



THE COMMONWEALTH OF MASSACHUSETTS  
**DIVISION OF BANKS**  
1000 Washington Street, 10<sup>th</sup> Floor, Boston, Massachusetts 02118

**CHARLES D. BAKER**  
GOVERNOR

**JOHN C. CHAPMAN**  
UNDERSECRETARY

**KARYN E. POLITO**  
LIEUTENANT GOVERNOR

**DAVID J. COTNEY**  
COMMISSIONER OF BANKS

July 31, 2015

To the Chief Executive Officer Addressed:

RE: The Division of Banks Issues its Fourth Round of Results from its Regulatory Review Initiative

One of the key objectives for the Division of Banks is to complete a comprehensive review of all Regulatory Bulletins and regulations to determine opportunities to reduce unnecessary regulatory burden by streamlining, updating, or repealing requirements wherever possible. This initiative is a component of the Division's strategic planning process. The Division believes it is helpful to issue periodic updates of the changes being made to date. Below are brief descriptions of such changes made in this fourth round of the review.

## **BANKS, CREDIT UNIONS, AND LICENSEES – GENERAL**

### ***1.1-101 Examination Policy***

This Bulletin is revised to reflect updates to the Division's examination policies and is significantly streamlined for clarity. The procedural aspects of the previous version are eliminated in order to focus this bulletin on the agency's examination policies. It is also updated to include CRA for mortgage lender examinations. In addition, sections relative to the confidentiality of examination reports and related materials as well as the examination appeal process are moved to separate bulletins.

### ***1.1-105 Confidentiality of Reports of Examination and Related Materials***

The information in this Bulletin was formerly contained in Regulatory Bulletin 1.1-101 *Examination Policies and Procedures*, dated March 27, 1988, and updated as described above. With the significant streamlining and updating of that Bulletin, the sections relative to confidentiality are moved to this new bulletin. At the same time, the language has been updated where necessary.

## **BANKS ONLY – RISK MANAGEMENT**

### ***3.2-101 Reserve Requirements for State-Chartered Stock Banks***

This Bulletin is repealed in its entirety as the result of the passage of Chapter 482 of the Acts of 2014, *An Act Modernizing the Banking Laws and Enhancing the Competitiveness of State-*

*Chartered Banks.* Massachusetts state-chartered banks are now required to be at least adequately capitalized under applicable federal rules.

**3.2-102 Audit Policy Requirements for Banks**

This Bulletin is repealed in its entirety as the requirements are provided for in generally accepted auditing standards and FDIC guidance.

**LICENSEES ONLY**

**5.1-101 Enforcement Policy for Unlicensed Entities**

This Bulletin sets forth the Division's enforcement policies relative to unlicensed business activity. Licensing standards are intended to ensure that individuals and businesses operate honestly, fairly, soundly, and in the public interest. This Bulletin outlines measures the Division may take against persons or entities engaging in unlicensed activity including: cease directives, monetary penalties, referrals to other regulatory authorities, and consumer alerts.

**5.1-102 Experience Requirements for Mortgage Lender and Mortgage Broker Licensing; and Education Requirements for Mortgage Loan Originator Licensing**

This Bulletin updates and formalizes experience and pre-licensing education requirements. In order to become licensed as a mortgage broker or branch manager, individuals must provide evidence 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. If you seek to be licensed as a mortgage lender, the experience requirement increases to 5 years of full time, or the equivalent in part time experience. The Bulletin also sets forth pre-licensing education as well as continuing education requirements.

The changes reflected above are effective immediately and can be accessed from the Division's website at <http://www.mass.gov/dob>, then click on "Financial Industry Legal Resources," then click on "Regulatory Bulletins." The Division will send additional updates as we make further progress on this streamlining initiative. We hope that you find this information beneficial. Should you have any questions relative to this initiative, please contact Senior Deputy Commissioner Jay Bienvenu at (617)956-1535 or [jay.bienvenu@state.ma.us](mailto:jay.bienvenu@state.ma.us).

Sincerely,

A handwritten signature in blue ink, appearing to read "D. Cotney".

David J. Cotney  
Commissioner of Banks