

State of Arkansas
94th General Assembly
Regular Session, 2023

A Bill

HOUSE BILL 1439

By: Representative Maddox

By: Senator J. Dismang

For An Act To Be Entitled

AN ACT TO MODIFY THE FAIR MORTGAGE LENDING ACT; TO CLARIFY THE PROCESS OF SPONSORSHIP UNDER THE FAIR MORTGAGE LENDING ACT; TO AMEND THE REQUIREMENTS FOR A LICENSE UNDER THE FAIR MORTGAGE LENDING ACT; AND FOR OTHER PURPOSES.

Subtitle

TO MODIFY THE FAIR MORTGAGE LENDING ACT; TO CLARIFY THE PROCESS OF SPONSORSHIP UNDER THE FAIR MORTGAGE LENDING ACT; AND TO AMEND THE REQUIREMENTS FOR A LICENSE UNDER THE FAIR MORTGAGE LENDING ACT.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

SECTION 1. Arkansas Code § 23-39-502(23), concerning the definition of "transitional loan officer license" under the Fair Mortgage Lending Act is amended to read as follows:

(23) "Transitional loan officer license" means a license that:

(A) Is issued to an individual who is employed and sponsored by a mortgage banker or mortgage broker licensed under this subchapter;

(B) Is limited to a term of no more than one hundred twenty (120) days; and

(C) Is not subject to reapplication, renewal, or extension by the commissioner; and



SECTION 2. Arkansas Code § 23-39-502, concerning definitions used under the Fair Mortgage Lending Act, is amended to add an additional subdivision to read as follows:

(25) "Sponsor" means a mortgage broker or mortgage banker licensed under this subchapter that has assumed the responsibility for and agrees to supervise the actions of a loan officer or transitional loan officer.

SECTION 3. Arkansas Code § 23-39-503(d), concerning the termination of a license of a loan officer or a transitional loan officer under the Fair Mortgage Lending Act, is amended to read as follows:

~~(d)(1)(A) The license of a loan officer or a transitional loan officer terminates when the loan officer's or transitional loan officer's employment by or relationship with a mortgage broker or mortgage banker licensed under this subchapter terminates~~ If the employment of a loan officer or transitional loan officer is surrendered or canceled, then the sponsor shall terminate the sponsorship of the loan officer or transitional loan officer with the commissioner within thirty (30) days from the date that the loan officer or transitional loan officer ceased to be employed or ceased activities for the sponsor.

(B) The termination of a sponsorship extinguishes the right of the loan officer or transitional loan officer to engage in any mortgage loan activity.

~~(2) When a loan officer or a transitional loan officer ceases to be employed by a mortgage broker or mortgage banker licensed under this subchapter or ceases to act as a loan officer or as a transitional loan officer, the mortgage broker or mortgage banker with which the person was affiliated or by which that person was employed shall notify the commissioner in writing within thirty (30) days from the date on which the loan officer or the transitional loan officer ceased to be employed or ceased activities as a loan officer or as a transitional loan officer~~ Upon receipt of a termination of sponsorship, the license of a loan officer shall be designated as approved-inactive until a licensed mortgage broker or mortgage banker files an application with the commissioner to sponsor the loan officer under § 23-39-506(c).

(3)(A) A licensee that does not comply with subdivision ~~(d)(2)~~ (d)(1)(A) of this section shall pay a late fee of two hundred fifty dollars (\$250) for failure to timely notify the commissioner.

(B) The late fee may be waived, in whole or in part, at the sole discretion of the commissioner and for good cause shown.

(4) A loan officer or a transitional loan officer shall not be employed simultaneously by more than one (1) mortgage broker or mortgage banker licensed under this subchapter.

SECTION 4. Arkansas Code § 23-39-506(c), concerning the renewal of a loan officer license under the Fair Mortgage Lending Act, is amended to add an additional subdivision to read as follows:

(3) A license of a loan officer may change from approved-inactive to approved if, before the license of the loan officer terminates, a licensed mortgage broker or mortgage banker:

(A) Files an application for sponsorship of the license of the loan officer;

(B) Pays a fee of fifty dollars (\$50.00); and

(C) Provides notice to the commissioner that the licensed mortgage broker or mortgage banker is sponsoring the loan officer.

APPROVED: 3/21/23