

30 GAR - REVENUE AND TAXATION
DIV. 3 - OFFICE OF COMMISSIONER OF BANKING
CH. 20 GUAM SECURE AND FAIR ENFORCEMENT FOR
MORTGAGE LICENSING ACT OF 2010

CHAPTER 20
DEPARTMENT OF REVENUE AND TAXATION BANKING
AND INSURANCE COMMISSIONER REGULATIONS UNDER
THE GUAM SECURE AND FAIR ENFORCEMENT
FOR MORTGAGE LICENSING ACT OF 2010

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§ 20101. Definitions.

The following terms used in these rules shall have the following meanings unless the context otherwise indicates:

(a) “Guam SAFE Act” means the Guam Secure and Fair Enforcement for Mortgage Licensing Act of 2010.

(b) “Call report” or “NMLS Mortgage Call Report,” means a report of condition of a mortgage loan originator either as a company (e.g. corporation, limited liability company, etc) or as a sole proprietor and its operations including financial statements and production activity volumes, as required by NMLS.

(c) “Commissioner” means the Banking and Insurance Commissioner of Guam.

(d) “Department” means the Department of Revenue and Taxation.

(e) “NMLS Company Form” means the universal licensing form used by companies and sole proprietors to apply for and maintain any non-depository, financial services license authority with a state agency participating on NMLS. In accordance with state law, applicants may be required to have certain persons (e.g. Owners, Branch Managers, etc.) complete an NMLS Individual Form to be submitted along with NMLS Company Form.

(f) “Business Activities Definitions” means the NMLS definitions of various financial business activities (e.g. First mortgage lending, Second mortgage lending, etc.).

(g) “NMLS Branch Form” means the universal licensing form used by companies to apply for and maintain branch license(s) for

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any non-depository, financial services license authority if required by a state agency participating on NMLS. In accordance with state law, applicants may be required to have certain persons (i.e. Branch Managers) complete an NMLS Individual Form to be submitted along with the NMLS Branch Form.

(h) “NMLS Individual Form” means the uniform licensing form developed by the NMLS for an individual mortgage loan originator license or registration, entitled “Uniform Individual Mortgage License/Registration & Consent Form.”

(i) “NMLS” means the Nationwide Mortgage Licensing System and Registry.

(j) “Sponsoring” or “to sponsor” means to maintain an employment relationship between a company mortgage loan originator (which can be either a company or a sole proprietor) and a mortgage loan originator where the mortgage loan origination activities of the mortgage loan originator are subject to the supervision and oversight of the company mortgage loan originator. A company mortgage loan originator is the “sponsor” of a mortgage loan originator employed by, and subject to the supervision and oversight of, the company mortgage loan originator. For purposes of these rules, an employment relationship may be established through factors such as supervision and control of the sponsored mortgage loan originator, legal and regulatory responsibility for the acts of the mortgage loan originator, and performance under the name, authority and policies of the sponsor, and is not necessarily contingent on whether a mortgage loan originator is issued a Form W-2 by the sponsor.

§ 20102. Electronic Filings.

(a) Designation: The Commissioner designates the NMLS owned and operated by the State Regulatory Registry LLC (SRR), a wholly-owned subsidiary of the Conference of State Bank Supervisors, in cooperation with the American Association of Residential Mortgage Regulators (AARMR) to receive and store filings, obtain fingerprints, obtain credit reports, and collect related fees from applicants of mortgage loan originators on behalf of the Commissioner.

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(b) Use Of NMLS: All mortgage loan originator applications, amendments, reports, notices, related filings, renewals, authorizations, and fees required to be filed with the Commissioner shall be filed electronically with and transmitted to NMLS, except as otherwise indicated in Section 3102(b)(4) of this rule. The following conditions relate to such electronic filings:

(1) Electronic Signature: When a signature or signatures are required by the particular instructions of any filing, including any attestation to be made through NMLS, a duly authorized officer of the applicant or the applicant him or herself, as required, shall affix his or her electronic signature to the filing by typing his or her name in the appropriate field and submitting the filing to the Commissioner through NMLS. Submission of a filing in this manner shall constitute irrefutable evidence of legal signature by any individual making the filing.

(2) When filed: Solely for purposes of a filing made through NMLS, unless otherwise specified, a document is considered filed with the Commissioner when all fees are received and the filing is transmitted by NMLS to the Commissioner.

(3) An applicant shall provide through NMLS the necessary authorizations so that NMLS may obtain independent credit reports, fingerprinting and criminal background checks.

(4) Any documents required to be filed with the Commissioner that is not permitted to be filed with or cannot be transmitted through NMLS shall be filed in paper directly with the Commissioner.

§ 20103. Notice of Officers, Directors, Partners, “Control” Persons, Managers, Members, Trustees and Employees.

