

**CHAPTER 13-05-01
MONEY BROKERS**

Section	
13-05-01-01	No Advance Fee - Exception
13-05-01-02	Contracts to Be in Writing
13-05-01-03	Full Disclosure Required
13-05-01-04	Contents of Loan Disclosure Statement
13-05-01-05	Restrictions on Chargeable Costs and Expenses
13-05-01-06	Filing of Annual Reports <u>[Repealed]</u>
13-05-01-07	Availability of Records
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13-05-01-09	Notice to Borrower Regarding Regulation by the Department of Financial Institutions
13-05-01-10	Copy of Written Contracts to the Potential Borrower
13-05-01-11	Unprofessional Conduct and Grounds for Revocation of License

Section 13-05-01-04 is amended as follows:

13-05-01-04. Contents of loan disclosure statement. Whenever a money broker arranges a loan for a borrower, the following loan disclosure statements must be prepared by the money broker for the borrower and set forth in a plain language and meaningful order:

1. **Summary of loan terms.**
 - a. ~~Principal amount of loan.~~
 - b. ~~Estimated deductions from principal amount.~~
 - (1) ~~Costs and expenses.~~
 - (2) ~~Brokerage commission.~~
 - (3) ~~Liens and other amounts to be paid on authorization of borrower.~~
 - (4) ~~Any other deductions.~~
 - c. ~~Estimated cash payable to borrower~~ Money brokers must provide all loan disclosures mandated under title 12, Code of Federal Regulations, part 1024 and title 12, Code of Federal Regulations, part 1026.
2. **General information concerning loans.**
 - a. The amount of principal and interest payable, the interest rate, the number of payments and whether they are monthly or quarterly,

and whether there is a final or balloon payment to pay off the loan in full. If there is a balloon payment, the following cautionary instructions must be printed in bold type on the contract:

CAUTION TO BORROWER: IF YOU DO NOT HAVE THE FUNDS TO PAY THE BALLOON PAYMENT WHEN DUE, IT MAY BE NECESSARY FOR YOU TO OBTAIN A NEW LOAN AGAINST YOUR PROPERTY FOR THIS PURPOSE AND YOU MAY BE REQUIRED TO AGAIN PAY COMMISSION AND EXPENSES FOR ARRANGING THE LOAN. KEEP THIS IN MIND IN DECIDING UPON THE AMOUNT AND TERMS OF THE LOAN THAT YOU OBTAIN AT THIS TIME.

- b. Other information necessary, including the land description, types of instruments to be executed, and type of lien that will be against the property if the instruments are executed.
- c. Any prepayment penalty on full disclosure of the terms thereof.
- d. Whether credit life or credit disability will be required of the borrower as a condition of making the loan.

~~3. **Deductions from loan proceeds.**~~

- ~~a. Estimated costs and expenses to be paid by the borrower out of the principal amount of the loan, including appraisal fees, escrow fees, abstract or title insurance fees, notary fees, attorney's fees, recording fees, credit investigation fees, and other costs and expenses.~~
- ~~b. An estimate of the liens and other amounts to be paid out of the principal amount of the loan, on authorization of the borrower, including fire or other property insurance premiums, credit life or disability insurance premiums, beneficiary statement fees, reconveyance or similar fees, or liens against property securing the loan or other fees.~~

~~4. **Estimated figures.** All figures which are estimates must be clearly identified as such and a statement must be included specifying whether or not the borrower may refuse to accept the commitment if the estimates are exceeded by a specified percent, and, if so, the contract must set forth the specified percent. Disclosures must be made in plain English and set forth in meaningful order.~~

~~Disclosures must be made in plain English and set forth in meaningful order.~~

History: Effective February 1, 1984; amended effective _____, 2012.

General Authority: NDCC 13-04.1-01

Law Implemented: NDCC 13-04.1-01, 13-04.1-06, 13-04.1-07

Section 13-05-01-06 is repealed:

~~**13-05-01-06. Filing of annual reports.** Every money broker licensee operating as a money broker shall file an annual report with the department of financial institutions. This must be done at the time of submitting the application for renewal of license on the forms supplied with the renewal application. If the department of financial institutions deems that further inquiry is necessary, the money broker shall give specific details on any transaction to the department of financial institutions. Repealed effective _____, 2012~~

~~**History:** Effective February 1, 1984; amended effective June 1, 2002.~~

~~**General Authority:** NDCC 13-04.1-01~~

~~**Law Implemented:** NDCC 13-04.1-05~~