

**DEPARTMENT OF REGULATORY AGENCIES**

**DIVISION OF REAL ESTATE**

**MORTGAGE LOAN ORIGINATORS**

**4CCR 725-3**

**NOTICE OF PROPOSED RULEMAKING HEARING**

**March 16, 2011**

**1-1-2 MORTGAGE LOAN ORIGINATOR TEMPORARY LICENSE**

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~~ Board of Mortgage Loan Originators to promulgate rules.

- Section 1. Authority
- Section 2. Scope and Purpose
- Section 3. Applicability
- Section 4. Rules Regarding a Mortgage Loan Originator Temporary License

Section 1. Authority

The statutory basis for this rule, entitled **Mortgage Loan Originator Temporary License**, is § 12-61-910.3, C.R.S.

The notice proposes to add rule 1-1-2. The rule establishes a temporary license for mortgage loan originators.

Section 2. Scope and Purpose

Section 12-61-905(10), C.R.S. requires the ~~Director of the Division of Real Estate~~ Board of Mortgage Loan Originators to promulgate rules that allow licensed mortgage loan originators to hire unlicensed mortgage loan originators under temporary licenses. The purpose of this regulation is to define the parameters under which an individual may receive a temporary license.

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. Rules Regarding a Mortgage Loan Originator Temporary License

1. Mortgage loan originators demonstrating to the ~~Director~~ Board a good-faith effort to comply with the requirements pursuant to § 12-61-901, et seq., C.R.S. may be issued a temporary license upon completion of the requirements set forth below:
  - a. The individual has completed all requirements required by the Nationwide Mortgage Licensing System and Registry, including payment of requisite fees, and has been approved by the Board of Mortgage Loan Originators on the Nationwide Mortgage Licensing System and Registry;
  - b. Prior to submitting an application, a set of fingerprints for a criminal history record check must be submitted to the Colorado Bureau of Investigation (CBI);
  - c. Acquisition of a surety bond as required by § 12-61-907, C.R.S. and in accordance with any rule of the ~~Director~~ Board that directly or indirectly addresses surety bond requirements;
  - d. Acquisition of the errors and omissions insurance required by § 12-61-903.5, C.R.S. and in accordance with any rule of the ~~Director~~ Board that directly or indirectly addresses errors and omissions insurance requirements;
  - e. Completion of the mortgage loan originator application; and
  - f. Payment of the application fee established by the ~~Director~~ Board.
2. Only individuals who ~~hold and maintain a mortgage broker or mortgage loan originator license~~ are licensed as state-licensed loan originators may hire and sponsor unlicensed ~~mortgage brokers or~~ mortgage loan originators under the temporary license provision.
  - a. Licensed mortgage loan originators who employ and sponsor such an unlicensed mortgage loan originator shall be held responsible under all applicable provisions of law, including without limitation this part 9 and § 38-40-105, C.R.S., for the actions of the unlicensed mortgage loan originator to whom a temporary license has been assigned, and are personally subject to all applicable penalties under the law.
    - i. Licensed mortgage loan originators shall notify the Division of Real Estate, in a manner acceptable to the ~~Director~~ Board, of exact dates of

hire and termination of employment for unlicensed mortgage loan originators. Sponsoring mortgage brokers or mortgage loan originators shall complete the Mortgage Broker Temporary License Update Form, found on the Division of Real Estate website at <http://www.dora.state.co.us/real-estate/mortgage/MBForms.htm>, and forward to the Division of Real Estate, in a manner acceptable to the ~~Director~~Board, all other information required for the possible receipt of a temporary license.

- ii. Licensed mortgage loan originators shall be held responsible for the activity of an unlicensed mortgage brokers or mortgage loan originators through and including the date of termination and required notification of such termination to the Division of Real Estate.
3. Temporary licenses shall expire 120 days after completion of the mortgage loan originator license application or when the temporary license is terminated by a licensed ~~mortgage broker or~~ mortgage loan originator with whom the temporary licensee is operating under.
4. Individuals seeking temporary licenses shall be granted one temporary license. Additional or extended temporary licenses shall be prohibited.
5. Individuals seeking a temporary license shall complete the paper version of the ~~mortgage broker or~~ mortgage loan originator license application posted on the Division of Real Estate's website at <http://www.dora.state.co.us/real-estate/mortgage/MBForms.htm>.
6. Temporary licensees shall request on the application that the ~~Director~~Board inactivate their temporary license upon determination by the ~~Director~~Board that the requirements of the law have not been met. Applicants shall be notified via e- mail, fax or U.S. mail to the contact information provided to the Division of Real Estate in the applicant's mortgage loan originator license application.
7. Any temporary license issued by the ~~Director~~Board shall have the same force and effect of the license required by § 12-61-901, et seq., C.R.S. for the period of time it is in effect.
8. Once the applicant fully complies with the terms of the law as determined by the ~~Director~~Board, the ~~Director~~Board shall license the applicant in accordance with § 12-61-903, C.R.S.
9. Due to the changes defined in this rule, the names of temporary licensees will be posted to the Division of Real Estate website at <http://www.dora.state.co.us/real-estate/mortgagebrokerregistration.htm>.

**A hearing on the above subject matter will be held on Wednesday, March 16, 2011, at the Colorado Division of Real Estate, 1560 Broadway, Suite 1250A, Denver, Colorado 80202 beginning at 9:00 a.m.**

Any interested person may participate in the rule making through submission of written data, views and 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. However, all data, views and arguments submitted prior to or at the rulemaking hearing or prior to the closure of the rulemaking record (if different from the date and time of hearing), shall be considered.

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