NOTICE OF PROPOSED CHANGES ON MORTGAGE LENDING IN THE REGULATIONS OF THE DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT

BRIEF DESCRIPTION

The Department of Commerce, Community, and Economic Development proposes regulation changes to implement HB12, effective January 1, 2017, update fees for mortgage lending licensees, streamline reporting requirements for mortgage broker/lenders, and update and clarify various sections throughout 3 AAC 14.

The Department of Commerce, Community, and Economic Development proposes to adopt regulation changes in Title 3, Chapter 14, of the Alaska Administrative Code, dealing with mortgage lending, including the following:

(1) Repeal and readopt 3 AAC 14.020 to implement HB12 by adding registered depository institutions ("RDIs") to this section which requires that mortgage loan originators be licensed. Subsection (b) is proposed to implement HB12 by exempting an employee acting as a mortgage loan originator for a government agency from the mortgage loan originator licensing requirements.

(2) Amend 3 AAC 14.051 to implement HB12 by adding RDIs to this section to require RDIs to comply with the requirements of the Nationwide Multistate Licensing System and Registry ("registry").

(3) Amend 3 AAC 14.052 to implement HB12 by adding RDIs to this section to allow RDIs the right to challenge information entered by the department in the registry.

(4) Amend 3 AAC 14.053 to implement HB12 by adding RDIs to this section to require RDIs to comply with certain surety bond requirements. This section is also proposed to be amended to remove a requirement that the surety provide notice by certified mail before canceling the surety bond and to add that certain notification requirements may be made electronically.

(5) Amend 3 AAC 14.054 to implement HB12 by adding RDIs to this section to require submission of a financial statement with an RDI application.

(6) Amend 3 AAC 14.057 to implement HB12 by adding RDIs to this section to provide that a registered agent must be designated on a RDI application and an agent must be continuously maintained while the RDI is registered.

(7) Amend 3 AAC 14.062 to implement HB12 by adding RDIs to this section to require mortgage loan originators to be sponsored by either a mortgage licensee or RDI and may only be sponsored by one mortgage licensee or one RDI.

(8) Amend 3 AAC 14.064 to implement HB12 by adding RDIs to this section to require that all registration requirements for a RDI application be completed.

(9) Amend 3 AAC 14.065 to implement HB12 by adding RDIs to this section to require reimbursement of department costs and investigative expenses related to a RDI application.

(10) Amend 3 AAC 14.072(a) to raise fees for a mortgage licensee, from $250 to $500

for the application fee, and from $500 to $1,000 for the annual license fee. Amend subsection (b) to raise fees for a mortgage loan originator licensee, from $250 to $300 for the annual license fee, and to lower the surety fund fee from $150 to $50.

(11) Amend 3 AAC 14.075 to correct a clerical error.

(12) Amend 3 AAC 14.085 to implement HB12 by adding RDIs to the requirements of this section and to change the time frame from 90 to 60 days that an application is considered abandoned if no response is received after a notice of deficiency is assigned in the registry.

(13) Add 3 AAC 14.150 to implement HB12 by establishing the application requirements for RDIs.

(14) Add 3 AAC 14.155 to implement HB 12 by establishing the registration renewal requirements for RDIs.

(15) Add 3 AAC 14.160 to implement HB12 by establishing the application and registration fees for RDIs.

(16) Add 3 AAC 14.165 to implement HB12 by setting out a process if a RDI fails to renew its annual registration and establishes a late renewal fee.

(17) Repeal 3 AAC 14.214 to eliminate a provision related to the testing requirement for a mortgage loan originator licensed in 2010 that is obsolete.

(18) Repeal 3 AAC 14.217 to eliminate a provision related to prelicensing education for a mortgage loan originator licensed in 2010 that is obsolete.

(19) Repeal and readopt 3 AAC 14.224 to clarify that the prelicensing education obtained for a mortgage loan originator license may satisfy the continuing education requirement to renew a license, but only if it was completed in the calendar year immediately before the new licensing period.

(20) Amend 3 AAC 14.305 to implement HB12 by adding RDIs to this section to provide that when an employment relationship between a RDI and a mortgage loan originator is terminated then the sponsorship must be terminated in the registry and the mortgage loan originator license becomes inactive.

(21) Amend 3 AAC 14.315 to change "delayed renewal" to "late renewal." Amend subsection (a) to raise the late renewal fee for mortgage licensees from $250 to $500.

(22) Repeal 3 AAC 14.325 to eliminate the $50 fee to reactive an inactive license.

(23) Repeal and readopt 3 AAC 14.410 to remove the requirement to file a separate annual report by specifying that the quarterly reports of condition required under AS 06.60.100(c) satisfy the annual reporting requirement of AS 06.60.100(a).

(24) Amend 3 AAC 14.411 to implement HB12 by adding RDIs to this section to require RDIs to submit a financial statement within 90 days of fiscal year end.

(25) Amend 3 AAC 14.414 to implement HB12 by adding RDIs to this section to require RDIs to pay a civil penalty for late filings. This section is also proposed to be amended to clarify that the $25 per day for a late filing is a civil penalty.

(26) Amend 3 AAC 14.415 to implement HB12 by adding RDIs to this section to require RDIs to adequately supervise their branch offices and mortgage loan originators. Add subsection (c) to require that if a majority of a mortgage loan originator's work is conducted at home or another location then it must be registered as a branch office.

(27) Amend 3 AAC 14.420 to implement HB12 by adding RDIs to this section to

require RDIs to maintain certain recordkeeping practices.

(28) Amend 3 AAC 14.425 to implement HB12 by adding RDIs to this section to require RDIs to register branch offices. Amend subsections (a) and (e) to raise fees for branch office registrations, from $150 to $200 for an application and from $250 to $300 for annual registration. Amend subsection (f) to change "delayed renewal" to "late renewal" and to raise this fee from $125 to $250. Add subsection (k) to require that if a mortgage loan originator conducts the majority of activities of a loan originator from home or other location, then the sponsoring mortgage licensee or RDI must register that location as a branch office. Add subsections (*l*) and (m) to clarify that fees under this section are nonrefundable and that applicants must pay processing or other fees charged by the registry.

(29) Amend 3 AAC 14.427 to implement HB12 by adding RDIs to this section to require RDIs to provide the department with written notice if an office is relocated. Amend this section to change the advance notice requirement from 14 to 30 days for a change of address.

(30) Amend 3 AAC 14.430 to implement HB12 by adding RDIs to this section to require RDIs to request department approval before closing the main office without relocating the office or surrendering registration.

(31) Amend 3 AAC 14.431 to implement HB12 by adding RDIs to this section to require RDIs to request department approval before closing the main office and surrendering registration.

(32) Amend 3 AAC 14.432 to implement HB12 by adding RDIs to this section to require RDIs to submit an application to surrender a branch office registration.

(33) Amend 3 AAC 14.434 to require applications for a change in control be submitted 30 days before the change. Amend subsection (c) to raise the fee for a change in control person from $150 to $300 per control person. Add subsection (d) to require that mortgage licensees maintain at least two control persons at all times.

(34) Amend 3 AAC 14.435 to implement HB12 by adding RDIs to this section to provide that a RDI may share office space with another business if certain requirements are met.

(35) Amend 3 AAC 14.440 to implement HB12 by adding RDIs to this section to require RDIs to notify the department if any information on file changes.

(36) Amend 3 AAC 14.510 to implement HB12 by adding RDIs to this section to prohibit RDIs from practicing any misleading, unfair, or deceptive advertising. Amend paragraph (2) to clarify that licensees must disclose a name listed in the registry when advertising.

