

SENATE BILL NO. 346

INTRODUCED BY E. ARNTZEN

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A BILL FOR AN ACT ENTITLED: "AN ACT REVISING MORTGAGE LOAN ORIGINATOR LAWS APPLYING TO DESIGNATED MANAGERS; ALLOWING A MORTGAGE BROKER TO APPOINT AS ITS DESIGNATED MANAGER AN EMPLOYEE OF A FEDERALLY CHARTERED SAVINGS BANK UNDER CERTAIN CONDITIONS; AND AMENDING SECTIONS 32-9-116 AND 32-9-122, MCA."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 32-9-116, MCA, is amended to read:

"32-9-116. Employment of mortgage loan originator. (1) ~~A~~ Except for relationships provided for in 39-2-122(5), a mortgage loan originator may transact business for only one employing mortgage broker or one employing mortgage lender licensed in accordance with the provisions of this part.

(2) If the employment of or affiliation with a mortgage loan originator is terminated, the sponsoring mortgage broker or mortgage lender shall remove sponsorship of the mortgage loan originator on the NMLS within 5 business days of the termination. The mortgage loan originator's license must be placed in "Approved-Inactive" status until the license is sponsored by a mortgage broker or mortgage lender. If at the end of the next renewal period the license is not sponsored by a mortgage broker or mortgage lender, it must be automatically placed in "Terminated-Expired" status for failure to renew. The removal of sponsorship of the license of any mortgage loan originator extinguishes the right of the mortgage loan originator to engage in any residential mortgage loan origination activity until NMLS procedures have been followed to sponsor the license. (See part compiler's comment regarding contingent suspension.)"

Section 2. Section 32-9-122, MCA, is amended to read:

"32-9-122. Designated manager and branch office license requirements. (1) A mortgage broker, mortgage lender, or mortgage servicer shall apply for a license for a main office and for every branch office through the NMLS and maintain a unique identifier.

(2) ~~A~~ Except for relationships as described in subsection (5), a mortgage broker or mortgage lender shall designate to the NMLS for each office that originates a residential mortgage loan an individual who is licensed



1 as a mortgage loan originator as the designated manager of the main office and shall designate a separate
2 designated manager to serve each branch office that originates a residential mortgage loan.

3 (3) A designated manager must have 3 years of experience as either a mortgage loan originator or a
4 registered mortgage loan originator.

5 (4) A designated manager is responsible for the operation of the business at the location under the
6 designated manager's full charge, supervision, and control.

7 (5) If a mortgage broker is under an exclusive written contract with and originates residential mortgage
8 loans solely on behalf of a federally chartered savings bank, the mortgage broker may appoint as its designated
9 manager an employee of the federally chartered savings bank. The designated manager must be a
10 Montana-licensed mortgage loan originator and must have 3 years of experience working as a mortgage loan
11 originator or in a related field. The designated manager may be located in this state or in the state where the
12 primary business of the federally chartered savings bank is conducted and may oversee and be responsible for
13 supervising the licensed locations of each mortgage broker and each employee of a mortgage broker originating
14 under an exclusive written contract.

15 ~~(5)(6)~~ A mortgage broker or mortgage lender is responsible for the conduct of its employees, including
16 for violations of federal laws and regulations that are applicable to the origination of residential mortgage loans,
17 violations of this part, and violations of any administrative rule adopted pursuant to this part.

18 ~~(6)(7)~~ A designated manager is responsible for conduct that violates federal laws and regulations that
19 are applicable to the origination of residential mortgage loans, violations of this part, and violations of any
20 administrative rule adopted pursuant to this part. The designated manager's responsibility includes conduct by
21 the designated manager and each employee of the mortgage broker or mortgage lender at the location that the
22 designated manager manages.

23 ~~(7)(8)~~ If the designated manager ceases to act in that capacity, within 15 days the mortgage broker or
24 mortgage lender shall designate another individual licensed as a mortgage loan originator as designated manager
25 and shall submit information to the NMLS establishing that the subsequent designated manager is in compliance
26 with the provisions of this part.

27 ~~(8)(9)~~ If the employment of a designated manager is terminated, the mortgage broker or mortgage lender
28 shall remove the sponsorship of the designated manager on the NMLS within 5 business days of the termination.

29 ~~(9)(10)~~ A mortgage servicer is responsible for the acts and omissions of its employees, agents, and
30 independent contractors acting in the course and scope of their employment, agency, or contract. (See part

1 compiler's comment regarding contingent suspension.)"

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