

Banking Bulletin No. 50

Requirements for MLOs and Employees of Licensees Working from a Remote Location

January 2022

The Vermont Department of Financial Regulation issues this Bulletin to withdraw and replace Banking Bulletin #42: Mortgage Loan Originators, Reasonable Commuting Distance from Residence to Office of Employment. This Bulletin provides interim guidance for licensees, pending the Department's adoption of regulations, to comply with Vermont's amended law allowing Mortgage Loan Originators (MLOs) and employees of licensees to work remotely.

Background

Prior to the COVID-19 pandemic, the Department did not allow MLOs to telecommute. Vermont law required MLOs to be employed at a licensed location and to live within a reasonable commuting distance of that location. Banking Bulletin #42 interpreted the term "reasonable commuting distance" to be within 50 miles.

The COVID-19 pandemic forced much of the workforce to shift to a remote work environment. Due to the COVID-19 State of Emergency, the Department made accommodations for MLOs to work remotely. Licensees were able to successfully make this transition and after investing in processes and infrastructure to facilitate remote work, expressed a desire that the Department continue to allow it. The Department responded by proposing legislation.

In 2021, the Vermont Legislature adopted the Department's proposal to allow MLOs and employees of licensees to work remotely. This law now states that "[m]ortgage loan originators and employees of licensees may work remotely through a licensed location without being physically present at such location, provided the mortgage loan originator or employee is assigned to a licensed location, is adequately supervised by the licensee, and the licensee and the mortgage loan originator or employee meet such additional conditions as the Commissioner may require." 8 V.S.A. § 2122.



Interim Guidance for Licensees and Remote Workers

The statute allows the Commissioner to place conditions on licensees, MLOs, and employees for remote work by MLOs and employees of licensees (each such MLO or employee, a "Remote Worker"). The Department intends to formally adopt a rule outlining these conditions, however, in order to facilitate a smooth transition and to prevent disruption of the current environment, the Department issues this interim guidance outlining requirements for Remote Workers. This interim guidance may or may not change as a result of the rulemaking process. The Commissioner has determined that licensees and Remote Workers must meet the following conditions to allow remote work authorization:

- All advertisements and solicitations must use the address of a licensed location. Remote Workers may not use a home address or personal email address for advertisements, solicitations, business cards, or correspondence.
- In-person customer interactions must be conducted at licensed locations.
- The Remote Worker must be able to access the licensee's secure system directly from home or the remote location using a secure connection, such as a virtual private network (VPN) or similar system that requires passwords or other forms of authentication. Licensees should use robust authentication methods for access and encryption to secure communications.
- Sensitive customer information must be protected consistent with the licensee's cybersecurity protocols for on-site operations.
- All security updates, patches, or other security alterations to the computer or other device used to access the company's system must be kept up to date.
- The licensee's risk-based monitoring and oversight processes must be followed.
- The licensee must have policies and procedures in place to adequately supervise the Remote Worker.
- Physical and electronic records must be maintained at a licensed location.
- The licensee must be able to make all records available to the Department upon request without the need for the Department to contact a Remote Worker.
- Such other conditions, requirements, safeguards, and guidance as either the Department or Commissioner deem appropriate, necessary, or desirable, in their sole discretion.



The Department processes all licensing requests through the Nationwide Multistate Licensing and Registry. The licensee must provide documentation through NMLS demonstrating that it meets all of the above requirements. This may include written policies and/or narratives describing procedures. The licensee must also attest that all the requirements for remote work authorization set forth in this Bulletin are met for remote work authorization.

Licensees without remote workers will have to upload a Notice of No Remote Worker on NMLS.

International Remote Workers

The Department will review and evaluate requests on a case-by-case basis for any Remote Worker seeking to work from a location outside of the United States of America (an "International Remote Worker"). The Department and the Commissioner each reserve the right to deny any remote work request for any International Remote Worker, and to require such additional information and documentation and impose such additional conditions, requirements, safeguards, and guidance, as either the Department or the Commissioner deem appropriate, necessary, or desirable, in their sole discretion.

Dated this 25th day of January 2022



Michael S. Pieciak, Commission

Vermont Department of Financial Regulation

