



# Bankers Advisory

## COMPLIANCE MONITOR

June 26, 2013

### *Florida Modifies Mortgage Broker Licensing Provisions and Consumer Finance Charges*

By Lee Greenberg, Esq.

#### Mortgage Broker Licensing Provisions

The state of Florida recently modified provisions regarding mortgage broker licensing in House Bill 665. The legislation becomes effective on October 1, 2013.

House Bill 665 authorizes, rather than requires, the Office of Financial Regulation, to deny a mortgage broker or mortgage lender license application if the applicant previously had a mortgage broker or mortgage lender license revoked.

Furthermore, the new legislation revised the procedures and requirements for submitting fingerprints as part of an application to sell, or offer to sell, securities. Under the law, applicants are required to pay for and submit fingerprints for live-scan processing. The fingerprints may be submitted through a third-party vendor authorized by the Department of Law Enforcement to provide live-scan fingerprinting. The Department of Law Enforcement is required to conduct a state and criminal history background check, and a federal criminal history background check through the Federal Bureau of Investigation. The Office of Financial Regulation is then required to review the results of the state and federal criminal background checks and determine whether the applicant meets licensure requirements.

In addition, the new law revised the procedures and requirements for submitting fingerprints to apply for a license as a money services business. Applicants for a license as a money services business are required to follow the same procedures as applicants to sell, or offer to sell, securities (above). However, this section of the law also requires the Office of Financial Regulation to pay an annual fee to the Department of Law Enforcement to participate in the statewide automated fingerprint identification system. This section states that fingerprints are not required to be submitted if the applicant is a publicly traded corporation. Lastly, licensees initially approved before October 1, 2013, who are seeking renewal must submit fingerprints for live-scan processing for each officer, director, responsible person, the compliance officer, each controlling shareholder, and any other person who has a controlling interest in the money services business. Such fingerprints must be submitted before renewing a license that is scheduled to expire between April 30, 2014, and December 31, 2015.

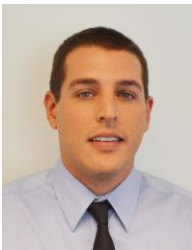
## Consumer Finance Charges

The state of Florida recently amended provisions regarding consumer finance charges in Senate Bill 282. The legislation becomes effective on July 1, 2013.

Under the existing law, a licensee may lend any sum of money up to \$25,000. However, the new law amended the maximum interest charges that a licensee can receive on such loans. Under the amendments, the maximum interest rate shall be 30 percent per year, computed on the first **\$3,000** of the principal amount, 24 percent per year on that part of the principal amount exceeding **\$3,000** and up to **\$4,000**, and 18 percent per annum on that part of the principal amount exceeding **\$4,000** and up to **\$25,000**.

In addition, the new law increased the maximum delinquency charge that may be imposed to **\$15** for each loan payment in default for at least 10 days.

Lastly, the amended law states that any person who violates the law commits a misdemeanor of the first degree.



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