



STATE OF CONNECTICUT
DEPARTMENT OF BANKING

260 CONSTITUTION PLAZA • HARTFORD, CT 06103-1800



Howard F. Pitkin
Commissioner

October 5, 2011

Ms. Deirdre Virvo
CT Property Network, LLC
1069 East Main Street
Stamford, CT 06902

Dear Ms. Virvo:

This department is in receipt of your letter dated August 31, 2011, requesting guidance, on behalf of CT Property Network, LLC and five other licensed debt negotiators in Connecticut, concerning the new requirements of Public Act 11-216 that certain individuals engaging or offering to engage in debt negotiation of secured debt obtain a mortgage loan originator ("MLO") license effective October 1, 2011. The questions posed in your letter and the Department's answers are as follows:

(1) Will a debt negotiator be required to obtain an individual MLO license? And, if so, by what date?

Individuals working for a debt negotiator who negotiate the terms of a residential mortgage loan for compensation on behalf of a mortgagor will be required to obtain an MLO license pursuant to Public Act 11-216. In particular, Section 41(b) of Public Act 11-216 states, in pertinent part, that:

No individual shall engage or offer to engage in debt negotiation of a residential mortgage loan on behalf of a mortgagor for compensation or gain or with the expectation of compensation or gain without first obtaining and maintaining annually a license as a mortgage loan originator under section 36a-489 . . . unless such individual is exempt from such licensure under subdivision (2) of subsection (b) of section 36a-486 of the general statutes

Although this law becomes effective October 1, 2011, due to the several requirements necessary for MLO licensure, this department will take a no-action position until April 1, 2012, with regard to enforcing such requirements on individuals engaged in such activity on behalf of licensed debt negotiators, pursuant to Section 36a-1-8 of the Regulations of Connecticut State Agencies and Section 36a-534b(a)(1) of the Connecticut General Statutes, as amended by Section 26 of Public Act 11-216.

TEL: (860) 240-8299

FAX: (860) 240-8178

An Affirmative Action/Equal Opportunity Employer
website: <http://www.ct.gov/dob>

In particular, individuals seeking an MLO license must file a complete application on the Nationwide Mortgage Licensing System and Registry, which application includes, among other things, the following requirements:

- Authorization of a credit report
- Completion of a criminal background check
- Completion of the pre-licensing education
- Passing the national component of the MLO SAFE Test
- Passing the state component of the MLO SAFE Test

Once an application is filed, it will be reviewed to ensure that the individual meets the requirements specified by Section 36a-489(b)(1) of the Connecticut General Statutes as amended by Section 15 of Public Act 11-216. In addition, all individuals must be sponsored by an entity and bonded as further discussed in response to question 3 below. Please contact Jessica Milo at (860) 240-8158 regarding any specific questions related to such licensure.

(2) Why would a debt negotiator, with a license from the State, be required to get a second license from the State to do one job?

A *debt negotiator license* is required of any person or entity that assists a debtor, for a fee, in negotiating or attempting to negotiate on behalf of a debtor the terms of a debtor's obligations with one or more mortgagees or creditors. However, to the extent that an individual "*negotiates the terms of a residential mortgage loan*", such person falls within the definition of an MLO, regardless of whether such person works on behalf of a debt negotiator or some other licensee. Please note that Section 36a-485(15) of the Connecticut General Statutes, as amended by Section 8 of Public Act 11-216, provides certain exclusions to the definition of an MLO, including certain individuals who solely renegotiate terms of existing mortgage loans on behalf of a lender. Accordingly, any individual excluded from the definition of MLO would not require licensure.

(3) Could you confirm our understanding that a debt negotiator licensed company can sponsor the "individual" MLO licensee, working under the direction of the debt negotiator principal?

Yes, a licensed debt negotiator entity can sponsor the individual MLO licensee. The entity may file as an exempt registrant pursuant to subdivision (2) of subsections (a) and (c) of Section 36a-487 of the Connecticut General Statutes, as amended by Section 11 of Public Act 11-216, and file the necessary bond amounts required under Section 36a-671d of the Connecticut General Statutes, as amended by Section 44 of Public Act 11-216.

(4) Will each "employee" or "individual" working at a debt negotiator licensed location be required to have an individual MLO license?

Each employee or individual working at a licensed debt negotiator location will be required to have an individual MLO license to the extent they negotiate the terms of a residential mortgage loan for compensation.

(5) If a single-member limited liability company is licensed as a debt negotiator, is that single-member required to obtain an individual MLO license in addition to the debt negotiator limited liability

company license? And, if so, can the debt negotiator limited liability company sponsor the single-member?

Yes, a single member LLC will be required to obtain both the entity debt negotiator license and the individual MLO license. The debt negotiator LLC may sponsor the single member MLO as provided in answer #3 above.


(6) If we are required to obtain the MLO license by October 1, will we need to renew the license on December 31, with renewal requirements and fees?

Please see answer to # 1 above.

Please do not hesitate to contact the undersigned at (860) 240-8202 with any further questions concerning the implementation of these new requirements. Enclosed for your reference is a complete copy of Public Act 11-216 and Part I of Chapter 668 of the Connecticut General Statutes.

Very truly yours,

HOWARD F. PITKIN
BANKING COMMISSIONER

By: 
Stacey L. Serrano
Staff Attorney

SLS/ag

cc: Sean Wilder, Accredited Home Services, LLC
Maria Giribaldo, ARW Associates
Edward Zislis, CT Property Network, LLC
Sheila Berkheimer, CT Property Network, LLC
Kevin Rhatighan, Fair Homes, LLC
Paula Bachman, Property Choices, LLC
Michael Schneider, New Haven Asset Management, LLC