

**STATE OF VERMONT
DEPARTMENT OF FINANCIAL REGULATION**

In Re:)
)
 8 V.S.A. Chapter 73 - Financial Advisors) **Docket No. 12 - 012- B**
 Mortgage Loan Originator License)
 Transition Period)

**ORDER
TRANSITION PERIOD FOR FINANCIAL ADVISORS
TO OBTAIN A MORTGAGE LOAN ORIGINATOR LICENSE**

Background

1. Act 85 of 2012 became effective on April 20, 2012.
2. 8 V.S.A. Chapter 73 requires that an individual must be licensed to engage in the business of a mortgage loan originator. 8 V.S.A. §2201(a)(3).
3. Act 85 expanded the definition of a mortgage loan originator to include an individual who “recommends, refers, or steers a borrower to a particular lender or set of residential mortgage loan terms, in accordance with a duty to or incentive from any person other than the borrower or prospective borrower; and . . . receives or expects to receive payment of money or anything of value in connection with [such] activities. . . .” 8 V.S.A. §2200 (17)(C)(i)(III), (C)(ii).
4. The Department is aware that the financial advisors of securities companies (“Company”) occasionally refer a client seeking a residential mortgage loan to an affiliated lender in the Company’s corporate family. The financial advisor is compensated by the Company if the client obtains a residential mortgage loan from the affiliated lender.
5. A financial advisor who recommends, refers, or steers a client to a lender for a residential mortgage loan for compensation or gain or in the expectation of compensation or gain falls within the definition of a mortgage loan originator and must be licensed as a Vermont mortgage loan originator and sponsored by a Vermont licensed mortgage broker or a Vermont licensed lender.
6. Financial advisors who desire to continue recommending, referring, or steering their clients to a lender for a residential mortgage loan for compensation or gain or in the expectation

of compensation or gain must obtain a Vermont mortgage loan originator license and must be sponsored by a Vermont licensed mortgage broker or a Vermont licensed lender.

7. Pursuant to 8 V.S.A. §15 the Commissioner may issue such orders as shall be necessary to the administration of title 8 V.S.A. and to carry out the purposes of such title.

8. The Commissioner finds that providing Companies and financial advisors time to adjust to the changes resulting from Act 85 without creating an undue hardship for Companies, financial advisors, or their clients is necessary and appropriate to the administration of 8 V.S.A. Chapter 73 and to carrying out the purposes of Chapter 73.

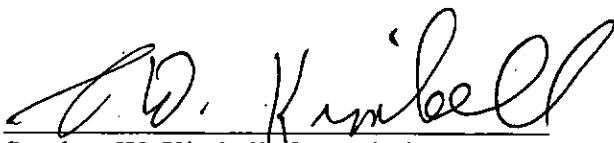
Order

It is hereby ordered that:

9. Prior to December 31, 2012 a financial advisor who: (a) is employed by a Company holding a Vermont mortgage broker or lender license; and (b) limits his or her mortgage loan originator activity to recommending, referring, or steering a client seeking a residential mortgage loan to an affiliated lender in exchange for compensation or gain or in the expectation of compensation or gain, does not need to be licensed as a Vermont mortgage loan originator.

12. On and after January 1, 2013 a financial advisor who recommends, refers, or steers a client seeking a residential mortgage loan to a lender for compensation or gain or in the expectation of compensation or gain must have an individual Vermont mortgage loan originator license and must be employed and sponsored by a Vermont licensed lender or a Vermont licensed mortgage broker.

Dated at Montpelier, Vermont this 11th day of May 2012.



Stephen W. Kimbell, Commissioner
Vermont Department of Financial Regulation