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Frequently Asked Questions for Mortgage Lenders and Mortgage Brokers

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If you have any further questions, please contact the Banking Division at (802) 828-3307.

How do I apply for a mortgage lender or mortgage broker license?

Applicants should review Vermont Statutes Annotated, Title 8, Chapter 73 and the Vermont Banking Division's Regulations B-96-1, B98-1, B-98-2, and B-2001-01 prior to completing the application. Failure to submit a satisfactorily completed application package may result in the termination or denial of the application.

How does a licensee apply for an additional location?

To apply for an additional location license, the applicant must certify to the extent any information previously submitted is not amended such information is currently accurate and complete, and complete the Uniform Mortgage Branch Office Form (Form MU3). Per Form MU3 Filing Instructions, the Uniform Mortgage Biographical Statement & Consent Form (Form MU2) is required to be submitted for the location manager listed in Question #6 of Form MU3. Applicants must also submit all required attachments requested in Form MU3 Jurisdiction-specific Requirements for Vermont. Application forms must be typed and fully completed. If additional space is required to respond, prepare and attach a labeled addendum.

Pursuant to 8 V.S.A. § 2208 only one place of business can be stated on a license certificate.

How does a licensee change its name?

To change the corporate name on all license certificate(s), submit page one of the Uniform Mortgage Lender/Mortgage Broker Form (Form MU1). Per Form MU1 General Instructions, check the amendment box, complete Question 1.A., 1.C. (if applicable), and 1.D., and sign, date and notarize the bottom of the page. In addition, provide original license certificates, relevant documentation from the Secretary of State(s) office(s) to verify the licensee's legal name has been properly amended with its home state and with the Vermont Secretary of State, and surety bond riders amending the name of the Principal. There is no fee for a name change. New license certificate(s) will be reprinted. Based on review of the notification, additional documents may be required.

To add or remove a trade or fictitious name on a specific location license, submit page one of the Uniform Mortgage Branch Office Form (Form MU3). Per Form MU3 General Instructions, check the amendment box, complete Question 5a and 5b, and sign, date and notarize the bottom of the page. In addition, provide original license certificates, relevant documentation from the Vermont Secretary of State office verifying the authority to use the trade or fictitious name, and surety bond riders amending the name of the Principal. There is no fee for a name change. New license certificate(s) will be reprinted. Based on review of the notification, additional documents may be required.

Please note all business must be conducted under the name reflected on the license certificate. Only one name may appear on a license certificate. However, the Division may issue more than one license to the same person to conduct business under different names upon compliance with all provisions of the chapter governing an original issuance of a license.

A licensee may only begin using an amended name upon approval and receipt of amended license certificate(s).

How does a licensee change a license address?

If a licensee wishes to change its corporate office location, submit page one of the Uniform Mortgage Lender/Mortgage Broker Form (Form MU1). Per Form MU1 General Instructions, check the amendment box, complete question 1.E., and sign, date, and notarize the bottom of the page.

To amend the address reflected on another licensed location certificate, submit page one of the Uniform Mortgage Branch Office Form (Form MU3). Per Form MU3 General Instructions, check the amendment box, complete questions 2 and 2a, and sign, date, and notarize the bottom of the page.

In addition, submit your original license certificate and a surety bond rider reflecting the new address. Also make a copy of your license to keep in the office, per 8 V.S.A. § 2206. A new license certificate will be reprinted.

Pursuant to 8 V.S.A. § 2208, licensees must provide thirty days prior notice of and required documentation for any relocation.

How does a licensee notify the Division of a change in ownership or change among officers, partners or directors?

To notify the Division of a change in ownership or change among officers, partners or directors, licensees must complete and submit Schedule C of the Uniform Mortgage Lender/Mortgage Broker Form (Form MU1) which is used to amend Schedules A and B of Form MU1. For specific guidelines on completing Schedule C, refer to Form MU1 General Instructions, Filing Instructions, and Schedule A. When reporting new control person(s), the Uniform Mortgage Biographical Statement & Consent Form (Form MU2) must accompany Schedule C, as specified in the Filing Instructions of Form MU1 and Form MU2. Based on review of the notification, additional documents may be required.

Pursuant to the Division's regulation 8 V.S.A. § 2208(c), a licensee must notify the Division within thirty days of any proposed change in ownership of the licensee, or among its officer, partners or directors of a licensee under Vermont Statutes Annotated, Title 8, Chapter 73.

