

1 State of Arkansas
2 94th General Assembly
3 Regular Session, 2023
4

A Bill

HOUSE BILL 1439

5 By: Representative Maddox
6 By: Senator J. Dismang
7

For An Act To Be Entitled

9 AN ACT TO MODIFY THE FAIR MORTGAGE LENDING ACT; TO
10 CLARIFY THE PROCESS OF SPONSORSHIP UNDER THE FAIR
11 MORTGAGE LENDING ACT; TO AMEND THE REQUIREMENTS FOR A
12 LICENSE UNDER THE FAIR MORTGAGE LENDING ACT; AND FOR
13 OTHER PURPOSES.
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Subtitle

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17 TO MODIFY THE FAIR MORTGAGE LENDING ACT;
18 TO CLARIFY THE PROCESS OF SPONSORSHIP
19 UNDER THE FAIR MORTGAGE LENDING ACT; AND
20 TO AMEND THE REQUIREMENTS FOR A LICENSE
21 UNDER THE FAIR MORTGAGE LENDING ACT.
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24 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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26 SECTION 1. Arkansas Code § 23-39-502(23), concerning the definition of
27 "transitional loan officer license" under the Fair Mortgage Lending Act is
28 amended to read as follows:

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

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

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

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



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

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

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

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

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

25 ~~(2) When a loan officer or a transitional loan officer ceases to~~
26 ~~be employed by a mortgage broker or mortgage banker licensed under this~~
27 ~~subchapter or ceases to act as a loan officer or as a transitional loan~~
28 ~~officer, the mortgage broker or mortgage banker with which the person was~~
29 ~~affiliated or by which that person was employed shall notify the commissioner~~
30 ~~in writing within thirty (30) days from the date on which the loan officer or~~
31 ~~the transitional loan officer ceased to be employed or ceased activities as a~~
32 ~~loan officer or as a transitional loan officer~~ Upon receipt of a termination
33 of sponsorship, the license of a loan officer shall be designated as
34 approved-inactive until a licensed mortgage broker or mortgage banker files
35 an application with the commissioner to sponsor the loan officer under § 23-
36 39-506(c).

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

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

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

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

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

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

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

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

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23 **APPROVED: 3/21/23**
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