(a) The notice to accompany the filing of an individual's fingerprints required in the following circumstances shall be made on the form required by the NMLS or other entities designated by the NMLS.

(1) In compliance with the requirements for a license application pursuant to 18 GCA Section 36305 (d) of the Guam SAFE Act;

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(2) In the event an officer, director, partner, shareholder owns, acquires control of 10 percent or more of the ownership interests or trustee of a mortgage loan originator whose office, employment, ownership interest or other participation including change of control in the mortgage loan originator or the employer that employs or has an exclusive agency agreement with the mortgage loan originator; or

(3) In the event an employee or an individual is given the authority to access or responsibility for trust funds held by a mortgage loan originator, and is employed by such licensee.

(4) For purposes of this section, an individual who has submitted fingerprints through NMLS as part of the application for a mortgage loan originator license is not required to submit an additional set of fingerprints under this rule.

§ 20104. Officers, Directors, Partners, and Other Persons: Maintenance of Current List with Commissioner: Information Required.

(a) A mortgage loan originator shall at all times maintain on file with NMLS in accordance with its procedures for transmission to the Commissioner, a current list of officers, directors, and partners in the case of a partnership, and other persons named in the NMLS Company Form, NMLS Branch Form and NMLS Individual Form as applicable. In the event of any change in the officers, directors, partners, or other persons named in the application, other than transfers between branch offices, a mortgage loan originator shall file with NMLS in accordance with its procedures for transmission to the Commissioner, an amendment to the application containing the same information in relation to such new person(s) as is required in the NMLS Company Form, NMLS Branch Form and NMLS Individual Form.

§ 20105. License Application for Mortgage Loan Originator and Application Fees.

The procedures set forth in this section are applicable to a person who is required to be licensed pursuant to 18 GCA Section 36304 of the Guam SAFE Act as a residential mortgage loan originator. The

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application for a license as a residential mortgage loan originator shall be filed as follows:

(a) Initial Application: The application for a license as a mortgage loan originator under 18 GCA Section 36305 of the Guam SAFE Act and any amendment to such application shall be filed upon NMLS Company Form and any exhibits, in accordance with the instructions of NMLS for transmission to the Commissioner. Exhibits that cannot be submitted through NMLS shall be submitted directly to the Commissioner. The notices set forth in Section 3114 of these rules are part of every application. An applicant shall provide the following information, exhibits and documentation in the manner provided:

(1) An applicant shall identify all fictitious business names or other trade names on NMLS Company Form.

(A) For each fictitious business name or other trade name an applicant shall submit directly to the Commissioner a Fictitious Business Name Statement or other trade name bearing the seal of the Director of the Department.

(B) An applicant may not use a fictitious business name or other trade names until the Commissioner approves the use of the name. An applicant may not permit a mortgage loan originator sponsored by an applicant or a branch office to use any name not approved by the Commissioner.

(C) Every applicant and licensee shall comply with the rules governing the filing of a fictitious business name set forth in 18 GCA Section 26101 et seq.

(2) For every additional business location, an applicant shall submit through NMLS a NMLS Branch Form in accordance with Section {20107(a)} of these rules.

(3) An applicant shall provide the names, personal history, and experience of individual applicants, officers, directors, managing members (in the case of a limited liability company), general and managing partners (in the case of a partnership),

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and control persons (both direct and indirect for other business entities) of the applicant that are listed in the Section for “Direct Owners and Executive Officers” of the NMLS Company Form with the NMLS by using the NMLS Individual Form..

(A) The named individuals shall provide authorization for, and subsequent delivery of, fingerprints to NMLS.

(B) An applicant shall pay all fees required for the criminal history background check.

(4) An applicant shall submit through NMLS as an exhibit to NMLS Individual Form an audited financial statements with an unqualified opinion prepared by an independent certified public accountant in accordance with generally accepted accounting principles and acceptable to the Commissioner. The audited financial statements shall be prepared as of the applicant’s most recent fiscal year end, or a more recent date, and must document a minimum tangible net worth of \$250,000.

(A) In accordance with the Guam SAFE Act § 36315(a), in the event the applicant for mortgage loan originator is an employee or an exclusive agent of a person that is subject to the Guam SAFE Act, the net worth of such person subject to this Guam SAFE Act can be used in lieu of the mortgage loan originator’s net worth requirement.

(5) An applicant shall submit directly to the Commissioner an Applicant’s Authorization to Disclose Information hereby incorporated by reference, and maintain a copy in the applicant's books and records as provided in Section 36317 of the Guam SAFE Act. This authorization is effective as of the date of execution and shall remain effective until five years after the surrender or revocation of the residential mortgage lender. The authorization may not be revoked.

(6) In addition to the identification of business activities requested on the NMLS Company Form an applicant shall

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submit a detailed description of the applicant's business activities directly to the Commissioner. If an applicant is a member, an affiliate, a subsidiary or a parent company under common control the applicant must also submit an organizational chart.

