



DEPARTMENT OF BANKING AND CONSUMER FINANCE

STATE OF MISSISSIPPI

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April 27, 2007

**REGULATORY MEMORANDUM – NEW AMENDMENTS TO MISSISSIPPI
MORTGAGE CONSUMER PROTECTION LAW**

TO: Various entities, including: Licensees, Registrants, Attorneys, Manufactured Housing, etc.

FROM: Traci McCain
Director, Mortgage Division
Mississippi Department of Banking and Consumer Finance

RE: **New Amendments to Mississippi Mortgage Consumer Protection Law – effective
July 1, 2007**

This Memorandum is to inform the Regulatory Contact with the various entities of recent amendments made to Section 81-18-1 et seq, Mississippi Code of 1972, Annotated, which is also known as the “Mississippi Mortgage Consumer Protection Law (MMCPL)”. The amended bill (Senate Bill #2350) was signed into law by Governor Barbour on April 21, 2007 and becomes effective on July 1, 2007. The following is a **BRIEF SYNOPSIS** of the amendments. Included you will find a complete copy of Senate Bill #2350, the amended version of the MMCPL. For additional copies, please refer to the Department’s website www.dbcf.state.ms.us or to the Mississippi Legislative website to download a copy of Senate Bill #2350: <http://billstatus.ls.state.ms.us/2007/HTML/history/SB/SB2350.htm>. In the newly amended law, where words are underlined, it means that this is new language to the law. Where there is a *******, it means that language has been **deleted** from the law.

1. Companies now holding a “Registration Certificate” under Section 81-18-5(c), MS Code of 1972, Annotated will now be required to hold a Mortgage Company License. Section 81-18-5(c), MS Code of 1972, Annotated has been deleted from the MMCPL.

2. Companies that now hold a Correspondent Lender Surety Bond in the amount of fifty thousand dollars (\$50,000) under Section 81-18-11(a), MS Code of 1972, Annotated, will be required to obtain either a Mortgage Broker Bond (\$25,000) or a Mortgage Lender Bond (\$150,000). Section 81-18-11(a), MS Code of 1972, Annotated, was deleted and this bond amount was removed. Please note: Companies that currently hold a Correspondent Lender Bond will not be required to change the bond amount UNTIL the 2007 renewal later this year.
3. Definition added for "Mortgage Company" in Section 81-18-3(m), MS Code of 1972, Annotated, was removed. As of July 1, 2007, a Mortgage Company License will have the designation of either a Mortgage Broker or a Mortgage Lender, depending on the surety bond presented. This designation will be reflected in the renewal of an existing license.
4. Education requirements have changed for pre-licensure requirements and for renewal requirements as of July 1, 2007:
 - After July 1, 2007, there will no longer be an examination waiver for the experience requirement.
 - Initial Applications filed for a Mortgage Broker or Lender License must contain proof from the named Principal Officer of two years of experience directly in mortgage lending. This experience must be within the four (4) years prior to the date of application. If the experience is outside Mississippi, then the Principal Officer must complete four (4) hours of approved course material on the MMCPL.
 - Initial Applications for Loan Originator Registrations must include documentation of at least one (1) year of experience directly in mortgage lending within the two (2) years prior to the date of application. If the person does not possess this experience, he/she will be required to complete a minimum of twenty-four hours (24) of approved course education. Also, if the above experience did not occur within Mississippi, then the Department shall require the person to complete four (4) hours of approved course material on the MMCPL.
 - Renewals of Mortgage Company (Broker or Lender) Licenses and Loan Originator Registrations must show proof of completion of twelve (12) hours of approved coursework and two (2) of the twelve (12) hours must now be regarding the MMCPL.
5. On July 1, 2007, background checks from the required set of fingerprints submitted with an Initial Mortgage Broker or Lender License Application or a Loan Originator Registration will now **not** be limited to the ten (10) year background check, it will be a lifetime check. The ten (10) year window was removed. Therefore, if a person was convicted of a felony, a crime that if committed in Mississippi would constitute a felony, or a misdemeanor of fraud, theft, forgery, bribery, embezzlement or making a fraudulent or false statement, at any point in their lifetime, then he/she would be denied the license / registration. Please note: if a person who would be denied under the above possesses a current Mississippi license or current Mississippi registration on July 1, 2007, then the person will be allowed to renew, as long as the person remains licensed / registered with the same company. If a person moves companies or does not renew timely, then the person would have to re-apply with an Initial Application to be re-licensed or re-registered. At that point, the new requirements would be applicable and the application would be denied.
6. Enabling language was included with the MMCPL to allow the Department to become active with the Uniform Multi-state Automated Licensing System for Mortgage. Further information concerning this Licensing System will be mailed to you at a later time.
7. The expiration date for all licenses and registrations was changed from September 30 to December 31 of each year. Instructions for this year's renewal will be mailed to you at a later time.

8. The Annual Report date was changed from January 31 to March 31 of each year. This change will be effective with the Annual Report submitted in 2008.
9. The disclaimer for Mortgage Brokers or Mortgage Lenders licensed after July 1, 2007 shall be "Licensed by the Mississippi Department of Banking and Consumer Finance". If the company was licensed or registered before July 1, 2007, then the company may use "Mississippi Licensed Mortgage Company" or the new disclaimer.
10. The following action is now a prohibited act (not allowed) under the MMCPL: No person shall use the name or logo of any banking entity in connection with the sale, offering for sale, or advertising or any financial product or service without the express written consent of the banking entity. This includes advertising, etc.
11. In the borrower files of a licensed broker or lender, in addition to the previous requirements of the loan file, the company must have a copy of the final signed Uniform Residential Loan Application.
12. The Legislature added a new section, Section 30, to Senate Bill #2350, which defines and describes the criminal offense of residential mortgage fraud and the penalties thereof.

Again, this is a **VERY BRIEF SYNOPSIS** of a few of the amendments made to the Mississippi Mortgage Consumer Protection Law (MMCPL) effective as of July 1, 2007. Please **read** the entire, newly amended Mississippi Mortgage Consumer Protection Law **VERY CAREFULLY**. There have been many additions and deletions to this law that will become effective on July 1, 2007 that have not been outlined in the Memorandum. In the newly amended law, new language will be **underlined**, and deleted language will have *** in its place. **Please remember that all applications and answers to most questions can be found on the Department's website www.dbcf.state.ms.us.** Amendments to the Department issued Regulations issued on July 1, 2006 will also be forthcoming. You will be notified when the Commissioner has issued them.

If you have any questions, preferably email the Department at tmccain@dbcf.state.ms.us or danielle@dbcf.state.ms.us. You may also call the mortgage division at 1-800-844-2499. However, please note that there will be a great number of phone calls and there **will be a delay in returning all phone calls. Therefore, if possible, and for quicker response time, please email all questions after first reviewing the link to "Frequently Asked Questions" on the Department's website www.dbcf.state.ms.us.**