



COMMISSIONER OF FINANCIAL REGULATION
ADVISORY



May 10, 2016

MORTGAGE LENDER LICENSING ADVISORY

The Office of the Commissioner of Financial Regulation ("Commissioner") is continuously looking to improve its processes to minimize the burden on all licensees. As part of those efforts, the Commissioner has taken, and will be taking certain actions in the coming weeks as detailed below:

Other Trade Names

Current Policy

- All trade names must be registered with the [Maryland Department of Assessments and Taxation](#) before they may be used in Maryland.
- The Commissioner has required mortgage companies to have a license for each trade name used.

New Policy

- Effective June 1, 2016, licensees will not be required to obtain additional licenses to register Other Trade Names.
- One license in the formal name of the entity will be all that is required. As is the current practice, only one trade name will appear on the printed license.
- All trade names must continue to be designated on NMLS.
- All current holders of Other Trade Names licenses should surrender the license as it will not be renewed.
- For those entities that only hold an Other Trade Name license, they will have to submit an application at renewal for a regular mortgage lender license in the formal name of the entity

Qualifying Individual

Current Policy

- Qualifying Individuals ("QI") must meet certain criteria as outlined in the Commissioner's [Qualifying Individual Advisory](#).

- The purpose of this requirement is to ensure the designated individual possesses the requisite experience in the mortgage lending business.

Next Steps

- Over the next few weeks, the Commissioner's staff will review the company's file to confirm the Qualifying Individual meets the criteria.
- If the Commissioner finds that the designated QI does not meet the requirements, a deficiency will be placed on NMLS. In addition, the license status will be changed to "Approved-Deficient." The company will be able to continue to do business for the remainder of this license year, but it will be unable to submit a renewal application until the issue is addressed.

Financial Statements

Current Policy

- Financial statements must be prepared by a Certified Public Accountant ("CPA") based on a compilation, audit, or review. Documentation submitted must clearly identify the CPA that worked on the financial statements.

Next Steps

- The Commissioner will review 2015 fiscal year-end financial statements to ensure satisfaction of the minimum net worth requirement. These statements were due to be filed with the Commissioner on or before March 31, 2016.
- Failure to submit proper financial statements will result in a change of the license status to "Approved-Deficient." The company will be able to continue to do business for the remainder of this license year, but it will be unable to submit a renewal application until the issue is resolved.
- The goal is to complete a review of submitted statements by July 1, 2016.

Updated Bond Form

Current Policy

- Bond continuation or verification certificates may be used to renew a license.

New Policy

- The Commissioner has developed a new Bond form for use by all licensees and applicants. The Mortgage Lender License bond form can be

found [here](#) and it covers the 2017 licensing period. Bond continuation certificates will no longer be accepted in order to renew the license. A new bond form must be submitted every year.

Next Steps

- The Commissioner will review the Mortgage Call Reports submitted for the period ending December 31, 2015, and that were due by March 31, 2016, to determine proper surety bond coverage is in effect. Failure to submit the Mortgage Call Reports will result in a change of the license status to "Approved-Deficient." The company will be able to continue to do business for the remainder of this license year, but it will be unable to submit a renewal application until the issue is resolved.
- All new bond forms must be submitted by November 1, 2016, reflecting coverage for the next licensing period. Failure to provide a new bond form will prevent a company from submitting a renewal application.

Good Standing Status

Current Policy

- The Commissioner recently ended its practice of requiring the applicant to provide a Good Standing Certificate from the [Maryland State Department of Assessments and Taxation](#) ("SDAT"). Instead the Commissioner's Office staff will confirm the status via the SDAT website, resulting in a savings of \$40 to each applicant and licensee.
- Mortgage Lender licensees and applicants must be in good standing to conduct business in Maryland.

Next Steps

- The Commissioner's staff will confirm the good standing status of licensees by October 1, 2016. If the licensee is not in good standing, the license status will be changed to "Approved-Deficient." The company will be able to continue to do business for the remainder of this license year, but it will be unable to submit a renewal application until the issue is resolved.

Continuing Legal Education

Current Policy

- The licensee's Qualified Individual and branch managers can complete Continuing Education ("CE") at any time during the year. No need to wait until the licensing renewal season.
- The courses are already available and we encourage all licensees'

representatives to complete the CE as quickly as possible to avoid delays in receiving the renewal license.

Update Contact Information

Current Policy

- Licensees are reminded to continuously update and confirm that the contact information on NMLS is correct.

More Information

For any questions or additional information, you may contact Juan M. Sempertegui, Director of Licensing, at 410-230-6102 or via email at Juan.Sempertegui@Maryland.gov.



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