



The Commonwealth of Massachusetts

Office of the Commissioner of Banks

One South Station

Boston, Massachusetts 02110

JANE SWIFT
GOVERNOR

THOMAS J. CURRY
COMMISSIONER

March 15, 2002

Susan Grassmann
Kirkpatrick & Lockhart LLP
1800 Massachusetts Avenue NW
Washington, DC 20036

Dear Ms. Grassmann:

This letter is in response to your correspondence dated October 22, 2001 to the Division of Banks (the "Division") in which you request an opinion relative to whether a loan processing center operated by a licensed mortgage lender in the Commonwealth requires a branch office approval by the Division.

In your letter, you state that your law firm represents many mortgage companies which conduct a residential mortgage loan business on a nationwide basis. Some of these clients are considering the option of centralizing the loan processing function by establishing an office location dedicated to the sole function of processing loans originated either by their employees at retail locations or by brokers or correspondents on a wholesale basis. Your clients have obtained the necessary licenses to originate loans but wish to clarify if a loan processing location would be considered a branch office under Massachusetts law.

The loan processing center would receive a completed application and initial documentation from an originator or mortgage broker. Traditional loan processing functions would be performed such as income and employment verifications, ordering appraisals, reconciling information and follow-up contact with borrowers with respect to closing requirements or conditions. The loan processor will not solicit borrowers, complete the loan application, accept a loan application for borrowers, or negotiate terms and conditions of the loan. The processor will not perform any underwriting or closing functions. Your letter also states that the employees at the loan processing center are employees of the licensee. You ask if the activities described in your letter performed at a separate location from the licensed lender would result in the Division considering that



Susan Grassmann
Page Two
March 15, 2002

location a branch office of the licensed lender. You also ask if a location where loans are closed must be separately licensed as a branch office.

Massachusetts General Laws chapter 255E, section 5 states that each license for a mortgage lender or mortgage broker shall state the address at which the business is to be conducted and the name of the licensee. If the licensee intends to carry on business other than at the address on the license, it shall notify the Division in writing at least 30 days prior to doing so. A copy of the license must be posted in each place of business of the licensee.

While not addressed in your letter, the Division assumes that the activities performed at the loan processing center will be limited to those described as essentially administrative and ministerial in nature and that the center will not be generally accessible to the public, will not hold itself out in any manner as an office of the licensee nor exhibit any advertising materials of the licensee. Based on these assumptions and the information provided in your letter, it is the position of the Division that the activities to be conducted at the loan processing center as described would not result in the requirement for this location to be regulated by the Division as a branch office. In addition, a location at which mortgage loans are closed would not be considered a branch office location simply because loans are closed at that location.

The conclusions reached in this letter are based solely on the facts presented. 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

JAL/NTT/mhc
001153

P:\Legal\2001\001153