

DEPARTMENT OF REGULATORY AGENCIES

DIVISION OF REAL ESTATE

MORTGAGE LOAN ORIGINATORS

4 CCR 725-3

NOTICE OF PROPOSED RULEMAKING HEARING

August 4, 2009

**1-1-4 MORTGAGE LOAN ORIGINATOR LICENSE RENEWAL,
REINSTATEMENT AND RE-APPLICATION**

Pursuant to and in compliance with Title 12, Article 61 and Title 24, Article 4, C.R.S. as amended, notice of proposed rulemaking is hereby given, including notice to the Attorney General of the State of Colorado, and to all persons who have requested to be advised of the intention of the Director of the Colorado Division of Real Estate to promulgate rules.

- Section 1. Authority
- Section 2. Scope and Purpose
- Section 3. Applicability
- Section 4. 1-1-4 Mortgage Loan Originator License Renewal,
Reinstatement and Re-Application

Section 1. Authority

The statutory basis for this rule, entitled **1-1-4 Mortgage Loan Originator License Renewal, Reinstatement and Re-Application**, is § 12-61-910.3, C.R.S.

The notice proposes to add rule 1-1-4. The rule defines the license renewal process for mortgage loan originators.

Section 2. Scope and Purpose

Due to the three year license cycle that has been in place, there has been no need to date to define the renewal process. As a result of the S.A.F.E. Act and subsequent passage of House Bill 09-1085, the license cycle has been changed from a three year cycle to an annual cycle. As a result, mortgage loan originators must renew their licenses annually. Additionally, licensees are now required to be registered with the Nationwide Mortgage Licensing System and Registry. The Director of the Division of Real Estate has determined that it is most appropriate to mimic timelines and processes associated with the Nationwide Mortgage Licensing System and Registry. Failing to do so would cause tremendous confusion on the part of the licensee pool.

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The purpose of this rule is to clearly define the transition from a three year license cycle to an annual license cycle and to define the license renewal process.

Section 3. Applicability

This rule applies to mortgage loan originators as that term is defined in § 12-61-902(6), C.R.S. and includes those persons who originate a mortgage, offer to originate a mortgage, act as a mortgage loan originator, or offer to act as a mortgage loan originator. This rule applies to all individuals required to be licensed pursuant to §§ 12-61-902 and 12-61-903, C.R.S.

Section 4. 1-1-4 Rules Regarding Mortgage Loan Originator License Renewal, Reinstatement and Re-Application.

1. Transitioning from a three year license cycle to an annual license cycle.
 - a. For licensees whose licenses are set to expire at any point in 2009, the Director will administratively change the expiration date to December 31, 2009.
 - b. For licensees whose licenses are set to expire on and after January 1, 2010, the Director will administratively change the expiration date to December 31, 2010.
2. Renewal Process for active licensees.
 - a. Currently, there are two existing databases that licensees shall independently renew their license through annually. The two independent databases include:
 - i. The license database managed by the Division of Real Estate. This database may be located by visiting the Division of Real Estate website at <http://www.dora.state.co.us/real-estate/index.htm>.
 - ii. The registration database managed by the Nationwide Mortgage Licensing System and Registry. This database is located at <http://www.stateregulatoryregistry.org/NMLS/AM/Template.cfm?Section=Home3>.
 - b. Mortgage loan originators renewing, reinstating or re-applying for registration through the Nationwide Mortgage Licensing System and Registry shall do so in accordance with established timelines, policies and procedures set forth by the Nationwide Mortgage Licensing System and Registry. The Nationwide Mortgage Licensing System and Registry may collect fees for the purpose of registration applications, renewal applications, reinstatement applications, credit reports, criminal background checks and for other processes associated with registration through the nationwide database.