(37) Amend 3 AAC 14.515 by adding conducting loan modification without servicing rights, foreclosure relief services for a fee without a mortgage license, and conducting the majority of activities for which a license is required at a location that is not the main office or registered as a branch office to the list of unfair or deceptive practices.

(38) Repeal the editor's note in 3 AAC 14.825 to delete an outdated department address.

(39) Repeal the editor's note in 3 AAC 14.910 to delete an outdated department address.

(40) Amend 3 AAC 14.917 to implement HB12 by adding RDIs to this section to

provide that a RDI's status change in the registry is still effective regardless of whether there is a difference in the label used by the registry and in regulation.

(41) Amend 3 AAC 14.920 to implement HB12 by adding RDIs to this section to require RDIs to notify the department through the registry and pay a fee upon a mailing address or name change. Amend subsection (b) to require that amendments for change of mailing address be submitted 30 days in advance. Amend subsection (c) to raise the name change fee from $50 to $100.

(42) Amend 3 AAC 14.990 to add definitions for "mortgage loan originator's home" and "report of condition."

You may comment on the proposed regulation changes, including the potential costs to private persons of complying with the proposed changes, by submitting written comments to Patrice Walsh, Division of Banking and Securities, Department of Commerce, Community, and Economic Development, 550 West Seventh Avenue, Suite 1850, Anchorage, AK 99501. Additionally, the Department of Commerce, Community, and Economic Development will accept comments by facsimile at (907) 269-8146 and by electronic mail at dbsregs@alaska.gov. Comments may also be submitted through the Alaska Online Public Notice System by accessing this notice on the system and using the comment link. **The comments must be received not later than 4:30 p.m. on October 12, 2016.**

You may submit written questions relevant to the proposed action to Patrice Walsh by electronic mail at dbsregs@alaska.gov or by mail at 550 West Seventh Avenue, Suite 1850, Anchorage, AK 99501. **The questions must be received at least 10 days before the end of the public comment period.** The Department of Commerce, Community, and Economic Development will aggregate its response to substantially similar questions and make the questions and responses available on the Alaska Online Public Notice System and the Division of Banking and Securities' website at https://www.commerce.alaska.gov/web/dbs. The Department of Commerce, Community, and Economic Development may, but is not required to, answer written questions received after the 10-day cut-off date and before the end of the comment period.

If you are a person with a disability who needs a special accommodation in order to participate in this process, please contact Patrice Walsh at dbsregs@alaska.gov or (907) 269-5496 not later than October 3, 2016, to ensure that any necessary accommodation can be provided.

A copy of the proposed regulation changes is available on the Division of Banking and Securities' website at https://www.commerce.alaska.gov/web/dbs and the Alaska Online Public Notice System. You may also request a copy by contacting Patrice Walsh at dbsregs@alaska.gov or (907) 269-5496.

After the public comment period ends, the Department of Commerce, Community, and Economic Development will either adopt the proposed regulation changes or other provisions dealing with the same subject, without further notice, or decide to take no action. The language of the final regulation may be different from that of the proposed regulation. **You should comment during the time allowed if your interests could be affected. Written comments and questions received are public records and are subject to public inspection.**

Statutory authority: AS 06.60.910

Statutes being implemented, interpreted, or made specific: AS 06.60.010; AS 06.60.012; AS 06.60.014; AS 06.60.015; AS 06.60.016; AS 06.60.020; AS 06.60.027; AS 06.60.035; AS 06.60.038; AS 06.60.045; AS 06.60.050; AS 06.60.060; AS 06.60.085; AS 06.60.087; AS 06.60.090; AS 06.60.095; AS 06.60.097; AS 06.60.100; AS 06.60.110; AS 06.60.112; AS 06.60.115; AS 06.60.130; AS 06.60.135; AS 06.60.155; AS 06.60.159; AS 06.60.160; AS 06.60.250; AS 06.60.320; AS 06.60.330; AS 06.60.340; AS 06.60.800; AS 06.60.870; AS 06.60.910

Fiscal information: The proposed regulation changes are not expected to require an increased appropriation.

Date: September 6, 2016

/s/ Patrice Walsh
Chief of Examinations

The Department of Commerce, Community, and Economic Development, Division of Banking and Securities keeps a list of individuals and organizations interested in its regulations. Those on the list will automatically be sent a copy of all the Division's Notice of Proposed Regulation Changes. To be added to or removed from the list, send the request to Division of Banking and Securities, Department of Commerce, Community, and Economic Development, 550 West Seventh Avenue, Suite 1850, Anchorage, AK 99501 or to dbsregs@alaska.gov. Please include your name and either your electronic mail address or mailing address, as you prefer for receiving notices.

ADDITIONAL REGULATION NOTICE INFORMATION
(AS 44.62.190(d))

1. **Adopting agency:** Department of Commerce, Community, and Economic Development.

2. **General subject of regulation:** mortgage lending.

3. **Citation of regulation:** 3 AAC 14.020; 3 AAC 14.051; 3 AAC 14.052; 3 AAC 14.053; 3 AAC 14.054; 3 AAC 14.057; 3 AAC 14.062; 3 AAC 14.064; 3 AAC 14.065; 3 AAC 14.072; 3 AAC 14.075; 3 AAC 14.085; 3 AAC 14.150; 3 AAC 14.155; 3 AAC 14.160; 3 AAC 14.165; 3 AAC 14.214; 3 AAC 14.217; 3 AAC 14.224; 3 AAC 14.305; 3 AAC 14.315; 3 AAC 14.325; 3 AAC 14.410; 3 AAC 14.411; 3 AAC 14.414; 3 AAC 14.415; 3 AAC 14.420; 3 AAC 14.425; 3 AAC 14.427; 3 AAC 14.430; 3 AAC 14.431; 3 AAC 14.432; 3 AAC 14.434; 3 AAC 14.435; 3 AAC 14.440; 3 AAC 14.510; 3 AAC 14.515; 3 AAC 14.825; 3 AAC 14.910; 3 AAC 14.917; 3 AAC 14.920; 3 AAC 14.990.

4. **Department of Law file number:** to be assigned.

5. **Reason for the proposed action:** implement HB12, effective January 1, 2017; update fees for mortgage lending licensees; streamline reporting requirements for mortgage broker/lenders; and update and clarify various sections throughout 3 AAC 14.

6. **Appropriation/Allocation:** Department of Commerce, Community, and Economic Development, Division of Banking and Securities.

7. **Estimated annual cost to comply with the proposed action to:**

A private person: for a mortgage licensee, raises the application fee from $250 to $500, the annual license fee from $500 to $1,000, the late renewal fee from $250 to $500, the fee for a change in control person from $150 to $300 per control person, and the name change fee from $50 to $100; for a mortgage loan originator, raises the annual license fee from $250 to $300 and lowers the surety fund fee from $150 to $50; for a registered depository institution, establishes an application fee of $500, an annual registration fee of $1,000, a late renewal fee of $500, a name change fee of $100; and an address change fee of $50; for a branch office, raises the application fee from $150 to $200, the annual registration fee from $250 to $300, and the late renewal fee from $125 to $250; and eliminates a $50 fee to reactivate an inactive license.
Another state agency: none.
A municipality: none.

8. **Cost of implementation to the state agency and available funding:** no costs are expected in FY2017 or in subsequent years.

9. **The name of the contact person for the regulation:**

Patrice Walsh, Chief of Examinations
550 West Seventh Avenue, Suite 1850
Anchorage, AK 99501
(907) 269-5496
dbsregs@alaska.gov

10. **The origin of the proposed action:** Division of Banking and Securities.

11. **Date: September 6, 2016**
Prepared by Patrice Walsh, Chief of Examinations

Title 3. Commerce, Community, and Economic Development.

Part 1. Banking, Securities, Small Loans and Corporations.

