

# LENDERS UPDATE™

## ALT & ASSOCIATES NEWSLETTER

A COMPLIMENTARY SERVICE TO THE MORTGAGE LENDING INDUSTRY

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## **CALIFORNIA “RESIDENTIAL MORTGAGE LENDERS ACT” LICENSE EXEMPTIONS RESTRICTED**

To clear up any misunderstanding as to who is exempt from licensing requirements under the California Residential Mortgage Lenders Act (“RMLA”), the California Department of Business Organizations (“DBO”), at the end of last year, issued a new regulation which takes effect on September 28<sup>th</sup> of this year. The new regulation *10 CCR Sec. 1950.122.4.2*, clarifies whether subsidiaries or affiliates of banks, insurance companies, thrifts and credit unions who are mortgage lenders or servicers are exempt from the licensing provisions of the RMLA. They are not.

The definition in the new regulation briefly states that banks, trust companies, federally chartered savings and loan associations, federal savings banks, federal credit unions or some institutions chartered under that laws of another state and authorized to transact business in this state are exempt from RMLA licensing requirements.

However, holding companies or subsidiaries of holding companies or subsidiaries of any of these institutions, are not exempt and must be licensed.

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ALT & ASSOCIATES provides regulatory, compliance, operational advice and transactional assistance, as well as litigation representation, to the financial services industry. Over the past three decades, members of the firm have represented Institutional Lenders and Mortgage Bankers and Brokers in all aspects of their operations.

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