How does a licensee change a location manager?

To notify the Division of a change among location managers, submit page one of the Uniform Mortgage Branch Office Form (Form MU3). Per Form MU3 General Instructions, check the amendment box, complete Question 6 and 6a, and sign, date and notarize the bottom of the page. The Uniform Mortgage Biographical Statement & Consent Form (Form MU2) must also be completed and submitted for each proposed location manager, as required per Form MU3 Jurisdiction-specific Requirements for Vermont. There is no fee for a location manager change.

How does a licensee surrender a license?

If a licensee wishes to cease all operations under all of its licenses, the Uniform Mortgage Lender/Mortgage Broker Form (Form MU1) must be used to notify the Division. Refer to Form MU1 General Instructions for more specific guidelines. Original license(s) must also be returned.

If a licensee wishes to cease operations at a specified licensed location, the Uniform Mortgage Branch Office Form (Form MU3) must be used to notify the Division. Refer to Form MU3 General Instructions for more specific guidelines. Original license(s) must also be returned with the notification of closure.

Pursuant to Vermont Statutes Annotated, Title 8, Chapter 73, Section 2208(b), notice of an anticipated branch closing must be filed with the Commissioner at least thirty days prior to the closing of such branch location.

How does the licensing process work?

An applicant will be notified in writing upon completion of the Division's initial review of the application package submitted. At this time, the Division will request additional information and/or clarification, if necessary. Once the application package is complete, the Division has sixty days to make a determination to approve or deny an application. Applicants will receive written notification of the Commissioner's decision.

What are the annual mortgage lender and mortgage broker license fee(s)?

Annual license fees are \$1,200.00 for each mortgage lender license and \$500.00 for each mortgage broker license.

What are the experience requirements?

There are no specific education requirements at this time. However, to obtain a license to conduct business as a mortgage lender or mortgage broker in the State of Vermont, an applicant must demonstrate the financial responsibility, experience, character, and general fitness are such as to command the confidence of the community and warrant the belief that the business will be operated honestly, fairly, and efficiently within the purposes of Vermont Statutes Annotated, Title 8, Chapter 73. 8 V.S.A. § 2204 contains a requirement whereby "if the applicant is a partnership or association, such findings are required with respect to each officer and director."

What are the liquid asset requirements for mortgage lenders and mortgage brokers? Are audited statements required?

Mortgage lenders: 8 V.S.A. § 2203(b) requires an applicant for a lender's license to maintain liquid assets of \$25,000.00 (\$50,000.00 for commercial lending), or such greater amount as the commissioner may require, available for the operation of the business at the location specified in the application. Lender applicants must submit entity only financial statements, which have been audited in accordance with generally accepted auditing principals (GAAP) by an independent certified public accountant (CPA), prior to approval.

Mortgage Brokers: While there is no specific regulatory liquid asset requirement for mortgage brokers, the Division must assess the applicant's financial responsibility. The Division does not view the maintenance of a negative or zero net worth as a demonstration of financial responsibility. A broker must be capitalized to ensure that it maintains a positive net worth. Personal assets and liabilities should not be included on the balance sheet of an applicant who is applying as a corporate entity. Brokers are required to submit financial statements which have been prepared in accordance with generally accepted accounting principles (GAAP) and signed under the pains and penalties of perjury by an officer of the company. Financial statements submitted by a mortgage broker license applicant are not required to be audited by an independent CPA.

What are the surety bond requirements?

Applicants must submit one or more continuous surety bonds on a form approved by the commissioner for each license type in an amount representative of the number of locations licensed. 8 V.S.A. § 2203(a).

- Mortgage lenders: \$50,000 (\$100,000 for commercial lending) for each licensed location.
- Mortgage Brokers: \$25,000 for each licensed location.

Is an office in Vermont required?

Vermont is not a brick and mortar state. Mortgage lender and mortgage broker licensees are not required to have an office location in Vermont.

Are registered agents required?

A licensee that is a foreign entity or does not operate an office in Vermont is required to designate a registered agent or attorney located in Vermont on whom lawful process may be served. Information on a license applicant's registered agent or attorney is required per the Uniform Mortgage Lender/Mortgage Broker Form (Form MU1)

Are fingerprint cards required to apply for a license?