Chapter 14. Mortgage Lending.

Article

1. Licensing (3 AAC 14.010 – 3 AAC 14.090)

2. Registration as a Small Mortgage Lender or Small Mortgage Originator (3 AAC 14.110 – 3 AAC 14.145)

3. [ORIGINATOR COMPETENCY TESTING AND CONTINUING EDUCATON (3 AAC 14.210 – 3 AAC 14.245)] **Depository Institution Registration (3 AAC 14.150 – 3 AAC 14.165)**

4. [LICENSE DURATION, RENEWAL, INACTIVITY, AND SURRENDER (3 AAC 14.305 – 3 AAC 14.330)] **Originator Competency Testing and Continuing Education (3 AAC 14.210 – 3 AAC 14.245)**

5. [LICENSEE OBLIGATIONS (3 AAC 14.410 – 3 AAC 14.445)] **License Duration, Renewal, Inactivity, and Surrender (3 AAC 14.305 – 3AAC 14.330)**

6. [BUSINESS DUTIES AND RESTRICTIONS, AND DISCIPLINARY ACTION (3 AAC 14.510 – 3 AAC 14.610] **Licensee Obligations (3 AAC 14.410 – 3 AAC 14.445)**

7. [ORIGINATOR SURETY FUND (3 AAC 14.710 – 3 AAC 14.735)] **Business Duties and Restrictions, and Disciplinary Action (3 AAC 14.510 – 3 AAC 14.610)**

8. [PARTICPATION IN REGISTRY (3 AAC 14.810 – 3 AAC 14.825)] **Originator Surety Fund (3 AAC 14.710 – 3 AAC 14.735)**

9. [GENERAL PROVISIONS (3 AAC 14.910 – 14.990)] **Participation in Registry (3 AAC 14.810 – 3 AAC 14.825)**

10. General Provisions (3 AAC 14.910 – 14.990)

3 AAC 14.020 is repealed and readopted to read:

3 AAC 14.020. Mortgage loan originator license or exemption required. (a) A person, including a sole proprietor or control person of a mortgage licensee or a registered depository institution, and an individual who works under a mortgage licensee or a registered depository institution, may not operate in the state as a mortgage loan originator with respect to a dwelling or residential real estate in the state unless licensed by the department as a mortgage loan originator.

(b) The following are exempt from the licensing requirements of this section

(1) an individual covered under AS 06.60.015(b); and

(2) an employee of a government agency under AS 06.60.015(a)(4) who acts as mortgage loan originator only under the employee's official duties for that agency. (Eff. 7/1/2008, Register 186; am 12/4/2010, Register 196; am __/__/___, Register ___)

Authority: AS 06.60.012 AS 06.60.015 AS 06.60.910

3 AAC 14.051 is amended to read:

3 AAC 14.051. Licensee and registered depository institution compliance with requirements of the registry. To obtain and maintain a license **or registration** under AS 06.60

a person shall comply with all requirements of the registry, including the payment of fees assessed by the registry. (Eff. 12/4/2010, Register 196; am__/__/___, Register ___)

Authority: AS 06.60.016 AS 06.60.910

3 AAC 14.052(a) is amended to read:

(a) A person required to be licensed **or that is registered** under this chapter may challenge information pertaining to the person that is entered into the registry by the department. The challenge must be limited to the factual accuracy of the information pertaining to the person's record entered into the registry by the department. The requested relief must be limited to correction of the information submitted by the department to the registry pertaining to the person's record. The challenge must be in writing, must set out the specific information being challenged, and must include supporting evidence. A person may not submit a challenge for the purpose of protesting disciplinary action taken against the person by the department or to appeal the underlying reasons for the disciplinary action.

(Eff. 12/4/2010, Register 196; am__/__/___, Register ___)

Authority: AS 06.60.016 AS 06.60.910

3 AAC 14.053 is amended to read:

3 AAC 14.053. Surety bond required of mortgage licensee and registered depository institution. (a) An applicant for a mortgage license **or a registration under AS 06.60.014 shall** [MUST] file with the department a bond with one or more sureties. [BEFORE MARCH 15, 2011, THE AMOUNT OF THE BOND MUST BE AT LEAST $25,000. AFTER MARCH 14,

2011,] **The** [THE] amount of the bond must be at least $75,000. The bond must be executed by the applicant and by a surety company authorized to conduct a surety business in the state. The bond must secure the performance by the mortgage licensee **or the registered depository institution** of its obligations under AS 06.60 and this chapter and must be in a form acceptable to the department.

(b) The bond must run to the benefit of the department, the Department of Law, or another person with a claim for relief because of a violation of AS 06.60 or this chapter by a mortgage licensee **or a registered depository institution**.

(c) The bond must provide that, no later than 90 days after receipt of a final order issued by a court or the department that finds the mortgage licensee **or the registered depository institution** has violated AS 06.60 or this chapter and orders the mortgage licensee **or the registered depository institution** to pay a sum of money as a result of the violation, the surety shall pay the amount required in the final order to be paid to the department, the Department of Law, or another person up to the full amount of the bond. The bond must provide that if, at the time the surety makes payment under the bond, the surety has received a final order under this subsection from more than one claimant and the total amount of the claims exceeds the bond amount, the surety shall make a pro rata payment to all claimants who have submitted a final order to the surety under this subsection.

(d) No later than 14 days after the mortgage licensee **or the registered depository institution** receives notice of an action against the mortgage licensee **or the registered depository institution** that could result in recovery against the bond, a mortgage licensee **or a**

registered depository institution shall provide written **or electronic** notice to the department of the action.

(e) The bond must provide that, no later than 14 days after the surety receives notice of an action against the bond or a final order of a court under (c) of this section, the surety shall provide written **or electronic** notice of the action or final order to the department.

(f) The bond must provide that immediately upon a payment by the surety under the bond, the surety shall provide written **or electronic** notice of the payment to the department.

(g) A mortgage licensee **or a registered depository institution** shall ensure that the full amount of the required bond is in effect continuously while the mortgage licensee is licensed **or the registered depository institution is registered** and for a three-year period after the department revokes or otherwise terminates the license **or registration**. Failure to maintain the surety bond at the level required in this section is grounds for immediate suspension of the mortgage license **or the registration under AS 06.60.014**. If the department receives notice of a final order of a court under (c) of this section or submits a final order of the department to the surety under (c) of this section, the department may require the filing of a new bond. If a new bond is required, the mortgage licensee **or the registered depository institution** shall file a new bond in the required amount no later than 30 days after receiving notice from the department. Immediately upon payment by the surety under the bond the mortgage licensee **or the registered depository institution** shall file a new bond with the department.

(h) The bond must provide that the surety shall provide written **or electronic** notice [BY CERTIFIED MAIL] to the department at least 30 days before canceling the surety bond for any reason. Upon receipt by the department of a notice of cancellation, the department will notify the

mortgage licensee **or the registered depository institution that** [WHO] is the principal on the bond of the effective date of the cancellation of the bond and that the mortgage license **or the registration under AS 06.60.014** will be suspended when the bond is cancelled, unless the mortgage licensee **or the registered depository institution** furnishes the department with an equivalent bond before the effective date of the cancellation. The department will send the notice to the mortgage licensee **or the registered depository institution** [BY CERTIFIED MAIL TO THE MAILING ADDRESS OF THE MORTGAGE LICENSEE THEN ON FILE WITH THE DEPARTMENT] through the registry. The department will suspend the mortgage license **or the registration under AS 06.60.014** on the effective date of the cancellation, unless the surety bond has been replaced, renewed, or otherwise reinstated.

