

THE HOUSE OF REPRESENTATIVES
Wednesday, April 9, 2008

Committee Substitute for
ENGROSSED
Senate Bill No. 1927

COMMITTEE SUBSTITUTE FOR ENGROSSED SENATE BILL NO. 1927 - By: CRAIN of the Senate and WINCHESTER of the House.

An Act relating to professions and occupations; amending 59 O.S. 2001, Section 2085, as last amended by Section 1, Chapter 372, O.S.L. 2004 (59 O.S. Supp. 2007, Section 2085), which relates to the Mortgage Broker Licensure Act; adding certain education requirement for certain licensees; and providing an effective date.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

- 1 SECTION 1. AMENDATORY 59 O.S. 2001, Section 2085, as last amended by
2 Section 1, Chapter 372, O.S.L. 2004 (59 O.S. Supp. 2007, Section 2085), is amended to
3 read as follows:
- 4 Section 2085. A. 1. A person of good moral character who:
- 5 a. has at least three (3) years' experience in the residential mortgage loan
6 industry as a mortgage loan originator or mortgage broker or real
7 estate sales, title or lending industry during the five (5) years
8 immediately preceding the time of application, or
9 b. has satisfactorily completed twenty (20) hours of applicable
10 educational requirements to the satisfaction of the standards as

1 established by the National Association of Mortgage Brokers and as
2 established by rule of the Commission on Consumer Credit during the
3 three (3) years immediately preceding the time of application, and
4 c. has passed a mortgage broker test pursuant to Section 2092 of this
5 title not more than one (1) year preceding the time of application,
6 may make application to the Administrator of Consumer Credit for a mortgage broker
7 license.

8 2. Application for a mortgage broker license shall be made upon forms prescribed
9 by the Administrator and shall be accompanied by a nonrefundable application fee as set
10 by rule of the Commission. The Commission or Administrator may require additional
11 information on the experience, background, honesty, truthfulness, integrity and
12 competency of the applicant and any responsible individual designated by the applicant.
13 If the applicant is a person other than a natural person, the Administrator may require
14 information as to the honesty, truthfulness, integrity and competency of any officer,
15 director, shareholder or other interested party of the applicant.

16 3. Upon approval by the Administrator of the application and payment of the
17 license fee provided for in the Mortgage Broker Licensure Act the Administrator shall
18 issue to the applicant a license which shall authorize the applicant to act as a mortgage
19 broker.

20 4. If a licensee is a person other than a natural person, the license issued entitles
21 all officers, directors, members, partners, trustees and employees of the licensed
22 corporation, partnership, association or trust to engage in the mortgage business if one

1 officer, director, member, partner, employee or trustee of the person is designated in the
2 license as the individual responsible for the person under this article. If a licensee is a
3 natural person, the license entitles all employees of the licensee to engage in the
4 mortgage business. If the natural person is not a resident of this state, an employee of
5 the licensee shall be designated in the license as the individual responsible for the
6 licensee under the provisions of this article. For purposes of this paragraph, an employee
7 does not include an independent contractor. A responsible individual shall be a resident
8 of this state, shall be in active management of the activities of the licensee governed by
9 the Mortgage Broker Licensure Act and shall meet the qualifications set forth in this
10 subsection for a licensee.

11 5. A licensee shall notify the Administrator that its responsible individual will
12 cease to be in active management of the activities of the licensee within ten (10) days of
13 knowledge of that fact. The licensee has ninety (90) days after the notification is received
14 by the Administrator within which to replace the responsible individual with a qualified
15 replacement and to notify the Administrator of the replacement. If the license is not
16 placed under active management of a qualified responsible individual and if notice is not
17 given to the Administrator within the ninety-day period, the license shall expire.

18 6. A licensee shall not employ any person unless the licensee:
19 a. conducts a reasonable investigation of the background, honesty,
20 truthfulness, integrity and competency of the employee before hiring
21 the employee, and

1 An applicant who has been denied a license may not reapply for the license for sixty (60)
2 days from the date of the previous application.

3 D. A licensee shall pay the renewal fee on or before December 31. Licenses not
4 renewed by December 31 will be suspended and the licensee shall not act as a mortgage
5 broker until the license is renewed or a new license is issued pursuant to the Mortgage
6 Broker Licensure Act. A person may renew a suspended license by paying the renewal
7 fee plus Twenty-five Dollars (\$25.00) for each day after December 31 that a license
8 renewal fee is not received by the Administrator and making application for renewal in
9 the manner prescribed by the Administrator. Licenses which are not renewed by
10 February 1 of the subsequent year shall expire. A license shall not be granted to the
11 holder of an expired license except as provided in the Mortgage Broker Licensure Act for
12 the issuance of an original license.

