this

tutorial, up to 15 minutes, DOES NOT count as part of your examination time. Sample questions are included as part of the tutorial so that you may practice using the keys, answering questions, and reviewing your answers.

One question appears on the screen at a time. During the examination, minutes remaining will be displayed at the top of the screen and updated as you record your answers.

EXAMINATION QUESTION EXAMPLE

During the examination, you should press 1, 2, 3, or 4 to select your answer or press "MARK" to mark it for later review. You should then press "ENTER" to record your answer and move on to the next question. Following is a sample of the question display that you will see on the computer:

Q:1 of 8 Ans:0 Unans:8 Marked:1 View:All Time Left:2

For how many lending companies may a licensed loan officer accept applications in NC?

1. Only one.
2. Two.
3. Three.
4. As many as they can successfully place loans with.

IMPORTANT: After you have entered your responses, you will later be able to return to any question(s) and change your response, provided the examination time has not run out.

SCORE REPORTING

In order to pass the examination you must achieve a minimum score of 80% (48 correct answers out of 60).

Your score will be given to you immediately following completion of the examination. The following summary describes the score reporting process:

- **On screen** - your score will appear immediately on the computer screen. This will happen automatically at the end of the time allowed for the examination; if you are using review features, you will be able to obtain your score immediately when you indicate that you have finished and would like to see your results.
 - If you **pass**, you will immediately receive a successful notification and performance summary on the screen.
 - If you **do not pass**, you will immediately receive an unsuccessful notification on the screen along with a diagnostic report indicating

your strengths and weaknesses by examination portion. Registration forms for submittal to PSI to retake the examination will be available at the examination site.

- **On paper** - an official score report will be printed at the examination site.

DUPLICATE SCORE REPORTS

You can write to PSI to request a duplicate of your score report for up to 1 year after your examination. The fee for a duplicate score report is \$10. *Money Order or cashier's check ONLY.*

TIPS FOR PREPARING FOR YOUR LICENSE EXAMINATION

The following suggestions will help you prepare for your examination.

- Planned preparation increases your likelihood of passing.
- Start with a current copy of this Candidate Information Bulletin and use the examination content outline as the basis of your study.
- Read study materials that cover all the topics in the content outline.
- Take notes on what you study. Putting information in writing helps you commit it to memory and it is also an excellent business practice. Underline or highlight key ideas that will help with a later review.
- Discuss new terms or concepts as frequently as you can with colleagues. This will test your understanding and reinforce ideas.
- Your studies will be most effective if you study frequently, for periods of about 45 to 60 minutes. Concentration tends to wander when you study for longer periods of time.
- Review Fundamentals course material.

EXAMINATION STUDY MATERIALS

The following is a list of possible study materials for the North Carolina Mortgage Loan Officer examination. The list is given to identify resources and does not constitute an endorsement by PSI or by the North Carolina Office of the Commissioner of Banks.

NORTH CAROLINA MORTGAGE LOAN OFFICER LICENSE

- North Carolina Mortgage Lending Act (General Statutes Ch. 53, Art. 19A)

- North Carolina Interest Laws (Mortgage Lending Provisions - General Statutes Ch. 24)
- Sirota, David, *Essentials of Real Estate Finance* (10th Edition), Real Estate Education Company, Dearborn Financial Publishing, Inc. 2001

DESCRIPTION OF EXAMINATIONS

EXAMINATION SUMMARY TABLE

Examination	# of Items	Passing Score	Time Allowed
Mortgage Loan Officer License	60	48	120 minutes

PRETEST ITEMS

In addition to the number of examination items specified, a small number of five to ten "pretest" questions may be administered to candidates during the examinations. These questions will not be scored and the time taken to answer them will not count against examination time. The administration of such non-scored experimental questions is an essential step in developing future licensing examinations.

CONTENT OUTLINES

The examination content outlines have been prepared and are periodically updated by committees of professionals who are subject matter experts in mortgage lending and regulatory issues. The examination content outlines these professionals have prepared identify areas of importance to licensees in order for them to perform their duties to the public in a competent and legally responsible manner.