(i) The remedies provided under this section are cumulative and nonexclusive and do not affect any other remedy available at law. (Eff. 12/4/2010, Register 196; am __/__/___, Register ___)

Authority: AS 06.60.045 AS 06.60.910

The heading of 3 AAC 14.054 is amended to read:

3 AAC 14.054. Financial statement to be submitted with mortgage license or registered depository institution application.

3 AAC 14.054(a) is amended to read:

(a) An applicant for a mortgage license **or a registration under AS 06.60.014 shall** [MUST] submit an unaudited financial statement for the preceding fiscal year prepared under generally accepted accounting principles.

3 AAC 14.054(b)(2) is amended to read:

(2) include at least a balance sheet and an income statement and notes relevant to each component, except that if the applicant is licensed **or registered** or is applying in one or more jurisdictions in addition to this state, the applicant **shall** [MUST] submit to the department the highest level financial statement required by any jurisdiction to which the applicant is applying or in which the applicant is licensed **or registered**.

(Eff. 12/4/2010, Register 196; am__/__/___, Register ___)

Authority: **AS 06.60.014** AS 06.60.060 AS 06.60.910

AS 06.06.020

3 AAC 14.057(a) is amended to read:

(a) An applicant for a mortgage license **or a registration under AS 06.60.014 shall** [MUST] designate on the Form MU1 a registered agent for service of process located in this state. The registered agent must be an agent of the mortgage licensee or **the registered depository institution** upon whom process, notice, or demand required or permitted by law to be served upon the mortgage licensee **or the registered depository institution** may be served.

3 AAC 14.057(c) is amended to read:

(c) A mortgage licensee **or a registered depository institution** shall continuously maintain a registered agent in this state and provide the department, through the registry, with the registered agent's name, physical and mailing address, telephone number, and electronic email address. (Eff. 12/4/2010, Register 196; am__/__/___, Register ___)

Authority: **AS 06.60.014** AS 06.60.060 AS 06.60.910
AS 06.60.020

3 AAC 14.062 is amended to read:

3 AAC 14.062. Sponsorship. (a) A mortgage loan originator license will not be granted to an applicant, unless a mortgage licensee **or a registered depository institution** sponsors the mortgage loan originator in the registry.

(b) The sponsorship of a mortgage loan originator licensee by a mortgage licensee **or a registered depository institution** is not effective until it is approved by the department in the registry.

(c) To operate as a mortgage loan originator licensee in the state, an individual must maintain a sponsorship by a mortgage licensee **or a registered depository institution** in the registry approved by the department.

(d) A mortgage loan originator licensee may be sponsored by only one mortgage licensee **or one registered depository institution** under AS 06.60.159. (Eff. 7/24/2009, Register 191; am 12/13/2009, Register 192; am 12/4/2010, Register 196; am__/__/___, Register ___)

Authority: AS 06.60.012 AS 06.60.159 AS 06.60.910
AS 06.60.155

3 AAC 14.064 is amended to read:

3 AAC 14.064. Submittal of application to the department. An applicant for a license **or registration** under AS 06.60 must complete all license **or registration** requirements, including the payment of all required fees, before submitting the application to the department through the registry. (Eff. 12/4/2010, Register 196; am__/__/___, Register)

Authority: AS 06.60.016 AS 06.60.910

3 AAC 14.065 is amended to read:

3 AAC 14.065. Reimbursement of costs and investigative expenses related to applications. When the department evaluates an application for an initial license or **registration or** the renewal of a license **or registration** under AS 06.60, if the reasonable costs and reasonable investigative fees, including examination costs, incurred by the department exceed a fee established in 3 AAC 14.072 **or 3 AAC 14.160**, the applicant must reimburse those excess fees and costs, with the hours expended by a department employee to be reimbursed at the rate of $75 per hour, before the department takes action on the application. (Eff. 7/1/2008, Register 186; am 12/4/2010, Register 196; am __/__/___, Register ___)

Authority: AS 06.60.035 AS 06.60.250 AS 06.60.910

3 AAC 14.072(a) is amended to read:

(a) When a person applies for a mortgage license under AS 06.60, the person **shall** [MUST] pay to the department through the registry

(1) an application fee of **$500** [$250] in partial payment of investigative expenses incurred by the department; and

(2) an annual license fee of **$1,000** [$500] for the period that expires on December 31 after the date the license is issued.

3 AAC 14.072(b) is amended to read:

(b) When a person applies for a mortgage loan originator license under AS 06.60, the person **shall** [MUST] pay to the department through the registry

(1) an application fee of $250 in partial payment of investigative expenses incurred by the department;

(2) an annual license fee of **$300** [$250] for the period that expires on December 31 after the date the license is issued; and

(3) a surety fund fee of **$50** [$150].

(Eff. 12/4/2010, Register 196; am __/__/___, Register ___)

Authority: AS 06.60.010 AS 06.60.035 AS 06.60.910
AS 06.60.012

3 AAC 14.075 is amended to read:

3 AAC 14.075. Notice of complete application. The department will provide notice through the registry to the applicant upon receipt of a complete application. For the purpose of beginning the 30-day period described in AS 06.60.050, the date the department assigns a **"pending review"** ["PENDINGEVIEW"] notice to the record of the applicant in the registry is

the date of the determination that the department has received a complete application. (Eff. 7/1/2008, Register 186; am 12/4/2010, Register 196; am __/__/___, Register ___)

Authority: **AS 06.60.014** AS 06.60.050 AS 06.60.910

AS 06.60.020

3 AAC 14.085(a) is amended to read:

(a) An application is considered abandoned if the department does not receive any **response** [WRITTEN COMMUNICATION] from the applicant, [OR] licensee, **or registered depository institution** for **60** [90] days after the department assigns a notice of deficiency to the record of the applicant, [OR] licensee, **or registered depository institution** in the registry. [IN THIS SUBSECTION, "WRITTEN COMMUNICATION" INCLUDES COMMUNICATION BY ELECTRONIC MAIL.]

(Eff. 7/1/2008, Register 186; am 12/4/2010, Register 196; am __/__/___, Register ___)

Authority: AS 06.60.016 AS 06.60.910

3 AAC 14 is amended by adding new sections to read:

Article 3. Depository Institution Registration.

Section

14.150. Application for registration

14.155. Registration renewal

14.160. Application and registration fees

14.165. Registration termination and late renewal

3 AAC 14.150. Application for registration. (a) To apply for registration under AS 06.60.014, a depository institution shall submit

(1) to the registry

(A) a complete Form MU1;

(B) a complete Form MU2 for each control person and branch manager of the applicant;

(C) a financial statement in compliance with 3 AAC 14.054;

(D) a copy of the surety bond in compliance with 3 AAC 14.053; and

(E) the designation of a registered agent under 3 AAC 14.057.

(2) to the department

(A) if the answer to any of the disclosure questions on the Form MUI or Form MU2 is "yes," complete details in writing of each event or proceeding, including as applicable, the name and location of the court, the docket or case number, and the status and summary of the event or proceeding, and a copy of an applicable charge, order, or consent agreement; and

(B) other information, documentation, and payments as allowed by AS 06.60 and required by the department.

(b) A registration under AS 06.60.014 remains in effect until December 31 of the year in which the registration is issued. (Eff.__/__/___, Register ___)

Authority: AS 06.60.014 AS 06.60.910

3 AAC 14.155. Registration renewal. (a) To renew a registration under AS 06.60.014, a registered depository institution shall submit to the department through the registry on or after November 1 of the annual registration period the annual registration fee required under 3 AAC 14.160(a)(2) and a renewal application updating the record of the registered depository institution, if necessary, and attesting to the current accuracy and completeness of the information in the record of the registered depository institution with the department and the registry.