(7) An applicant shall submit directly to the Commissioner evidence of surety bond in accordance with Section 3123 of these rules.

(8) If an applicant intends to engage in any activities not specified in the Business Activities Section of NMLS Company Form, the applicant shall submit this information directly to the Commissioner.

(9) Business entities shall submit the following documents directly to the Commissioner:

(A) A corporate applicant shall submit an original certificate of qualification or good standing from the Director of the Department of Revenue and Taxation executed not more than sixty days before the filing of the application. The certificate must show that the applicant is authorized to transact business in Guam.

(B) A foreign corporation shall submit an original certificate of qualification or good standing from the Secretary of State of the state of incorporation executed not more than 60 days before the filing of the application, showing that the applicant is authorized to transact business in that state.

(C) A partnership applicant shall submit its partnership agreement.

(D) A limited partnership or limited liability company applicant shall submit an original certificate of qualification or good standing from the Director of the Department of Revenue and Taxation executed not more than sixty days before the filing of the application, showing that the applicant is authorized to transact business in Guam.

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(E) A foreign limited partnership or limited liability company applicant shall submit an original certificate of qualification or good standing from the Secretary of State of the state of formation executed not more than sixty days before the filing of the application, showing that the applicant is authorized to transact business in that state.

(10) An applicant shall submit directly to the Commissioner evidence of federal agency approval for the applicant to engage in business as a lender or servicer of federally related mortgage loans, in accordance with Section 36303(n) of the Guam SAFE Act.

(11) Every applicant shall provide a resident/ registered agent for service of process in item 4 of the NMLS Company Form. The resident/registered agent must be located within the Island of Guam.

(12) An applicant shall provide its website information through NMLS on the NMLS Company Form.

(b) Filing Fees: The fees payable include fees required by the NMLS, the Federal Bureau of Investigation, any other party for the processing of criminal history for background checks, credit reports, testing, education, or any other licensure requirement under the Guam SAFE Act. All fees shall be paid through NMLS for transmission to the Commissioner. All fees are not refundable.

The following fees shall be paid by each applicant for each of the following licenses:

§ 20105(b)(1) Company Mortgage Loan Originator Fees		
New License	Application/License/Registration Fee	\$500.00
New License	Investigation Fee	\$100.00
License Transition	License/Registration Transition Fee	\$100.00
Company Amendment	Main Address Amendment Fee	\$100.00
Company Amendment	Legal Name Amendment Fee	\$100.00
Company Amendment	Other Trade Names Amendment Fee	\$100.00
Company Amendment	Qualifying Individual Amendment Fee	\$100.00
Renewal Fee	License Registration/Renewal fee	\$500.00
Reinstatement Fee	License Registration Reinstatement Fee	\$600.00

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New License	NMLS Processing Fee	\$100.00
License/Registration Transition Fee	NMLS Processing Fee	\$100.00
Renewal Fee	NMLS Annual Processing Fee	\$100.00
§ 20105(b)(2) Company Mortgage Loan Originator Branch Fees		
New License	Application/License/Registration Fee	\$500.00
New License	Investigation Fee	\$100.00
License Transition	License/Registration Transition Fee	\$100.00
Company Amendment	Physical Address Amendment Fee	\$100.00
Company Amendment	Other Trade Name Amendment Fee	\$100.00
Company Amendment	Branch Manager Amendment Fee	\$100.00
Renewal Fee	License Registration Renewal Fee	\$500.00
Reinstatement Fee	License Registration Reinstatement Fee	\$600.00
New License	NMLS Processing Fee	\$100.00
License/Registration Transition Fee	NMLS Processing Fee	\$100.00
Renewal Fee	NMLS Processing Fee	\$100.00
§ 20105(b)(3) Individual Mortgage Loan Originator Fees		
New License	Application/License/Registration Fee	\$100.00
New License	Investigation Fee	\$100.00
License Transition	License/Registration Transition Fee	\$100.00
Individual Form Amendment	Sponsorship Fee	\$ 50.00
Renewal Fee	License/Registration Renewal Fee	\$100.00
Reinstatement Fee	License/Registration Reinstatement Fee	\$200.00
New License	NMLS Processing Fee	\$ 30.00
License/Registration Transition Fee	NMLS Processing Fee	\$ 30.00
Renewal Fee	NMLS Processing Fee	\$30.00
Sponsorship Fee	NMLS Processing Fee	\$ 30.00
Criminal Background Check	CBC Processing Fee	\$ 39.00
Credit Report	Credit Report Processing Fee	\$ 15.00

(c) Completion of Filing and Issuance of License: An application for licensure as a mortgage loan originator is not deemed complete until all required fees, all required submissions, and all background and investigative reports are received by the Commissioner. The filing of NMLS Company Form with NMLS does not constitute automatic approval of a license. The applicant for residential mortgage loan originator shall not consider the

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application approved until it is approved by the Commissioner and a license is issued to the applicant. In accordance with Section 3108 (e) of these rules, the NMLS Company Form application may be considered withdrawn if the Commissioner does not receive the requested information contained in the notification of a deficiency within 90 days of the notification.

