

**Pennsylvania Mortgage Licensing and Law Highlights QuickNotes™**

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**Licensing Law**

<u>Fees</u>	<u>Lender</u>	<u>Correspondent</u>	<u>Broker</u>	<u>Mortgage Originator</u>
<b>Defined</b>	Lends – can collect advance fees, sell credit life, force place hazard ins, collect on loans	Table funds – only uses wholesaler’s funds, collect advance fees, broker fees, premiums	Broker Only – collect advance fees if bonded, collect broker fees, premiums	Takes application and negotiates terms
<b>Net Worth &amp; Qualifications</b>	Warehouse \$1MM Fidelity Bond + Surety \$250K Net Worth GSE approved or eligible	\$100,000 Net Worth Surety Bond	N/A Surety Bond (If advance fees are collected)	N/A Surety Bond IF employer does not carry – must affiliate w licensed company
<b>Bond (Irrevocable)</b>		<30 MM \$100K <100 MM \$200K <250 MM \$300K >250 MM \$500K	<15 MM \$50K (originator < 7.5MM \$25K) <30 MM \$75K <50 MM \$100K > 50 MM \$150K	
Application		\$1500 per Office	\$1000, \$250/add ofc.	\$200
Renewal		\$750 per Office	\$500, \$250/add ofc.	\$100
	<b>Consumer Discount Company License</b> – Separate License Category. Must still register, comply with law. Same qualifications as Lender, except GSE Approval			
<b>Education</b>	Unless Federally Supervised - Pre-Licensing 20 Hour (NMLS - includes 3 Hours PA), SAFE Act MLO National and State Exam. Continuing 8 Hours (incl. 1 Hr PA) annually. (SAFE Act minimums) At least 1 principal (>= 10% Ownership) must meet education requirement – regardless			
<b>Renewal</b>	12/31 of every year. File “Annual Report” – late reports = \$100/day Audit within 24 mo of license, then every 3 years – charge \$250 per day for audit.			
<b>Exemptions</b>	Exempt - Federally chartered banks, state banks Private loans to relatives or employees. Processors, Underwriters, Servicing Representatives (modification of in-house loans) Must Register - affiliates of banks, licensed insurance companies, federal/state government, consumer discount, FHLMC, FNMA, GNMA, FhMA, non-profit charitable and religious organizations,			
<b>General</b>	60 Day License Process – background check NO: Misstatements; violations; dishonest, illegal, fraudulent or unethical practices; receipt of injunction; negligence/incompetence; insolvency; felony pleas or convictions in last 7 years; financial felonies ever; convictions for moral turpitude. Financial Responsibility: NO: open judgments except medical; open tax liens/govt filings; foreclosure <3 years; “seriously delinquent accounts” < 3 years Must have physical office – does not have to be in-state			

**Business Practices**

<b>Requirements</b>	Licenses must be conspicuously posted in branch – includes company and all originators Business must be conducted under licensed name ONLY Ads must state “Licensed by PA Dept Banking” <u>Employer responsible for actions of Employee</u> ; must supervise, maintain list of current and former LOs. Provide written notice to DofB of violations and corrective action within 30 days Originators must keep license in immediate possession Originator advertising must state licensed employer name Refund fees if loan is not obtained in accordance with initial agreement 100% Complete financing agreement with expiration date, rate, points, fees Provide copies of; Note; insurance purchased for borrower; Servicers must provide written payoff/payment history within 10 days At payoff, provide paid Note stamped “Paid”, cancel all liens Retain records <b>Provide Notice: 10 Days:</b> Change in application info <b>30 Days Prior:</b> Intent to cancel bond; Intent to conduct additional business
<b>Prohibited Practices</b>	Misstatements on applications Advance Fee without bond Collecting fees other than permitted by law Brokers may not close, fund or service loans Correspondents (table funders) may only use table funders warehouse line/may not service Multiple Employers No “Good Funds” at closing Requiring purchase of insurance from specific agent False or deceptive advertising Penalties – up to \$10,000 and/or revocation per instance
<b>Usury</b>	2 <sup>nd</sup> Mortgage 1.85%/mo or 22.4% Year; 3% Fee; 1 <sup>st</sup> Mortgage <\$50,000 max rate is 6% fixed, or formula as set by DofB – muni-bond yield + 2.5% Variable Rate – must also provide consumer choice of a fixed rate loan; May not change > 2x year, max rate cannot exceed DofB formula. Govt Loans exempt from Loan Interest and Protection Law.
<b>High Cost</b>	Follow HOEPA Section 32 except Loan < \$100,000 Include ALL costs in threshold calculation (including YSP) Must offer customer choice of loan with or without prepay penalty Violations – up to \$2,000 per incident, cost of investigation, revocation