(b) The department will designate an incomplete renewal application as "on hold" in the registry. The department shall approve or deny the application for renewal of registration not later than 60 days after the renewal application is submitted to the department through the registry. The 60-day period begins on the date all documentation required by the department is received, and an "on hold" designation in the registry for the renewal application is removed. If a registered depository institution fails to satisfy the requirements of subsection (a), the registration expires at the end of the period for which the registration was issued.

(c) To renew a registration, a registered depository institution shall pay to the department the annual registration fee and any other outstanding fee, including an investigative fee, a registration fee, a late fee, an administrative penalty owed to the department, or a refund or restitution payment ordered by the department to be made to a consumer.

(d) Nothing in this section relieves an applicant from the obligation to pay processing or other fees that the registry sets for services that the registry provides. (Eff.__/__/___, Register ___)

Authority: AS 06.60.014 AS 06.60.910

3 AAC 14.160. Application and registration fees. (a) When a depository institution applies for registration under AS 06.60.014, the depository institution shall pay to the department through the registry

(1) an application fee of $500 in partial payment of investigative expenses incurred by the department; and

(2) an annual registration fee of $1,000 for the period that expires on December 31 after the date the registration is issued.

(b) Fees under this section are nonrefundable.

(c) Nothing in this section relieves an applicant from the obligation to pay processing or other fees that the registry sets for services that the registry provides. (Eff.__/__/___, Register ___)

Authority: AS 06.60.014 AS 06.60.910

3 AAC 14.165. Registration termination and late renewal. (a) If a registered depository institution does not submit an application for renewal and pay the annual registration fee required by 3 AAC 14.160(a)(2) to the department through the registry on or before December 31 of the annual registration period, the department will assign a registration status of "terminated/failed to renew" to the record of the licensee in the registry, and the registered depository institution may not conduct activities for which a registration is required under AS 06.06.014 after December 31 of the annual registration period. To be eligible for a late renewal of a registration, a registered depository institution shall pay a late renewal fee of $500 and

submit all information and payment required for renewal, including the reasonable costs under AS 06.60.250 of any investigation, before March 1 of the year following the annual registration period. A registered depository institution may resume activities for which a registration is required under AS 06.60.014 when the department has approved the late renewal of the registration in the registry. If a registered depository institution does not pay the late renewal fee and submit all information and other payment required for renewal or otherwise fails to meet the requirements of renewal before March 1 of the year following the annual licensing period, the department will deny the late renewal and change the registration status to "terminated/expired."

(b) If a registered depository institution submits an application for renewal and annual registration fee under 3 AAC 14.160(a)(2) to the department through the registry on or before December 31 of the annual licensing period, the registered depository institution may continue to operate under the registration until the renewal is denied. A renewal is effective on January 1 of the renewed annual registration period, even if granted after December 31 of the previous annual registration period. If a registered depository institution fails to submit all information and payment required for renewal before March 1 of the year following the annual registration period or otherwise fails to meet the requirements for renewal, the department will deny the renewal and change the license status to "terminated/expired."

(c) After a registration status is changed to "terminated/expired," a registration will not be renewed and the former registered depository institution shall submit a new application for registration and pay the fees and costs for initial registration, if the former registered depository institution seeks to conduct activities for which a registration is required under AS 06.60.014.

(Eff.__/__/___, Register ___)

Authority: AS 06.60.014 AS 06.60.910

3 AAC 14.214 is repealed:

3 AAC 14.214. Testing requirement for mortgage loan originator holding a valid license on July 1, 2010. [A PERSON HOLDING A VALID MORTGAGE LOAN ORIGINATOR LICENSE ON JULY 1, 2010, MUST VERIFY TO THE DEPARTMENT A PASSING SCORE ON THE NATIONAL COMPONENT AND A PASSING SCORE ON THE STATE COMPONENT OF THE QUALIFIED WRITTEN TEST TO RENEW A MORTGAGE LOAN ORIGIANTOR LICENSE THAT EXPIRES ON DECEMEBER 31, 2010.] (Eff. 12/4/2010, Register 196; repealed__/__/___, Register ___)

3 AAC 14.217 is repealed:

3 AAC 14.217. Prelicensing education for mortgage loan originator holding a valid license on July 1, 2010. [A MORTGAGE LOAN ORIGINATOR HOLDING A VALID LICENSE ON JULY 1, 2010, MUST COMPLY WITH THE PRELICENSING EDUCATION REQUIREMENT OF AS 06.60.038 TO RENEW A MORTGAGE LOAN ORIGINATOR LICENSE THAT EXPIRES ON DECEMBER 31, 2010. NOTHING IN THIS SECTION RELIEVES THE LICENSEE OF THE CONTINUING EDUCATION REQUIREMENTS OF AS 06.60.160 AND 3 AAC 14.220, SUBJECT TO 3 AAC 14.224.] (Eff. 12/4/2010, Register 196; repealed__/__/___, Register ___)

3 AAC 14.224 is repealed and readopted to read:

3 AAC 14.224. Prelicensing education and continuing education obtained in same calendar year. The prelicensing education required by AS 06.60.038 to obtain a mortgage loan originator license may be used to satisfy the continuing education required by AS 06.60.060 to renew a license, if the prelicensing education was completed in the calendar year immediately preceding the annual license period for which the renewal is sought. (Eff. 12/4/2010, Register 196; am__/__/___, Register ___)

Authority: AS 06.60.038 AS 06.60.085 AS 06.60.160
AS 06.60.060 AS 06.60.087 AS 06.60.910

3 AAC 14.305(a) is amended to read:

(a) If a relationship between a mortgage licensee **or a registered depository institution** and a mortgage loan originator is terminated, the mortgage licensee**, the registered depository institution,** or the mortgage loan originator shall terminate the sponsorship through the registry. The termination is effective when reported to the department through the registry.

3 AAC 14.305(b) is amended to read:

(b) When a relationship between a mortgage licensee **or a registered depository institution** and a mortgage loan originator is terminated, the mortgage loan originator license becomes inactive and the mortgage loan originator may not operate as a mortgage loan originator until the department has

(1) approved another sponsorship of the mortgage loan originator's license by the same or another mortgage licensee **or registered depository institution**; and

(2) reactivated the mortgage loan originator's license in the registry.

3 AAC 14.305(d) is amended to read:

(d) The department will not charge a fee for the reactivation of a license that becomes inactive due to a termination of a relationship between a mortgage licensee **or a registered depository institution** and a mortgage loan originator. (Eff. 12/4/2010, Register 196; am__/__/___, Register ___)

Authority: AS 06.60.012 AS 06.60.095 AS 06.60.910
AS 06.60.090

The heading of 3 AAC 14.315 is amended to read:

3 AAC 14.315. License termination and late [DELAYED] renewal.

3 AAC 14.315(a) is amended to read:

(a) If a licensee does not submit an application for renewal and pay the renewal fees under 3 AAC 14.310 to the department through the registry on or before December 31 of the annual licensing period, the department will assign a license status of "terminated/failed to renew" to the record of the licensee in the registry, and the licensee may not conduct activities for which a license is required under AS 06.60 after December 31 of the annual licensing period. To be eligible for a **late** [DELAYED] renewal of a license, a licensee must pay a **late** [DELAYED] renewal fee [of $250] and submit all information and payment required for renewal, including the reasonable costs under AS 06.60.250 of any investigation, before March 1

of the year following the annual licensing period. **The late renewal fees under this subsection are $500 for a mortgage licensee and $250 for a mortgage loan originator.** A licensee may resume activities for which a license is required under AS 06.60 when the department has approved the **late** [DELAYED] renewal of the license in the registry. If a licensee does not pay the **late** [DELAYED] renewal fee and submit all information and other payment required for renewal before March 1 of the year following the annual licensing period, the department will deny the **late** [DELAYED] renewal and change the license status to "terminated/expired." (Eff. 7/1/2008, Register 186; am 12/4/2010, **Register 196**; am __/__/___, Register ___)

Authority: AS 06.60.085 AS 06.60.090 AS 06.60.910

3 AAC 14.325(b) is repealed:

(b) [THE FEE TO REACTIVATE AN INACTIVE LICENSE IS $50, PLUS THE REASONABLE COSTS UNDER AS 06.60.250 OF ANY INVESTIGATION.]