Use the outline as a guide for pre-examination review course material. The outlines list the topics that are on the examination and the number of questions for each topic. Do not schedule your examination until you are familiar with the topics in the outline.

NORTH CAROLINA MORTGAGE LOAN OFFICER LICENSE

1) NORTH CAROLINA LAWS (30% - 18 items)

- ◆ Predatory Lending (Usury Laws)
 - Prohibitive Acts
 - Permitted Fees
- ◆ Mortgage Lending Act
 - License requirements
 - License term
 - Who must have license/Who is exempt
 - Activities Requiring License

2) FEDERAL LAWS (30% - 18 items)

- ◆ Real Estate Settlement Procedures Act
- ◆ Truth In Lending/Regulation Z
- ◆ Equal Credit Opportunity Act
- ◆ Fair Credit Reporting Act
- ◆ Fair Housing Laws
- ◆ Privacy Act

Test content will be limited to the following for the federal laws listed: Definition (and correct name, for those usually referred to by acronyms) of each law; purpose of law; situations in which law applies or does not apply; disclosures and notifications each law requires; applicable time limits, if any; definition of specific terms relating to the law or the disclosures and notifications it requires.

3) GENERAL CONCEPTS (30% - 18 items)

- ◆ Lending Principles and Terminology
 - Information needed on 1003
 - Required supporting documentation
 - Verifications required; what is adequate?
 - Inspections and Reports
 - Names and purposes of supporting Documents
 - Kinds of Insurance
- ◆ Types of Loans
 - Conventional
 - Non-conventional (VA/FHA)
 - ARMs
- ◆ Mortgages
 - Function of mortgages
 - Definition of terms
- ◆ Borrower analysis
 - Housing (or "front end") ratio - what costs are included?
 - Debt (or "back end") ratio - what debts are included?
 - Non-Income factors in borrower analysis
 - Responsibilities of loan officer vs. those of underwriter

4) LENDING CALCULATIONS (10% - 6 items)

- ◆ Loan-To-Value Ratios
- ◆ Payments
- ◆ Qualifying Buyers (Debt/Housing Ratios, Calculating Income)
- ◆ Points
- ◆ Interest Rates

SAMPLE QUESTIONS

The following questions are offered as examples of the types of questions you will be asked during the course of the North Carolina Mortgage Loan Officer examination. They are intended primarily to familiarize you with the style and format of questions you can expect to find in the examinations. The examples do NOT represent the full range of content or difficulty levels found in the actual examinations.

NORTH CAROLINA MORTGAGE LOAN OFFICER LICENSE

- A) A VOE is used for the purpose of verifying
- 1) only that the loan applicant is currently employed.
 - 2) both employment and income for a loan applicant.
 - 3) the last 6 years of a loan applicant's employment history.
 - 4) a loan applicant's financial resources in addition to employment income.
- B) For how many lending companies may a licensed loan officer accept applications in North Carolina?
- 1) only one.
 - 2) two.
 - 3) three.
 - 4) as many as they can successfully place loans with.
- C) The requirements of the Real Estate Settlement Procedures Act (RESPA) state that lenders MUST give a good faith estimate of closing costs within
- 1) 24 hours of loan approval.
 - 2) 48 hours of determining final costs.
 - 3) 3 days of loan application.
 - 4) 10 days of acceptance of offer.
- D) A prospective borrower is paid \$800 each week. What monthly income should be entered on the 1003 loan application?
- 1) \$3,200
 - 2) \$3,446
 - 3) \$3,467
 - 4) \$3,733

Answers to Sample Salesperson Questions:

A: 2; B: 1; C: 3; D: 3

North Carolina School Codes

0101	Advanced Education Systems
0102	Financial Strategies Fundamentals
0103	Central Piedmont Community College(South Campus)
0104	NC Association of Mortgage Professionals
0105	1 st Fidelity Mortgage
0106	Paul Donohue Presents

PSI EXAMINATION SERVICES
100 WEST BROADWAY, SUITE 1100
GLENDALE, CA 91210-1202

FIRST CLASS MAIL

To speed up your registration processing, please write on the outside of the envelope "ATTENTION: Examination Registration NC BANK".