



Description



RHODE ISLAND LOAN BROKER LICENSE

Who is required to have this license?

Any company that for compensation or gain, or in the expectation of compensation or gain, either directly or indirectly, solicits, processes, negotiates, places or sells a loan within this state for others in the primary market, or offers to do so. A loan broker shall also mean any person who is the nominal mortgagee or creditor in a table funding transaction. A loan is brokered within this state if any of the following conditions exist:

- The loan is secured by real property located in this state;
- An application for a loan is taken or received by an employee, agent or representative of the loan broker within this state;
- The loan closes within this state;
- The loan solicitation is done by an individual with a physical presence in this state.; or
- The loan broker maintains an office in this state.

Who does not need this license?

- Nonprofit charitable, educational, or religious corporations or associations;
- Any person who makes less than six (6) loans in this state in any consecutive twelve (12) month period;
- Person(s) acting as an agent for a licensee for the purpose of conducting closings at a location other than that stipulated in the license;
- Regulated institutions and banks or credit unions organized under the laws of the United States, or subject to written notice (Notice of License Exemption) with a designated Rhode Island agent for service of process in the form prescribed by the director or the director's designee, of any other state within the United States if the laws of the other state in which such bank or credit union is organized authorizes under conditions not substantially more restrictive than those imposed by the laws of this state, as determined by the director or the director's designee, a financial institution or credit union to engage in the business of originating or brokering loans in the other state; no bank or credit union duly organized under the laws of any other state within the United States may receive deposits, pay checks or lend money from any location within this state unless such bank or credit union has received approval from the director or the director's designee for the establishment of an interstate branch office pursuant to chapter 7 of title 19 of the general laws; or
- Any natural person employee who is employed by a licensee when acting on the licensee's behalf; provided that this exemption shall not apply to a mortgage loan originator required to be licensed under section 19-4-2.

Additionally the license requirement does not apply to:

- Loans to corporations, joint ventures, partnerships, limited liability companies or other business entities;

- Loans over twenty-five thousand dollars (\$25,000) in amount to individuals for business or commercial, as opposed to personal, family or household purposes;
- Loans principally secured by accounts receivable and/or business inventory;
- Loans made by a life insurance company wholly secured by the cash surrender value of a life insurance policy;
- Education-purpose loans made by the Rhode Island health and educational building corporation as vested in chapter 38.1 of title 45 of the Rhode Island student loan authority as vested in chapter 62 of title 16;
- The acquisition of retail or loan installment contracts by an entity whose sole business in this state is acquiring them from federal banks receivers or liquidators;
- Notes evidencing the indebtedness of a retail buyer to a retail seller of goods, services or insurance for a part or all of the purchase price;

What are the pre-requisites for license applications?

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| Net worth | \$10,000 |
| Bond amount | \$20,000 |
| Criminal background check | Yes |
| Experience | Person designated as Manager of licensed office must have a minimum of 5 years experience in making loans |

WHO TO CONTACT – Contact Division of Banking licensing staff by phone at 401-462-9503 or send your questions via e-mail to bankinquiry@dbr.ri.gov for additional assistance.

YOU ARE NOT AUTHORIZED TO ENGAGE IN MORTGAGE BROKERING OR MORTGAGE LENDING ACTIVITIES IN THE STATE OF RHODE ISLAND UNTIL YOU HAVE RECEIVED APPROVAL THROUGH THE NMLS.AND HAVE RECEIVED A LICENSE CERTIFICATE FROM THE RHODE ISLAND DEPARTMENT OF BUSINESS REGULATION.