(Eff. 7/1/2008, Register 186; am __/__/___, Register ___)

Authority: AS 06.60.090 AS 06.60.910

3 AAC 14.410 is repealed and readopted to read:

3 AAC 14.410. Reports. The reports of condition required under AS 06.60.100(c) satisfy the annual reporting requirement of AS 06.60.100(a). (Eff. 7/1/2008, Register 186; am 12/4/2010, Register 196; am __/__/___, Register ___)

Authority: AS 06.60.100 AS 06.60.910

3 AAC 14.411 is amended to read:

3 AAC 14.411. Financial statement to be submitted annually. No later than 90 days after the close of its fiscal year, a mortgage licensee **or a registered depository institution** shall submit to the department through the registry a financial statement for the preceding fiscal year that satisfies the requirement of 3 AAC 14.054. (Eff. 12/4/2010, Register 196; am __/__/____, Register ___)

Authority: AS 06.60.100 AS 06.60.135 AS 06.60.910

3 AAC 14.414 is amended to read:

3 AAC 14.414. Late filing civil penalty [FEE]. A **mortgage** licensee **or a registered depository institution** shall pay a late filing **civil** penalty of $25 per day for each day that the annual report required under 3 AAC 14.410, the financial statement required under 3 AAC 14.411, the report and fees required under 3 AAC 14.412, or a report of condition required under AS 06.60.100(c) is late. (Eff. 12/4/2010, Register 196; am __/__/____, Register ___)

Authority: AS 06.60.035 AS 06.60.100 AS 06.60.910
AS 06.60.060 AS 06.60.800

3 AAC 14.415 is amended to read:

3 AAC 14.415. Supervision required. (a) A mortgage licensee shall supervise all operations and personnel at its principal office and any branch offices to **ensure** [INSURE] compliance with AS 06.60 and this chapter. **A** [THE] mortgage licensee **or a registered depository institution** shall diligently supervise each person operating as a mortgage loan

originator for the mortgage licensee or **the registered depository institution**, whether under an exclusive contract or as an employee.

(b) **A** [THE] mortgage licensee **or a registered depository institution** shall

(1) establish, maintain, and enforce procedures to supervise the activities of all personnel, including persons operating as mortgage loan originators on behalf of the mortgage licensee **or the registered depository institution**;

(2) monitor and review the activities of all personnel at each business location, including persons operating as mortgage loan originators on behalf of the mortgage licensee **or the registered depository institution**, to **ensure** [INSURE] compliance with AS 06.60 and this chapter; and

(3) ensure that each mortgage loan originator working on behalf of the mortgage licensee **or the registered depository institution** has the training and education needed to comply with AS 06.60 and this chapter.

(c) A mortgage licensee and a registered depository institution shall ensure that if a mortgage loan originator's home or other location is used to conduct the majority of activities of a mortgage loan originator that the mortgage loan originator's home or other location is registered as a branch office for the mortgage licensee or the registered depository institution. (Eff. 7/1/2008, Register 186; am 12/4/2010, Register 196; am __/__/____, Register ___)

Authority: AS 06.60.012 AS 06.60.159 AS 06.60.910

The introductory language of 3 AAC 14.420(a) is amended to read:

(a) A mortgage licensee **or a registered depository institution** shall maintain

. . .

3 AAC 14.420(a)(2)(A) is amended to read:

(A) the original contract with the customer for the mortgage licensee's **or the registered depository institution's** compensation;

3 AAC 14.420(a)(4)(B) is amended to read:

(B) correspondence sent or received by the mortgage licensee **or the registered depository institution** relating to the loan application;

3 AAC 14.420(a)(5) is amended to read:

(5) a copy of advertising that references the mortgage **licensee's or the registered depository institution's** business or that was paid for by the mortgage licensee **or the registered depository institution**;

3 AAC 14.420(a)(7) is amended to read:

(7) if the mortgage licensee **or the registered depository institution** is not a natural person, a file containing

(A) organizational documents for the entity;

(B) minutes of board of directors or members meetings;

(C) a stock or ownership transfer ledger or other record showing ownership of all proportional equity interests in the licensee **or the registered depository institution**, ascertainable as of any given record date; and

(D) an annual report, if required by state or federal law;

3 AAC 14.420(c) is amended to read:

(c) If a licensee **or a registered depository institution** does business in other states, it must be able to separate information regarding business transactions that occur entirely or partially in this state from information relating to other states, to enable the department to conduct an examination. (Eff. 7/1/2008, Register 186; am 12/4/2010, Register 196; am__/__/____, Register ___)

Authority: AS 06.60.135 AS 06.60.910

3 AAC 14.425(a) is amended to read:

(a) Before engaging in activities for which a license is required under AS 06.60 at a branch office, a mortgage licensee **and a registered depository institution** must register the branch office with the department through the registry. To apply for the registration of a branch office, a mortgage licensee **or a registered depository institution shall** [MUST] submit to the department through the registry

(1) **a complete** Form MU3;

(2) an application fee of **$200** [$150];

(3) an annual registration fee of **$300** [$250]; and

(4) investigative expenses incurred by the department under AS 06.60.250.

3 AAC 14.425(b) is amended to read:

(b) **A** [THE] mortgage licensee **or a registered depository institution shall** [MUST] identify a branch manager on the Form MU3 for each branch office. A branch manager identified on the Form MU3 **shall** [MUST] submit to the department through the registry a complete Form MU2.

3 AAC 14.425(c) is amended to read:

(c) A mortgage licensee **or a registered depository institution shall** [MUST] identify on the Form MU3 the company name and address for the location where the books and records of a branch office are maintained. The records custodian reported on the Form MU3 must be an individual with authority on behalf of the mortgage licensee to answer inquiries from the department about the location of books and records of the branch office and to provide the department with access to a storage location.

3 AAC 14.425(e) is amended to read:

(e) To renew a branch office registration, a mortgage **licensee** [LICENSE] **or a registered depository institution shall** [MUST] submit to the department through the registry

(1) an application to renew the branch office registration;

(2) a branch office annual registration fee of **$300** [$250]; and

(3) investigative expenses incurred by the department under AS 06.60.250.

3 AAC 14.425(f) is amended to read:

(f) If a mortgage licensee **or a registered depository institution** does not submit an application for renewal of the branch office registration and pay the registration renewal fee under (e) of this section to the department through the registry on or before December 31 of the annual registration period, the department will assign a status of "terminated/failed to renew" to the registry record of the branch office registration, and the mortgage licensee **or the registered depository institution** may not conduct activities for which a license **or registration** is required under AS 06.60 at the branch office after December 31 of the annual registration period. To be eligible for a **late** [DELAYED] renewal of the branch office registration, the mortgage licensee **or the registered depository institution** must pay a **late** [DELAYED] registration renewal fee of **$250** [$125] and submit all information and any other payment required for registration renewal, including the reasonable costs under AS 06.60.250 of any investigation, before March 1 of the year following the annual registration period. The mortgage licensee **or the registered depository institution** may resume activities for which a license **or a registration** is required under AS 06.60 at the branch office when the department has approved the **late** [DELAYED] renewal of the branch office registration in the registry. If a mortgage licensee **or a registered depository institution** does not pay the **late** [DELAYED] branch registration renewal fee and submit all information and other payment required for renewal before March 1 of the year following the annual registration period, the department will deny the renewal of the branch registration and change the branch office registration status to "terminated/expired."

