

§ 58-3-140. Temporary contracts of insurance permitted.

A lender engaged in making or servicing real estate mortgage or deed of trust loans on one to four family residences shall accept as evidence of insurance a temporary written contract of insurance meeting the requirements of G.S. 58-44-20(4) and issued by any duly licensed insurance producer or insurance company.

Nothing herein prohibits the lender from refusing to accept a binder or from disapproving such insurer or insurance producer provided such refusal or disapproval is reasonable.

Such lender need not accept a binder unless such binder:

- (1) Includes:
 - a. The name and address of the insured;
 - b. The name and address of the mortgagee;
 - c. A description of the insured collateral;
 - d. A provision that it may not be cancelled within a term of the binder except upon 10 days' written notice to the mortgagee; and
 - e. The amount of insurance bound.
- (2) Is accompanied by a paid receipt for one year's premium, except in the case of the renewal of a policy subsequent to the closing of a loan; and
- (3) Includes an undertaking of insurance producer to use his best efforts to have the insurance company issue a policy.

The Department may require binders to contain any additional information to permit the binders to comply with the reasonable requirements of Fannie Mae, the Government National Mortgage Association, or the Federal Home Loan Mortgage Corporation for purchase of mortgage loans. (1989, c. 459, s. 1; 1991, c. 720, s. 4; 2001-487, s. 14(f); 2022-46, s. 14(j).)