

APPLICATION INSTRUCTIONS

Net Branching

NET BRANCHING is not acceptable and net branches will not be approved. Definitions of net branching vary and only upon receipt of complete information will the Department be able to determine if a proposed branch (additional office) complies with Department standards.

While other criteria may be added as this issue develops, the Department will consider the following factors in determining whether an office location qualifies as a branch or is actually a separate business/legal entity which must be licensed separately: .

- Who the actual owner or lessee of the property location proposed as a branch is.
- Whether branch managers and employees are supervised W-2 employees of the applicant/licensee or are unsupervised independent contractors paid on a 1099 basis.
- Whether all required books and records are maintained at the principal place of business (Rule 80-11-2-.01). Income and expense items must be accounted for on the books of the licensee at the main location. No separate books and records may be maintained for each location (although subsidiary records may be maintained for convenience purposes).
- If you the licensee are a lender, you must provide funding for the loans generated by any branch. It is not appropriate for a lender's branch to broker loans to other lenders.
- The licensee must have consistent policies and procedures and quality control for loan origination and processing that are enforced at all the branches.
- All operating, financial, and employee records for the branch need to be kept at the main office.

If the Department discovers that a licensee is allowing a person or company to operate from an inadvertently unapproved location or via a net branch arrangement, the licensee will be fined \$250 for each unapproved location and \$250 for each unapproved branch manager. Revocation procedures against that licensee may be initiated as provided for in Section 7-1-1002 (c) and 7-1-1017 and the lender may be fined \$1,000 for each loan generated from an unapproved location.

REVIEW OF THE APPLICATION

Generally, the Department will review the application and the accompanying documents for completeness upon receipt. Upon determination that the application is complete, the Department will conduct an investigation. An investigation of the merits of the application will not be conducted until the application is deemed complete and all requested information must be submitted before the Department can deem the application complete. Therefore, full and complete answers should be given at the outset. Additional information may be required in some cases, and the right to request such information is hereby reserved. Any person who works for the applicant who performs a mortgage broker, mortgage processor, or mortgage lender function and who is paid in whole or in part via a form 1099 for these mortgage activities must be individually licensed. **Applications received from any person who has received a Cease and Desist Order from this Department pursuant to the provisions of O.C.G.A Section 7-1-1018 for engaging in any prohibited act listed in O. C. G. A. Section 7-1-1013 will be returned to the applicant without review.** In the case of applications for reinstatement of a previously revoked, withdrawn or denied license, all outstanding issues such as fines, fees, or documentary filings must be resolved before a favorable ruling can be accorded an application.