3 AAC 14.425(g) is amended to read:

(g) If a mortgage licensee **or a registered depository institution** submits an application for branch office registration renewal and a registration renewal fee under (e) of this section to the department through the registry on or before December 31 of the annual registration period, the mortgage licensee **or the registered depository institution** may continue to conduct activities for which a license **or registration** is required under AS 06.60 at the branch office until the branch office registration renewal is denied. A registration renewal is effective on January 1 of the renewed annual registration period, even if granted after December 31 of the previous annual registration period. If a mortgage licensee **or a registered depository institution** fails to submit all information and payments required for branch office registration renewal before March 1 of the year following the annual registration period or otherwise fails to meet the requirements for branch office registration renewal, the department will deny the branch office registration renewal and change the branch office registration status to "terminated/expired."

3 AAC 14.425(h) is amended to read:

(h) After a branch office registration status is changed to "terminated/expired," a branch office registration may not be renewed and a mortgage licensee **or a registered depository institution shall** [MUST] submit a new application for branch office registration and pay the fees and costs for an initial branch office registration, if the mortgage licensee **or the registered depository institution** seeks to conduct activities for which a license **or a registration** is required under AS 06.60 at the branch office.

3 AAC 14.425(i) is amended to read:

(i) A branch office registration may be issued only in the name in which the mortgage licensee is licensed **or the registered depository institution is registered** to conduct business at the main address reported on the Form MU1.

3 AAC 14.425(j) is amended to read:

(j) A mortgage licensee **or a registered depository institution** is responsible for and shall supervise all business operations subject to AS 06.60 and this chapter at a branch office of the mortgage licensee **or the registered depository institution**.

3 AAC 14.425 is amended by adding new subsections to read:

(k) If a mortgage loan originator conducts the majority of activities of a mortgage loan originator from home or other location, the mortgage licensee or the registered depository institution that sponsors the mortgage loan originator shall register the mortgage loan originator's home or other location as a branch office.

(*l*) Fees under this section are nonrefundable.

(m) Nothing in this section relieves an applicant from the obligation to pay processing or other fees that the registry sets for services that the registry provides. (Eff. 7/1/2008, Register 186; am 7/24/2009, Register 191; am 12/4/2010, Register 196; am__/__/____, Register ___)

Authority: AS 06.60.035 AS 06.60.112 AS 06.60.910

AS 06.60.110 AS 06.60.115

3 AAC 14.427 is amended to read:

3 AAC 14.427. Office relocation. A mortgage licensee **or a registered depository institution** who seeks to relocate **the office listed as the main address on the Form MU1 or an office listed as a branch address on the Form MU3** [A PLACE OF BUSINESS] shall submit a written notice directly to the department at least **30** [14] days before relocating the business. In this section, "written notice" includes communication by electronic mail, but not by facsimile transmission. If the mortgage licensee **or the registered depository institution** is otherwise in compliance with AS 06.60, the department will approve the change of address after the mortgage licensee **or the registered depository institution** submits the amendment of its record to the department through the registry. (Eff. 12/4/2010, Register 196; am__/__/____, Register ___)

Authority: AS 06.60.115 AS 06.60.910

3 AAC 14.430 is amended to read:

3 AAC 14.430. Closure of office at main address on Form MU1 without relocation of office or surrender of license or registration. (a) If a mortgage licensee **or a registered depository institution** seeks to close but not relocate the office listed at the main address on the Form MU1 without surrendering its license **or registration**, the mortgage licensee **or the registered depository institution shall** [MUST] provide written notice and a request for approval of the office closure and inactive license **or registration** directly to the department at least 30 days before the proposed effective date of the office closure. The mortgage licensee **or**

the registered depository institution shall [MUST] certify that all mortgage loans will be paid in full or sold before the office closure and inactive status and **shall** [MUST] acknowledge to the department that the office closure and inactive license **or registration** will not be approved until all mortgage loans of the mortgage licensee **or the registered depository institution** have been paid in full or sold.

(b) If the department approves the office closure and the inactive mortgage license **or registration**, the licensee **or the registered depository institution** shall report the post-closure location of books and records and the post-closure records custodian by submitting an application for amendment of the Form MU1 to the department through the registry. The department will not approve the office closure and inactive license **or registration** unless the mortgage licensee **or the registered depository institution** submits written verification to the department that

(1) all mortgage loans of the mortgage licensee **or the registered depository institution** have been paid in full or sold; and

(2) the books and records of the office at the main address on the Form MU1 have been transferred to the post-closure location approved on the Form MU1. (Eff. 7/1/2008, Register 186; am 7/24/2009, Register 191; am 12/4/2010, Register 196; am__/__/____, Register ___)

Authority: AS 06.60.090 AS 06.60.130 AS 06.60.910

3 AAC 14.431 is amended to read:

3 AAC 14.431. Closure of office at main address on Form MU1 with surrender of license or registration. (a) If a mortgage licensee **or registered depository institution** seeks to close but not relocate the office listed at the main address on the Form MU1 and surrender its license **or registration**, the mortgage licensee **or registered depository institution shall** [MUST] provide written notice and a request for approval of the office closure and license **or registration** surrender directly to the department at least 30 days before the proposed effective date of the office closure and license **or registration** surrender. The mortgage licensee **or registered depository institution shall** [MUST] certify that all mortgage loans will be paid in full or sold before the office closure and license **or registration** surrender and **shall** [MUST] acknowledge that the office closure and license **or registration** surrender will not be approved by the department until all mortgage loans of the mortgage licensee **or registered depository institution** have been paid in full or sold.

(b) The mortgage licensee **shall** [MUST] submit an application for license **or registration** surrender and office closure to the department through the registry. The department will not approve the application until the mortgage licensee **or the registered depository institution** has submitted directly to the department

(1) written verification that the books and records of the office at the main address on the Form MU1 have been transferred to the post-closure location approved on the Form MU1;

(2) a complete closure report on a form provided by the department; and

(3) written verification that all mortgage loans of the mortgage licensee **or the registered depository institution** have been paid in full or sold, to be submitted on the letterhead of the business and signed, if the business is

(A) a corporation, by the president or chief executive officer;

(B) a limited liability company, by a member with a majority ownership, or by all members, if the limited liability company does not have a member with a majority ownership;

(C) a partnership, by the general partner or a partner with a majority interest, or by all partners, if the partnership does not have a general partner or partner with a majority interest;

(D) a sole proprietorship, by the sole proprietor.

(c) The department approval of a closure of the location of the main address on the Form MU2 and a license **or registration** surrender is not effective until the department has approved the closure and license **or registration** surrender in the registry and changed the license **or registration** status in the registry to "terminated/surrendered."

(Eff. 12/4/2010, Register 196; am__/__/____, Register ___)

Authority: AS 06.60.090 AS 06.60.130 AS 06.60.910

AS 06.60.097

3 AAC 14.432 is amended to read:

3 AAC 14.432. Surrender of branch office registration. A mortgage licensee **or a registered depository institution that** [WHO] seeks to surrender a branch office registration

shall [MUST] submit an application for surrender of the branch office registration to the department through the registry. No later than seven days after submitting the application for surrender, the mortgage licensee **or the registered depository institution shall** [MUST] submit directly to the department the post-surrender location of books and records for the branch whose registration is surrendered. The department will not approve the surrender of the branch office registration until the mortgage license **or the registered depository institution** has submitted written verification that the books and records of the branch office have been transferred to the approved post-closure location. (Eff. 12/4/2010, Register 196; am__/__/____, Register ___)

Authority: AS 06.60.112 AS 06.60.910

3 AAC 14.434(a) is amended to read:

(a) A mortgage licensee **shall** [MUST] apply to the department for approval of a change in control of the mortgage licensee. **An application for a change in control must be submitted 30 days before the change in control is effective.**

3 AAC 14.434(c) is amended to read:

(c) When a mortgage licensee applies for department approval of a change in control of the mortgage licensee, the mortgage licensee **shall** [MUST] pay to the department a fee of **$300** [$150] **per control person**. The mortgage licensee must also pay investigative expenses incurred by the department under AS 06.60.130 and 06.60.250, before the department grants or denies the application.

