

MARYLAND REGISTER

Proposed Action on Regulations

Transmittal Sheet PROPOSED OR REPROPOSED Actions on Regulations	Date Filed with AELR Committee	TO BE COMPLETED BY DSD
	06/09/2021	Date Filed with Division of State Documents
		Document Number
		Date of Publication in MD Register

1. Desired date of publication in Maryland Register: 7/2/2021

2. COMAR Codification

Title Subtitle Chapter Regulation

09 03 06 04

3. Name of Promulgating Authority

Department of Labor, Licensing, and Regulation

4. Name of Regulations Coordinator **Telephone Number**
Kimberly S Ward 410-230-6123

Mailing Address

500 N. Calvert Street

City State Zip Code
Baltimore MD 21202

Email
kimberlys.ward@maryland.gov

5. Name of Person to Call About this Document **Telephone No.**
Joseph Cunningham 410-230-6094

Email Address
josephd.cunningham@maryland.gov

6. Check applicable items:

- ☐ New Regulations
- ☒ Amendments to Existing Regulations
Date when existing text was downloaded from COMAR online: 06/08/2021.
- ☐ Repeal of Existing Regulations
- ☐ Recodification

☐ Incorporation by Reference of Documents Requiring DSD Approval

☐ Reproposal of Substantively Different Text:

: Md. R

(vol.) (issue) (page nos) (date)

Under Maryland Register docket no.: --P.

7. Is there emergency text which is identical to this proposal:

☐ Yes ☒ No

8. Incorporation by Reference

☐ Check if applicable: Incorporation by Reference (IBR) approval form(s) attached and 18 copies of documents proposed for incorporation submitted to DSD. (Submit 18 paper copies of IBR document to DSD and one copy to AELR.)

9. Public Body - Open Meeting

☐ OPTIONAL - If promulgating authority is a public body, check to include a sentence in the Notice of Proposed Action that proposed action was considered at an open meeting held pursuant to General Provisions Article, §3-302(c), Annotated Code of Maryland.

☐ OPTIONAL - If promulgating authority is a public body, check to include a paragraph that final action will be considered at an open meeting.

10. Children's Environmental Health and Protection

☐ Check if the system should send a copy of the proposal to the Children's Environmental Health and Protection Advisory Council.

11. Certificate of Authorized Officer

I certify that the attached document is in compliance with the Administrative Procedure Act. I also certify that the attached text has been approved for legality by Kimberly S. Ward, Assistant Attorney General, (telephone #410-230-6123) on 06/08/2021. A written copy of the approval is on file at this agency.

Name of Authorized Officer

Antonio P. Salazar

Title

Commissioner of Financial Regulation

Telephone No.

410-230-6361

Date

06/08/2021

Title 09

**DEPARTMENT OF LABOR, LICENSING, AND
REGULATION**

Subtitle 03 COMMISSIONER OF FINANCIAL REGULATION

09.03.06 Mortgage Lenders

Authority: Business Regulation Article, §2-105; Financial Institutions Article, §§2-105.1, 11-503, 11-503.1, 11-505, 11-506(a), 11-506(c)(1), 11-507, 11-508(g), 11-511, 11-511.1, 11-513(a) and 11-515(c); Real Property Article, §3-104.1; Annotated Code of Maryland

Notice of Proposed Action

[]

The Commissioner of Financial Regulation proposes to amend Regulation .04 under COMAR 09.03.06 Mortgage Lenders.

Statement of Purpose

The purpose of this action is to ensure consistency between statute and regulation by deleting a provision of COMAR pertaining specifically to requirements that Maryland mortgage lender licensees obtain and maintain physical, paper licenses, which newly enacted law conflicts with, for it eliminates those specific requirements.

Comparison to Federal Standards

There is no corresponding federal standard to this proposed action.

Estimate of Economic Impact

The proposed action has no economic impact.

Economic Impact on Small Businesses

The proposed action has minimal or no economic impact on small businesses.

Impact on Individuals with Disabilities

The proposed action has no impact on individuals with disabilities.

Opportunity for Public Comment

Comments may be sent to Joseph Cunningham, Director of Legislative Response and Special Projects, Department of Labor, 500 N. Calvert Street, Baltimore, MD 21202, or call 410-230-6094, or email to joseph.cunningham@maryland.gov, or fax to 410-333-3866. Comments will be accepted through August 2, 2021. A public hearing has not been scheduled.

Economic Impact Statement Part C

A. Fiscal Year in which regulations will become effective: FY 2022

B. Does the budget for the fiscal year in which regulations become effective contain funds to implement the regulations?

Yes

C. If 'yes', state whether general, special (exact name), or federal funds will be used: Nondepository Special Fund.

D. If 'no', identify the source(s) of funds necessary for implementation of these regulations:

E. If these regulations have no economic impact under Part A, indicate reason briefly:

This regulation is required because of the passage of legislation (see 101 Md. Laws 2021). This legislation eliminates, in part, the requirement that mortgage lender licensees hold and maintain physical, paper licenses. Thus, this regulation simply deletes COMAR 09.03.06.04(G) which references requirements pertaining specifically to physical, paper mortgage lender licenses, and will conflict with Maryland law when the new legislation is effective.

