

July 26, 2012

Lulie Thomas
Thomas Law Firm
9400 North Central Expressway
Suite 401
Dallas, TX 75231

Dear Ms. Thomas:

This letter is in response to your numerous emails to the Division of Banks (the "Division") between January 10 and February 21, 2011 in which you request an opinion relative to whether a staffing company which provides independent loan processors and independent loan underwriters for mortgage lenders and mortgage brokers in the Commonwealth would be required to be licensed as a mortgage broker in Massachusetts. You also request an opinion relative to whether individual loan processors or loan underwriters employed by the staffing company would be required to be licensed as mortgage loan originators under Massachusetts law. This matter has also been discussed with you in telephone conversations with staff of the Division.

In your correspondence you describe the business activities of a loan processing company, Altisource Fulfillment Operations, Inc. ("Altisource"). It will act as an independent contractor for mortgage lenders by providing pre-closing loan processing and underwriting services. It will also provide post-closing reviews of closed loans on behalf of mortgage servicers and institutional buyers and investors of closed residential mortgage loans to determine whether the loans meet specified underwriting criteria. Pre-closing services provided by Altisource through individual processors and underwriters include review of loan originator's files and sending required disclosures on behalf of the mortgage lender; order appraisals and title examinations; order verifications of income and employment and other third party documentation; order payoff information; verify accuracy of disclosures; review credit report, banks statements, pay stubs and W-2's; submit complete closing package to the lender for approval and contact closing agent to notify him/her that closing documents were ordered.

As stated in your letter, Altisource will be compensated solely by the mortgage lender for whom it performs loan underwriting and loan processing services. Altisource will then pay its individual employees for services performed for the mortgage lender. You further state that Altisource will not be accepting or offering to accept an application for a mortgage loan, soliciting or offering to solicit a mortgage loan, negotiating or advising consumers on the terms of a mortgage loan, issuing mortgage loan commitments or interest rate guarantee agreements or engage in table funding of mortgage loans, closing mortgage loans or advancing funds for mortgage loans.

The second business activity to be performed by Altisource, as described in your letter, is to act as an independent contractor for holders and buyers of closed residential mortgage loans by providing post-closing loan quality control review services based on criteria provided by such holders or potential loan purchasers. Such post-closing services will confirm that each loan satisfied a potential buyer's specified criteria. Altisource will be compensated by the investor which is purchasing individual

mortgage loans after the loans have been closed. It will have no contact or communication with borrowers or receive any compensation from borrowers.

Your letter raises several issues relative to licensing in the Commonwealth. The first issue is whether the proposed underwriting and processing services to be performed by Altisource for mortgage lenders would require it to be licensed as a mortgage broker under Massachusetts General Laws chapter 255E. Section 1 of chapter 255E defines a "mortgage broker" as any person who for compensation or gain, or in the expectation of compensation or gain, directly or indirectly negotiates, places, assists in placement, finds or offers to negotiate, place, assist in placement or find mortgage loans on residential property for others. Based on the proposed services to be performed by Altisource on behalf of mortgage lenders, it is the position of the Division that Altisource does not meet the definition of a mortgage broker in chapter 255E and is not required to be licensed in the Commonwealth.

The second licensing issue raised by your letter is whether the individual loan processors and loan underwriters employed by Altisource must be licensed as mortgage loan originators under Massachusetts General Laws chapter 255F. Section 2 of chapter 255F states that any person engaged solely as a loan processor or underwriter does not require a mortgage loan originator license unless said person is acting as an independent contractor. Based on the facts as presented in your letter, although the loan processors and loan underwriters are employees of Altisource, these individuals are independent contractors relative to the mortgage lenders for whom they are providing services. Therefore, it is the position of the Division that Altisource's individual loan processors and loan underwriters are required to be licensed by the Division as mortgage loan originators pursuant to said chapter 255F.

The Division would consider the mortgage loan originator to be employed by an entity exempt from licensing under chapter 255E. Altisource would be required to produce a liability bond on behalf of each of its employees performing loan processing and loan underwriting services on behalf of third party lenders who are required to be licensed as mortgage loan originators. Those filing matters can be coordinated with the Division's Non-Depository Institution Supervision Unit at (617) 956-1564.

The final issue raised in your letter is whether post-closing loan quality review on behalf of investors or subsequent purchasers of closed mortgage loans conducted by employees of Altisource would trigger any licensing requirement in the Commonwealth. It is the position of the Division that post-closing loan review conducted by loan processors or loan underwriters employed by Altisource are not governed by Massachusetts General Laws chapter 255E, chapter 255F or any other licensing statute within the jurisdiction of the Division.

The conclusions reached in this letter are based solely on the facts presented and representations made in your letter. Fact patterns which vary from that presented may result in a different position statement by the Division.

Sincerely,

Joseph A. Leonard, Jr.
Deputy Commissioner of Banks
and General Counsel

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