



Commonwealth of Massachusetts

DIVISION OF BANKS

Regulatory Bulletin 5.1-102

May 17, 2007

Experience Requirements for Mortgage Lender and Mortgage Broker Licensing

I. APPLICABILITY AND SCOPE

The purpose of this Regulatory Bulletin is to formalize experience requirements that applicants for licensure as mortgage lenders and mortgage brokers must satisfy in order to obtain such a license pursuant to General Laws chapter 255E and 209 CMR 42.00 *et seq.* This Bulletin applies to all individuals and entities applying for licensure as mortgage lenders and mortgage brokers, as well as individuals who will hold positions of significant responsibility involved with the mortgage lending or brokering process, including individuals designated as branch managers. This Bulletin shall not apply to applicants seeking renewal of such licenses.

II. POLICY

To obtain a license as a mortgage broker or mortgage lender in the Commonwealth of Massachusetts, pursuant to G.L. c. 255E, 209 CMR 42.07, and 209 CMR 42.04 an applicant must satisfy the requirements of 209 CMR 42.06(2) or 209 CMR 42.03(2). Included within the license requirements of these sections is (d) Business Experience, which states that “[a]n applicant shall demonstrate to the Commissioner’s satisfaction that the Applicant, and its applicable officers and employees, possess the necessary educational and business experience to engage in the business of a mortgage lender [or a mortgage broker].”

The following standards shall satisfy the business experience requirements:

- A. An applicant for a mortgage broker license shall provide evidence, as of the filing of the application, of three years of full-time experience, or the equivalent in part-time experience, working for a licensed mortgage broker, mortgage lender, or financial institution exempt from licensing under G.L. c. 255E, or a similar institution licensed or chartered in a state other than Massachusetts. Such experience shall have been in a position from which the applicant would have gained a familiarity with the responsibilities of a mortgage broker, including the opportunity to gain a working knowledge of the laws governing mortgage transactions. Such experience shall have been in a position from which the applicant was compensated directly by: a mortgage broker or mortgage lender licensed under G.L. c. 255E; by a financial institution that was exempt from licensing under G.L. c. 255E; or by a similar institution licensed or chartered in a state other than Massachusetts. The Division will not grant consideration

to any business experience that was gained by the applicant while working for: (i) an unlicensed entity or individual which during the relevant time was required to maintain a license under G.L. c. 255E or (ii) an unlicensed branch office location of a licensed entity or individual.

- B. An applicant for a mortgage lender license shall demonstrate, as of the filing of the application, five years of full-time experience, or the equivalent in part-time experience, working for a licensed mortgage lender, mortgage broker, or financial institution exempt from licensing under G.L. c. 255E, or a similar institution licensed or chartered in a state other than Massachusetts. Such experience shall have been in a position from which the applicant would have gained a familiarity with the responsibilities of a mortgage lender, including the opportunity to gain a working knowledge of the laws governing mortgage transactions. Such experience shall have been in a position from which the applicant was compensated directly by: a mortgage broker or mortgage lender licensed under G.L. c. 255E; by a financial institution that was exempt from licensing under G.L. c. 255E; or by a similar institution licensed or chartered in a state other than Massachusetts. The Division will not grant consideration to any business experience that was gained by the applicant while working for: (i) an unlicensed entity or individual which during the relevant time was required to maintain a license under G.L. c. 255E or (ii) an unlicensed branch office location of a licensed entity or individual.
- C. Any applicant who wishes to present experience and/or education which is not in accordance with this Regulatory Bulletin may petition the Commissioner to consider alternative education or experience which the applicant feels would satisfy the experience requirement for applicants. Such petition shall include documentation of the experience or education at issue and its relationship to mortgage activities.

III. HISTORICAL NOTES

This bulletin was first issued on May 15, 1998 to formalize standards which the Division has used as guidance in licensing under G.L. chapter 255E. The bulletin was revised in 2002 as a result of amendments to G.L. c. 140 by Chapter 50 of the Acts of 2000. Additional amendments to the bulletin were published for comment on May 17, 2007, to implement the recommendations of a Working Group, formed as a result of a Mortgage Summit meeting attended by participants from government agencies, non-profit organizations, and the mortgage lending industries during November 2006.

IV. AUTHORITY

G.L. c. 255E, 209 CMR 42.00, *et seq.*