

61-2c-209 Sponsorship -- Affiliation.

- (1)
 - (a) The division may not license an individual, and an individual licensed under this chapter may not conduct the business of residential mortgage loans unless:
 - (i) if licensed as a mortgage loan originator, the individual:
 - (A) is sponsored by an entity licensed under this chapter; and
 - (B) is affiliated with the sponsoring entity's principal lending manager; or
 - (ii) if licensed as a lending manager, the individual is sponsored by an entity licensed under this chapter.
 - (b) The division may not license any entity and an entity licensed under this chapter may not conduct the business of residential mortgage loans unless the entity:
 - (i) sponsors a principal lending manager;
 - (ii) identifies at least one control person for the entity; and
 - (iii) provides a list of the mortgage loan originators sponsored by the entity.
- (2)
 - (a) A mortgage loan originator's license automatically becomes inactive the day on which:
 - (i) the mortgage loan originator is not sponsored by an entity licensed under this chapter;
 - (ii) the license of the entity with which the mortgage loan originator is sponsored becomes inactive or terminates;
 - (iii) the mortgage loan originator is not affiliated with a principal lending manager; or
 - (iv) the license of the principal lending manager with whom the mortgage loan originator is affiliated becomes inactive or terminates.
 - (b) A lending manager's license automatically becomes inactive the day on which:
 - (i) the lending manager is not sponsored by an entity licensed under this chapter; or
 - (ii) the license of the entity with which the lending manager is sponsored becomes inactive or terminates.
 - (c) A entity licensed under this chapter automatically becomes inactive the day on which the entity's sponsorship with its principal lending manager terminates.
- (3)
 - (a) A person whose license is inactive may not transact the business of residential mortgage loans.
 - (b) To activate an inactive mortgage loan originator license, an individual shall:
 - (i) provide evidence that the individual:
 - (A) is sponsored by an entity that holds an active license under this chapter; and
 - (B) is affiliated with a principal lending manager who holds an active license under this chapter; and
 - (ii) pay a fee to the division set in accordance with Section 63J-1-504.
 - (c) To activate an inactive lending manager license, an individual shall:
 - (i) provide evidence that the individual is sponsored by an entity that holds an active license under this chapter; and
 - (ii) pay a fee to the division set in accordance with Section 63J-1-504.
 - (d) To activate an inactive license held by an entity, an entity shall:
 - (i) provide evidence of the entity's sponsorship of a principal lending manager; and
 - (ii) pay a fee to the division set in accordance with Section 63J-1-504.
- (4)
 - (a) A mortgage loan originator shall conduct the business of residential mortgage loans only:
 - (i) through the entity by which the individual is sponsored; and

- (ii) in the business name under which the sponsoring entity's principal lending manager is authorized by the division to do business.
- (b) An individual licensed under this chapter may not:
 - (i) engage in the business of residential mortgage loans on behalf of more than one entity at the same time;
 - (ii) be sponsored by more than one entity at the same time;
 - (iii) transact the business of residential mortgage loans for the following at the same time:
 - (A) an entity licensed under this chapter; and
 - (B) an entity that is exempt from licensure under Section 61-2c-105; or
 - (iv) if the individual is a mortgage loan originator, receive consideration for transacting the business of residential mortgage loans from any person except the principal lending manager of the mortgage loan originator's sponsoring entity.
- (c) This Subsection (4) does not restrict the number of:
 - (i) different lenders a person may use as a funding source for a residential mortgage loan; or
 - (ii) entities in which an individual may have an ownership interest, regardless of whether the entities are:
 - (A) licensed under this chapter; or
 - (B) exempt under Section 61-2c-105.
- (5) The division by rule made in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, may make rules that:
 - (a) define what constitutes:
 - (i) affiliation; or
 - (ii) sponsorship; and
 - (b) provide procedures by which:
 - (i) an individual who is licensed under this chapter may provide evidence of sponsorship by an entity that is licensed under this chapter;
 - (ii) a mortgage loan originator may provide evidence of affiliation with a principal lending manager; and
 - (iii) an entity licensed under this chapter may:
 - (A) provide evidence of its sponsorship of a principal lending manager;
 - (B) identify at least one control person for the entity; and
 - (C) provide a list of the one or more mortgage loan originators that the entity sponsors.

Amended by Chapter 166, 2012 General Session