3 AAC 14.434 is amended by adding a new subsection to read:

(d) A mortgage licensee shall maintain at least two control persons at all times, unless waived by the department. (Eff. 12/4/2010, Register 196; am__/__/____, Register ___)

Authority: AS 06.60.027 AS 06.60.130 AS 06.60.910

AS 06.60.035

The introductory language of 3 AAC 14.435 is amended to read:

3 AAC 14.435. Shared business location. A mortgage licensee **or a registered depository institution** may share office space with another business if each business

• • •

(Eff. 7/1/2008, Register 186; am 12/4/2010, Register 196; am__/__/____, Register ___)

Authority: AS 06.60.110 AS 06.60.910

3 AAC 14.440 is amended to read:

3 AAC 14.440. Amendments to information on file with department within or outside the registry. A licensee **or a registered depository institution** shall notify the department in writing no later than seven days after a change in a document or information previously submitted directly to the department. A licensee **or a registered depository institution** shall submit an amendment to the department through the registry no later than seven days after any change in the information the licensee **or a registered depository institution** has previously submitted to the department through the registry, unless a different time period is

otherwise specified. (Eff. 7/1/2008, Register 186; am 12/4/2010, Register 196; am__/__/____, Register ___)

Authority: AS 06.60.016 AS 06.60.130 AS 06.60.910

The introductory language of 3 AAC 14.510 is amended to read:

3 AAC 14.510. Misleading, unfair, or deceptive advertising. Misleading, unfair, or deceptive advertising under AS 06.60.320 and 06.60.340(7), (11), or (25) includes the following practices by a person who is required to be licensed **or registered** under AS 06.60:

. . .

3 AAC 14.510(2) is amended to read:

(2) advertising without clearly and conspicuously disclosing the complete name of the licensee**, or any other name listed in the registry**, and the unique identifier of the mortgage licensee **or the registered depository institution**, and if the advertisement refers to the name of a mortgage loan originator, the unique identifier of the mortgage loan originator, except that the licensee **or the registered depository institution** is not required to display the unique identifier in radio or television advertisements;

(Eff. 7/1/2008, Register 186; am 12/4/2010, Register 196; am__/__/____, Register ___)

Authority: AS 06.60.320 AS 06.60.340 AS 06.60.910

AS 06.60.330

3 AAC 14.515 is amended by adding new paragraphs to read:

(7) conducting loan modification without servicing rights;

(8) conducting foreclosure relief services for a fee without a mortgage license; and

(9) conducting the majority of activities for which a license is required under AS 06.60 at a location that is not the main office or registered as a branch office under 3 AAC 14.425. (Eff. 7/1/2008, Register 186; am 12/4/2010, Register 196; am__/__/____, Register ___)

Authority: AS 06.60.340 AS 06.60.910

The editor's note in 3 AAC 14.825 is repealed:

[**EDITOR'S NOTE:** FOR DELIVERY BY UNITED STATES MAIL, THE ADDRESS OF THE DEPARTMENT'S JUNEAU OFFICER IS: DIVISION OF CORPORATIONS, BUSINESS, AND PROFESSIONAL LICESNING, DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT, P.O. BOX 110806, JUNEAU, AK 99811-0806. FOR HAND DELIVERY OR DELIVERY BY DOMESTIC COURIER SERVICE, THE ADDRESS OF THE DEPARTMENT'S JUNEAU OFFICE IS: DIVISION OF CORPORATIONS, BUSINESS, AND PROFESSIONAL LICENSING, DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT, 333 W. WILLOUGHBY AVE., 9TH FLOOR, JUNEAU, AK 99801.] (Eff. 7/24/2009, Register 191; am 12/13/2009, Register 192; am__/__/___, Register ___)

Authority: [AS 06.60.870] AS 06.60.910

The editor's note in 3 AAC 14.910 is repealed:

[**EDITOR'S NOTE:** THE ADDRESS OF THE DEPARTMENT'S ANCHORAGE OFFICE IS: DIVISION OF BANKING AND SECURITIES, DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT, 550 WEST 7TH AVENUE, SUITE 1940, ANCHORAGE AK 99501.] (Eff. 7/1/2008, Register 186; am 7/24/2009, Register 191; am 12/4/2010, Register 196; am __/__/___, Register ___)

Authority: [AS 06.60.870] AS 06.60.910

3 AAC 14.917 is amended to read:

3 AAC 14.917. Change of labels for license or registration status designations used by the registry. If the registry uses a label for a license **or a registration** status that is different from a label used in this chapter for the license **or registration** status, a change **of** [A] license **or registration** status through the registry is effective for the licensee **or the registered depository institution** without regard to the difference in the label used. (Eff. 12/4/2010, Register 196; am __/__/___, Register ___)

Authority: AS 06.60.016 AS 06.60.910

3 AAC 14.920(a) is amended to read:

(a) A person required to be licensed **or registered** under AS 06.60 shall maintain a current, valid mailing address and electronic mail address with the department through the registry. An applicant, [OR] licensee, **or registered depository institution** shall monitor its record in the registry and its electronic mail address filed with the registry for communications from the department and information regarding its license **or registration**. For an applicant,

[OR] licensee, **or registered depository institution,** the department will use the latest mailing address submitted to the registry for official communications, notifications, and service of legal process.

3 AAC 14.920(b) is amended to read:

(b) A person required to be licensed **or registered** under AS 06.60 shall file an application to amend its record with the department through the registry **30 days before** [IMMEDIATELY UPON] a change of a mailing **address and immediately upon a change of** [OR] electronic mail address. A mortgage licensee **or a registered depository institution** shall submit a fee of $50 to the department through the registry with an application to amend its record because of a change of a mailing address. The department will not assess a fee to amend the mailing address of a mortgage loan originator in the registry. A change of the mailing address of a licensee **or a registered depository institution** in the registry is effective when approved by the department in the registry.

The introductory language of 3 AAC 14.920(c) is amended to read:

(c) If a mortgage licensee **or a registered depository institution** seeks to change its name, the mortgage licensee **or the registered depository institution shall** [MUST] submit an application to amend its Form MU1 and a fee of **$100** [$50] to the department through the registry. No later than seven days after filing the application to amend the Form MU1 for a change of name, a mortgage licensee **shall** [MUST] submit directly to the department

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(Eff. 7/1/2008, Register 186; am 7/24/2009, Register 191; am 12/13/2009, Register 192; am 12/4/2010, Register 196; am __/__/____, Register ___)

Authority: **AS 06.60.035** [AS 06.60.870] AS 06.60.910

3 AAC 14.990(a) is amended by adding a new paragraph to read:

(10) "mortgage loan originator's home" means the current residential address as listed on the mortgage loan originator's Form MU4.

3 AAC 14.990(b) is amended by adding a new paragraph to read:

(7) "report of condition" means a quarterly mortgage call report as required by the registry. (Eff. 7/1/2008, Register 186; am 7/24/2009, Register 191; am 12/13/2009, Register 192; am 12/4/2010, Register 196; am __/__/____, Register ___)

Authority: AS 06.60.010 AS 06.60.016 AS 06.60.910