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- c. The Director shall issue or deny a license renewal or reinstatement application within thirty days after the applicant has submitted all of the information necessary for license renewal or reinstatement and after the Director has received all information necessary to make a determination regarding the applicants' compliance.
- d. Regarding the license database managed by the Division of Real Estate, mortgage loan originators may renew or reinstate their license online or may do so by submitting a paper renewal or reinstatement application. Individuals who choose to submit a paper renewal or reinstatement application shall pay an administrative fee prescribed by the Director in addition to the renewal or reinstatement fee due to the administrative burden placed on the Division of Real Estate. The fee for reinstatement is one and one half times the amount of the current renewal fee.
- e. For both databases, the license renewal period begins November 1st of each calendar year and ends December 31st of each calendar year. Individuals who renew their license shall only do so if they are compliant with all provisions of the Mortgage Loan Originator Licensing Act and all Director rules.
- f. All licenses expire at 12 midnight on December 31st of each calendar year if the licensee has not properly renewed their license.
- g. If a license has expired, individuals may choose to reinstate their mortgage loan originator license. The reinstatement period for both databases begins January 1st of each calendar year and ends on the last day of February of each calendar year. Individuals who reinstate their license shall only do so if they are compliant with all provisions of the Mortgage Loan Originator Licensing Act and all Director rules.
- h. Individuals who fail to renew or reinstate their license shall re-apply with both databases in order for the Division of Real Estate to review their applications and determine whether the individual is compliant with the licensing requirements.
- i. All renewal, reinstatement or application fees shall be prescribed by the Director.

3. Renewal Process for inactive licensees.

- a. Individuals with inactive licenses shall renew their license annually. Individuals with inactive licensees are not required to maintain compliant errors and omissions insurance or a compliant surety bond, but they are required to stay current on all continuing education requirements in order to renew their license.

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- b. Mortgage loan originators may renew or reinstate their inactive license online or may do so by submitting a paper renewal or reinstatement application. Individuals who choose to submit a paper renewal or reinstatement application shall pay an administrative fee prescribed by the Director in addition to the renewal or reinstatement fee due to the administrative burden placed on the Division of Real Estate. The fee for reinstatement is one and one half times the amount of the current renewal fee.
- c. Currently, there are two existing databases that inactive licensees shall independently renew their license through annually. The two independent databases include:
 - i. The license database managed by the Division of Real Estate. This database may be located by visiting the Division of Real Estate website at <http://www.dora.state.co.us/real-estate/index.htm>.
 - ii. The registration database managed by the Nationwide Mortgage Licensing System and Registry. This database is located at <http://www.stateregulatoryregistry.org/NMLS/AM/Template.cfm?Section=Home3>.
- d. For both databases, the renewal period begins November 1 of each calendar year and ends December 31st of each calendar year. Individuals who renew their license shall only do so if they are compliant with all provisions of the Mortgage Loan Originator Licensing Act and all Director rules.
- e. All inactive licenses expire at 12 midnight on December 31st of each calendar year if the license has not been properly renewed.
- f. If a license has expired, individuals may choose to reinstate their inactive mortgage loan originator license. The reinstatement period for both databases begins January 1 of each calendar year and ends on the last day of February of each calendar year. Individuals who reinstate their license shall only do so if they are compliant with all provisions of the Mortgage Loan Originator Licensing Act and all Director rules.
- g. Individuals who fail to renew or reinstate their inactive license shall re-apply with both databases in order for the Division of Real Estate to review their applications and determine whether the individual is compliant with the licensing requirements.
- h. All renewal, reinstatement or application fees shall be prescribed by the Director.

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- i. The Director shall issue or deny a license renewal or reinstatement application within thirty days after the applicant has submitted all of the information necessary for license renewal or reinstatement and after the Director has received all information necessary to make a determination regarding the applicants' compliance.
- 4. Renewal, reinstatement or re-application fees.
 - a. All fees collected for the purpose of applying for license renewal, reinstatement or re-application are non-refundable.
- 5. Re-application.
 - a. Individuals who have taken the requisite courses and who have passed the test in accordance with Director rules within the immediately preceding three years of an application and who are compliant with the annual continuing education requirements will not duplicate the educational requirements upon re-application.

A hearing on the above subject matter will be held on Tuesday, August 4, 2009, at the Colorado Division of Real Estate, 1560 Broadway, Suite 925, Denver, Colorado 80202 beginning at 2:30 p.m.

Any interested person may participate in the rulemaking through submission of written data arguments to the Division of Real Estate. Persons are requested to submit data, views and arguments to the Division of Real Estate in writing no less than ten (10) days prior to the hearing date and time set forth above. All submissions will be considered.

Please be advised that the rule being considered is subject to further changes and modifications after public comment and formal hearing.

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