13 E. On or before December 31, a licensee may request inactive status for the
14 following license year, and the license shall be placed on inactive status after payment to
15 the Administrator of the inactive status renewal fee prescribed in this section and the
16 surrender of the license to the Administrator. During inactive status, an inactive
17 licensee shall not act as a mortgage broker. A licensee may not be on inactive status for
18 more than two (2) consecutive years, nor for more than four (4) years in any ten-year
19 period. The license is deemed expired for violation of any of the limitations of this
20 subsection.

21 F. An inactive licensee may return to active status notwithstanding the
22 requirement of this section by making a request in writing to the Administrator for

UNDERLINED language denotes Amendments to present Statutes.
BOLD FACE CAPITALIZED language denotes Committee Amendments.
~~Strike thru~~ language denotes deletion from present Statutes.

1 reactivation and paying the prorated portion of the annual fee that would have been
2 charged to the licensee to maintain normal active status. The licensee shall also provide
3 the Administrator with proof that the licensee meets all of the other requirements for
4 acting as a mortgage broker.

5 G. A licensee shall prominently display the mortgage broker license in the office of
6 the mortgage broker.

7 H. Every licensed mortgage broker shall designate and maintain a principal place
8 of business in this state for the transaction of business. The license shall specify the
9 address of the principal place of business. If a licensee wishes to maintain one or more
10 locations for the transaction of business in addition to a principal place of business, the
11 licensee shall first obtain a branch office license from the Administrator and designate a
12 person for each branch office to oversee the operations of that branch office. The licensee
13 shall submit a fee as set forth in this section for each branch office license issued. If the
14 Administrator determines that the applicant is qualified, the Administrator shall issue a
15 branch office license indicating the address of the branch office. The licensee shall
16 conspicuously display the branch office license in the branch office. If the address of the
17 principal place of business or of any branch office is changed, the licensee shall
18 immediately notify the Administrator of the change and the Administrator shall endorse
19 the change of address on the license for a fee as prescribed in this section.

20 I. 1. Initial and renewal license fees shall be One Hundred Dollars (\$100.00) for
21 each year.

22 2. Branch office fees shall be Fifty Dollars (\$50.00) for each year.

1 3. Inactive status fees shall be Fifty Dollars (\$50.00) for each year.

2 4. A fee of Ten Dollars (\$10.00) shall be charged for each change of address on a
3 branch office license.

4 5. Individual and renewal license fees for a mortgage loan originator license shall
5 be Fifty Dollars (\$50.00) for each year.

6 6. A fee of Ten Dollars (\$10.00) shall be charged for each change of a sponsor listed
7 on the license of a mortgage loan originator.

8 These fees shall be deposited in the Oklahoma Mortgage Brokers Recovery Fund.

9 J. A person may be denied a license for any of the causes set forth in subsection B
10 of Section 2088 of this title.

11 K. A mortgage broker who held a current license as of July 1, 2003, which was
12 issued under the Mortgage Broker Licensure Act shall be granted an initial license by
13 the Administrator pursuant to the provisions of this section.

14 L. To be eligible to be a licensed mortgage loan originator, a person must make
15 application to the Administrator of Consumer Credit. The person making application
16 must meet the following criteria:

17 1. The person must be an individual who is at least eighteen (18) years of age;

18 2. The person must be a citizen of the United States of America or a lawfully
19 admitted alien;

20 3. The person must designate in the application the name of the licensed mortgage
21 broker sponsoring the mortgage loan originator;

1 4. The person must have at least eighteen (18) months of experience as a mortgage
2 loan originator as evidenced by documentary proof of full-time employment as a
3 mortgage loan originator with a licensed mortgage broker or a person exempt from
4 licensure under Section 2083 of this title, or passes a mortgage loan originator test
5 pursuant to Section 2092 of this title not more than one (1) year preceding the
6 application; and

7 5. The person has satisfactorily completed sixteen (16) hours of applicable
8 educational requirements to the satisfaction of the standards as established by the
9 National Association of Mortgage Brokers and as established by rule of the Commission
10 on Consumer Credit during the three (3) years immediately preceding the time of
11 application; and

12 6. The person has not been convicted of a criminal offense the Administrator
13 determines directly relates to the occupation of a mortgage loan originator.

14 SECTION 2. This act shall become effective November 1, 2008.

15 COMMITTEE REPORT BY: COMMITTEE ON ECONOMIC DEVELOPMENT AND
16 FINANCIAL SERVICES, dated 04-08-08 - DO PASS, As Amended.