



STATE OF ALABAMA
STATE BANKING DEPARTMENT



DATE: September 9, 2009

TO: All new applicants and existing licensees under the Alabama Consumer Credit Act and Mortgage Brokers Licensing Act

FROM: Scott Corscadden, Supervisor Bureau of Loans

RE: Surety Bond Amounts

In order to be in compliance with the Alabama Consumer Credit Act, Mortgage Brokers Licensing Act and the Alabama SAFE Act the Supervisor has set forth the following surety bond requirements:

NEW APPLICANTS

Applicants applying for a license under the Consumer Credit Act, who engage in residential mortgage lending, and all applicants under the Mortgage Brokers Licensing Act, who apply for a license on or after October 1, 2009 will be required to obtain a surety bond in favor of the State of Alabama. The amount of the surety bond shall be determined by the dollar volume of Alabama residential loans closed in the previous calendar year. The loan volume tiers are as follows:

Loan Volume Tiers with Required Surety Bond Amounts

\$0 to \$25,000,000 will require a minimum **\$25,000** surety bond
\$25,000,001 to \$100,000,000 will require a minimum **\$50,000** surety bond
Any loan volume **over \$100,000,000** will require a minimum **\$75,000** surety bond

EXISTING LICENSEES

Existing licensees must also obtain a surety bond. Consumer Credit Act licensees that are engaged in residential mortgage lending, and Mortgage Broker Licensing Act licensees must obtain a surety bond by February 1, 2010. The amount of the surety bond shall be determined by the dollar volume of Alabama residential loans closed in the previous calendar year and the loan volume tiers shall be the same as noted above.

In either case, whether it is a new applicant or an existing licensee, if there were no Alabama residential loans closed in the previous calendar year then the applicant or licensee shall obtain a surety bond for the minimum amount of \$25,000. The surety bond must be maintained and it shall be renewed as required by the surety bond provider.