F. If these regulations have minimal or no economic impact on small businesses under Part B, indicate the reason and attach small business worksheet.

This proposal will have a minimal, but positive, impact on small businesses by replacing the administrative burden on non-depository institutions of obtaining and maintaining paper licenses with the ability for those institutions to utilize the credentials already assigned to them electronically by the NMLS.

G. Small Business Worksheet:

1a. Maryland Mortgage Lender licensees are the intended beneficiaries of this proposed regulation.

1b. Households will not be affected by this proposed regulation.

1c. Maryland Mortgage Lender licensees are the intended beneficiaries. These businesses will be impacted minimally, but positively, in that they will no longer be required to obtain, and maintain, a physical, paper license with the Office of the Commissioner of Financial Regulation (OCFR). Instead, affected licensees will obtain a single electronic license issued by the Nationwide Multistate Licensing System (NMLS). These establishments are not disproportionately small businesses. The OCFR cannot specifically identify or estimate the present number of affected businesses, and cannot estimate the present total payroll or total employment of affected small businesses.

2a. None.

2b. Maryland Mortgage Lenders will positively benefit from this regulation, for it relieves them of an administrative burden and other license-related compliance obligations. These businesses will share proportionately in this benefit. The Commissioner cannot estimate the number of businesses positively affected.

3. There is no long-term impact that differs significantly, if at all, from the immediate impact.

4. (1) There is no anticipated effect on the cost of providing goods and services; (2) There is no anticipated effect on the work force; (3) There is no anticipated effect on the cost of housing; (4) There is no anticipated effect on efficiency in production and marketing; (5) There is no anticipated capital investment, taxation, competition, and economic development; and (6) There is no anticipated effect on consumer choice.

Attached Document:

.04 Licensing and Application Requirements.

A. Scope.

- (1) (text unchanged)
 - (a) —(d) (text unchanged)
- (2) Repealed.
- (3) (text unchanged)
 - (a) —(b) (text unchanged)
- (4) (text unchanged)
- (5) (text unchanged)
 - (a) —(d) (text unchanged)

B. Unlicensed Mortgage Lender. A licensee may not broker a loan to, or accept a loan referral from, a person the licensee knows is not licensed by the Commissioner, unless the licensee reasonably and in good faith believes that the person is properly licensed or exempt from the licensing requirement.

C. Renewals.

- (1) —(2) (text unchanged)

D. Change of Location. If a licensee changes the location of a licensed office and commences business at the new location without obtaining approval by the Commissioner, an application for a new license shall be filed with all application and investigation fees.

E. Bond Termination.

- (1) (text unchanged)
 - (a) —(b) (text unchanged)
- (2) (text unchanged)

F. Loan Processing Under Expired License.

- (1) —(2) (text unchanged)

[G. Posting License.

- (1) A licensee shall post its license for each licensed location:
 - (a) On the premises of the licensed location;
 - (b) In a manner that is accessible to the public; and
 - (c) In a conspicuous location within the licensed location.

(2) A licensee is not required to post its license if the licensee does not grant access to the licensed location to members of the general public.]

[H.] G. Complaint Resolution.

- (1) (text unchanged)

(2) A licensee shall provide to the Commissioner the name of the person designated under [§H(1)] §G(1) of this regulation as part of an application for:

- (a) —(b) (text unchanged)
- (3) A person designated under [§H(1)] §G(1) of this regulation shall have:
 - (a) —(b) (text unchanged)

(4) A licensee shall notify the Commissioner through NMLS of any change in the person designated under [§H(1)] §G(1) of this regulation within 10 business days of the change.

[I.] H. Designation of Mortgage-Related Activity.

- (1) (text unchanged)
 - (a) —(c) (text unchanged)
- (2) Notification.

(a) A licensee shall notify the Commissioner in writing through NMLS if, after the issuance or the renewal of its license, the licensee begins conducting a new activity that the licensee did not designate under [§I(1)] §H(1) of this regulation.

(b) (text unchanged)

[J.] *I. NMLS.*

(1) (text unchanged)

(2) (text unchanged)

(a) —(b) (text unchanged)

[K.] *J. Applications.*

(1) —(3) (text unchanged)

(4) If an application for an initial license, a renewal license, or license amendment is incomplete when submitted and remains incomplete, the Commissioner may cease processing and deem the incomplete application withdrawn, provided that the Commissioner has previously notified the applicant of the basis for incompleteness in accordance with [§K(2)] §J(2) of this regulation, and given the applicant not less than 15 days to correct the incompleteness.

[L.] *K. Trade Names.*

(1) (text unchanged)

(a) (text unchanged)

(b) (text unchanged)

(i) —(ii) (text unchanged)

(2) —(3) (text unchanged)