

2022 Mortgage Session: What's new in Licensing?

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Agenda

- New laws
- Hot topics: Licensing
- Hot topics: Examinations
- Looking forward

New laws

2022

- MLRF
 - Repeal fees for MLOC and branch office locations
 - Easier for victims of fraud, misrepresentation, deceit to receive compensation
- MS – electronic surety bonds
 - 1st quarter 2023

New laws

2021

- Small dollar installment loans
 - Repeals payday lenders
 - New licensing scheme starting 1-1-22

New laws

2020 - none

Governor's Emergency Proclamation Expired

- Guidance for having a temporary branch location expired. All branch locations must be accurate in NMLS and open to the public pursuant to Section 454F-10.5(g), HRS.
- HDFI has been back in the office since late 2020 to serve the public.

Hot topics: Licensing Working from home

- Remote work – work from home
 - Protect consumer/customer information
 - Supervise MLOs
 - Loans entered into the LOS?
 - Accurate address on NMLS

Hot topics: Licensing Branch

- Distance between MLO and branch
 - Requirement in Hawaii?

Hot topics: Licensing Branch

- Branch licensing
 - Required in Hawaii?
 - Primary residence designated as a branch
 - Commercial locations & signage
 - Only one manager per office

Hot topics: Licensing Branch Manager

Can a branch manager manage more than one branch?

- Generally no, because a manager must be physically located in the branch during the branch's normal business hours.

Hot topics: Licensing Branch

Mainland MLOCs with a corporate office. What is a “principal place of business branch”?

- NMLS only allows companies to file one Form MU1. Generally, the mainland MLOCS designate the corporate office outside Hawaii in the MU1.
- These companies will be required to establish a Hawaii “principal place of business branch” that will be licensed as a branch.
- This allows these companies to meet the brick and mortar requirement for Hawaii, which mandates that all Hawaii MLOCs maintain a principal place of business in this state.

Hot topics: Licensing Branch – virtual offices

Can I have a virtual office?

- A virtual office contemplates that a live person will not be available to meet consumers and respond to any consumer questions in a face to face meeting. As such, a virtual office **does not** meet the legal requirements of a branch office.

Hot topics: Licensing Temporary Authority

- Temporary Authority
 - When does TA start?
 - MLOC sponsored
 - Removing TA status

Hot topics: Licensing Testing

- Multi-state testing
 - Education snafu
 - Remote education

Hot topics: Licensing Exemption / Office sharing

Who is exempt from licensure?

- A person or entity that only performs real estate brokerage activities and is licensed or registered by the State unless the person or entity is compensated by a lender, a mortgage loan originator company, or other mortgage loan originator or by an agent of the lender, mortgage loan originator company, or other mortgage loan originator;
- Caution for those MLOCs who share offices with realtors - RESPA
 - Who is quoting interest rates?
 - Who is assisting with the mortgage application?

Hot topics: Licensing Sponsorship

- **Can a MLO be sponsored by more than one MLOC?**
 - Generally, no. The only situation in which DFI may allow an MLO to be sponsored by more than one Mortgage Loan Originator Company (“MLOC”) is if only one of the MLOCs is a Hawaii-licensed MLOC.

Hot topics: Licensing Wholesale lending

- **Does a wholesale lender need to be licensed as a Hawaii MLOC?**
- If, as a wholesale lender, a company is engaged either directly or indirectly in underwriting, closing, and funding residential mortgage loans, those activities will trigger a licensing requirement for both the company and the individual employees of the company engaged in any of those functions.
- Wholesale lenders become subject to licensing as a MLOC due to the definition of *“taking a residential mortgage loan application”*, which contemplates either direct or indirect involvement in the loan origination process.
- To the extent that any nonexempt lender is effectively deciding whether or not to extend an offer of a loan to a borrower, even if it does so indirectly, it would be taking a residential mortgage loan application in Hawaii.

Hot topics: Licensing MCR

- **Mortgage Call Reports**
 - Due quarterly within 45 days of the end of every calendar quarter
 - File through NMLS

Hot topics: Licensing Processors / Underwriters

Processor or Underwriter – need a license?

- Yes, if you are an exclusive agent providing your services to one mortgage loan originator company only, you must also obtain an MLOC license.
- No, if you are an “individual who performs clerical or support duties” as an employee at the direction of and subject to the supervision and instruction of an MLO.

Questions??

Mortgage loan origination questions:

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