The Division does not require fingerprint cards, however background investigations may be obtained during the license application process. The Uniform Mortgage Lender/Mortgage Broker Form (Form MU1), the Uniform Mortgage Biographical Statement & Consent Form (Form MU2), and the Uniform Individual Mortgage License/Registration & Consent Form (Form MU4). contain questions on past or pending criminal matters, and the failure to make full and complete disclosure for all individuals covered by the questions may result in license denial.

Does Vermont license or register loan originators?

Vermont does not register or license loan originators individually. However, a licensed Mortgage Broker that is a partnership, corporation or other legal entity, may authorize partners, officers, managers, and designated employees to act on behalf of the Mortgage Broker. Any individual authorized to act as a mortgage broker on behalf of a licensee must be a W-2 employee working from the licensed location, and complete a Uniform Individual Mortgage License/Registration & Consent Form (Form MU4).

May a licensee use multiple trade names?

A company may operate in Vermont using a corporate name or a fictitious name (d/b/a), or both. However, a separate license is required for each name. For example, ABC Company intends to file using the d/b/a XYZ Mortgage in Vermont. If ABC intends to conduct all of its business in Vermont using that d/b/a, than only one license is required for each location. In this case, the license application should be filed for ABC Mortgage, Inc. d/b/a XYZ Mortgage. Upon approval, that name would appear on the location specified in the application. If ABC intends to use its corporate name at one location and the d/b/a at the same location, then two licenses

would be required, one for ABC Company and the second for ABC Company d/b/a XYZ Mortgage.

Are there any licensing exemptions in Vermont? May I make or originate a loan in Vermont without being licensed?

Vermont does not have an exemption for a mortgage lender or mortgage broker making and/or originating fewer than a set number of mortgage loans in any specified period. Please see 8 V.S.A. § 2201(c) for possible exemptions. Notwithstanding the exemption from the Vermont license requirement, exempt entities may still be subject to other provisions of law governing the mortgage industry in Vermont, including limitations on permissible loan terms and other consumer protection statutes and regulations.

What are Vermont's requirements for record retention?

Pursuant to 8 V.S.A. § 2223, every licensee shall preserve such books, accounts, records, and data compilations for at least seven years after making the final entry on any loan recorded therein. Mortgage Brokers, pursuant to 8 V.S.A. § 2217(b), shall retain for a minimum of six years after a contract is executed pursuant to 8 V.S.A. § 2219, the original contract between the mortgage broker and the prospective borrower, a copy of the settlement statement, an account of fees received in connection with the loan, correspondence, papers or records relating to the loan and such other documents as the commissioner may require.

Where may I obtain copies of relevant statutes and regulations?

Vermont Statutes are available online at <http://www.leg.state.vt.us/statutes/statutes2.htm>. Vermont Banking Regulations and Bulletins are available electronically on the Division's website by clicking on "Library of Banking Division Regulations" or "Library of Banking Division Bulletins"

Where do I send the completed application?

Please send completed applications and requests for license amendments to the address below.

To apply for an initial mortgage lender and/or mortgage broker license, complete the Uniform Mortgage Lender/Mortgage Broker Form (Form MU1). Designate which type(s) of license(s) are being applied for in the appropriate box in the top right-hand corner of page one of Form MU1. One application may be submitted for both a mortgage lender license and a mortgage broker license under the same entity at the same address. If applying for a licensed location other than the corporate address, complete Form MU1 (do not designate any license type on the MU1) and complete a Uniform Mortgage Branch Office Form (Form MU3). On the Form MU3 specify the type(s) of license(s) that are being applied for in the appropriate box in the top right-hand corner of page one. Per Form MU1 Filing Instructions, the Uniform Mortgage Biographical Statement & Consent Form (Form MU2) is required to be submitted for each individual designated as a "control person." Applicants must also submit all required attachments requested in Forms MU1 and MU2 Jurisdiction-specific Requirements for Vermont. Application forms must be typed and fully completed. If additional space is required to respond, prepare and attach a labeled addendum. A licensee can operate only under the name that appears on the license certificate. However, the Division may issue more than one license to the same person to conduct business under different names upon compliance with all

provisions governing an original issuance of a license. Business can only be conducted from the address stated on the license certificate. No more than one place of business can be stated on a license. Use Form MU3 to obtain additional licenses to operate using other trade or fictitious names, or to conduct business from other locations. STATE OF VERMONT
DEPARTMENT OF BANKING, INSURANCE, SECURITIES & HEALTH CARE
ADMINISTRATION Attn: Banking Division 89 Main Street, Drawer 20 Montpelier, VT 05620-3101