

**RHODE ISLAND GOVERNMENT REGISTER
PUBLIC NOTICE OF PROPOSED RULEMAKING**

**DEPARTMENT OF BUSINESS REGULATION (INCLUDES THE OFFICE OF THE
HEALTH INSURANCE COMMISSIONER)**

Title of Rule: Lenders, Loan Brokers, Small Loan Lenders, Third-Party Loan Servicers and Mortgage Loan Originators

Rule Identifier: 230-RICR-40-10-2

Rulemaking Action: Proposed Amendment

Important Dates:

Date of Public Notice: 09/05/2018

Hearing Date: 09/25/2018

End of Public Comment: 10/05/2018

Authority for this Rulemaking:

R.I. Gen. Laws § Chapters 19-14, 19-14.1, 19-14.2, 19-14.10 and 19-14.11

Summary of Rulemaking Action:

This rule, formerly known as Banking Regulation 6, sets forth the regulatory requirements for Lenders, Loan Brokers, Small Loan Lenders, Third-Party Loan Servicers and Mortgage Loan Originators in Rhode Island. In reformatting the regulation with nonsubstantive changes to format reflected on the attached documents, the Department proposed to make the following substantive changes:

§ 2.2 – The regulation scope was expanded to include third-party service providers who service mortgages in Rhode Island.

§ 2.4 – A sentence was added to clarify that financial institutions, which are licensed under another portion of Title 19, do not also have to hold a third-party service provider license in order to service loans.

§ 2.5 – (B)((1)(b) – A section was added to reflect the fact that the Department has transitioned to an electronic licensing file and that annual statements must be uploaded to that system rather than filed with the Department in hard copy.

§ 2.5(C) – The third-party servicer bond, provided for in R.I. Gen. Laws § 19-14-6(a) (9), is added to the regulation. In addition, the section concerning additional bonds for branches is being removed to lessen the burden on the licensee.

§ 2.5(D) – The section has been rewritten to clarify the requirements for Qualified Individuals and Branch Managers depending upon the type of license and the activity undertaken.

§ 2.5(G) – This section has been rewritten to remove the submission requirements that were necessary prior to the transition to electronic background checks in NMLS.

§ 2.5(H) – This section has been amended to clarify the applicability of the statutory insurance claims agency designation to Third-Party Loan Servicers.

§ 2.6(D)(1) – This sentence has been added in response to numerous inquiries as to whether Registered MLOs are subject to this regulation.

§ 2.7(C)(7) – A sentence has been removed as the Department no longer requires this information for candidates with a Chapter 7 discharge.

§ 2.9 – This section has been updated to provide additional clarity on the documents which must be retained, explicitly expand the section to cover third-party loan services, amend the type of disclosures now required to be provided to consumers in connection with mortgage transactions and address record retention by licensees located outside of the United States.

Additional Information and Comments:

All interested parties are invited to request additional information or submit written or oral comments concerning the proposed amendment until October 5, 2018 by contacting the appropriate party at the address listed below:

Elizabeth Dwyer, Esq.

Department of Business Regulation (includes the Office of the Health Insurance Commissioner)

1511 Pontiac Ave

Cranston, RI 02920

elizabeth.dwyer@dbri.gov

Public Hearing:

A public hearing, in accordance with R.I. Gen. Laws § 42-35-2.8, to consider the proposed amendment shall be held on September 25, 2018 at 10:00 am at Department of Business Regulation, Conference Room 69-2, 1511 Pontiac Ave, Bldg 69, Cranston, RI 02920 at which time and place all persons interested therein will be heard. The seating capacity of the room will be enforced and therefore the number of persons participating in the hearing may be limited at any given time by the hearing officer, in order to comply with safety and fire codes.

The place of the public hearing is accessible to individuals who are handicapped. If communication assistance (readers/interpreters/captioners) is needed, or any other accommodation to ensure equal participation, please call 401-462-9551 or RI Relay 711 at least three (3) business days prior to the meeting so arrangements can be made to provide such assistance at no cost to the person requesting.

Regulatory Analysis Summary and Supporting Documentation:

This proposed regulation will result in no adverse impact for small businesses. In the development of the proposed regulation consideration was given to: (1) alternative approaches; (2) overlap or duplication with other statutory and regulatory provisions; and (3) significant economic impact on small business. No alternative approach, duplication, or overlap was identified based upon available information.

For full regulatory analysis or supporting documentation see agency contact person above.