(d) Filing An Amendment: In the event of a change to the information in the application, or exhibits thereto, the mortgage loan originator applicant or licensee shall file an amendment to the NMLS Company Form, NMLS Branch Form or NMLS Individual Form through NMLS in accordance with the procedures in Section 3116 of these rules. Prior to the issuance of a license, any amendment to an application shall be filed within five (5) days. Any change that cannot be reported through NMLS shall be reported directly to the Commissioner.

§ 20106 Mortgage Loan Originator License Not Required:

A residential mortgage loan originator license is not required for:

(a) A licensed attorney who negotiates the terms of a residential mortgage loan on behalf of a client as an ancillary matter to the attorney's representation of the client, *unless* the attorney is compensated by a lender, a mortgage broker, or other mortgage loan originator or by any agent of such lender, mortgage broker, or other mortgage loan originator.

(b) An owner of real property who in any twelve (12) consecutive month period makes no more than five (5) mortgage loans to purchasers of the property for all or part of the purchase price of the real estate against which the mortgage is secured.

§ 20107. Branch Office Instructions for Mortgage Loan Originator

(a) A licensed mortgage loan originator that seeks to engage in business at an additional location must submit an application for a branch office by submitting NMLS Branch Form in accordance with the instructions of NMLS for transmission to the Commissioner at least ten days (10) before engaging in business at the location.

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(b) An applicant that intends to conduct business at the branch office under a fictitious business name not already approved by the Commissioner shall submit a copy of the Fictitious Business Name Statement with the “filed stamp” from the office of the Department of Revenue and Taxation and may not use the name until the Commissioner approves the use of the name.

(c) An applicant for a branch office shall state the name of the branch manager for each branch location on the NMLS Branch Form and submit to the NMLS a NMLS Individual Form for each branch manager.

(d) The Commissioner may request additional information, documentation or detail pertaining to the branch office application be filed directly with the Commissioner.

(e) The application, investigation, and criminal history background check fees shall be paid by the applicant or licensee to the NMLS for transmission to the Commissioner. All fees are not refundable.

§ 20108. Mortgage Loan Originator Application Procedures.

(a) Establishing A Relationship In NMLS: A company mortgage loan originator shall sponsor in the NMLS each individual mortgage loan originator employed by the company. To sponsor a mortgage loan originator, a company mortgage loan originator must:

(1) Obtain a unique identifier through NMLS,

(2) Obtain for its records, evidence that each mortgage loan originator meets the qualification requirements of Sections 36306, 36307, and 36308 of the Guam SAFE Act or is exempted from such qualification requirements pursuant to Section 36304 (c) of the Guam SAFE Act, and

(3) Ascertain (by investigation) the character, business reputation and experience of any individual mortgage loan originator, prior to executing any transaction on behalf of the company mortgage loan originator. Evidence of compliance with this paragraph shall be maintained as a part of the records of the licensee as required by Section 36317 of the Guam SAFE Act and 3107 (b) of these rules.

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(b) Upon the employment of an individual as a mortgage loan originator, a company mortgage loan originator shall ensure that the individual mortgage loan originator files the NMLS Individual Form with the NMLS for submission to the Commissioner and obtains a mortgage loan originator license. The notices set forth in Section 3113 (a); (b); and (c) of these rules are part of every mortgage loan originator application.

(c) A mortgage loan originator sponsorship is not approved until the Commissioner approves the sponsorship and issues the mortgage loan originator a license. A sponsorship will not be approved until the sponsoring company mortgage loan originator has obtained a license through NMLS.

(d) A mortgage loan originator applicant must complete all license requirements, including, but not limited to the payment of all required fees prior to filing the application with the NMLS for transmittal to the Commissioner. The fees for an application as a mortgage loan originator are set forth in Sections 3105 (b)(1); through (b)(3) of these rules. These fees shall be paid through NMLS for transmission to the Commissioner and include the processing fees by NMLS, the Federal Bureau of Investigation, or any other party for the processing of criminal history background checks, credit reports, testing, education, or any other licensure requirement under the Act.

(e) The NMLS Individual Form application may be considered withdrawn if the Commissioner does not receive the requested information contained in the written notification of a deficiency within 90 days of the notification.

(f) In accordance with Section 36318 (f) of the Guam SAFE Act, a company mortgage loan originator shall not permit an individual mortgage loan originator whose license or license sponsorship has lapsed, or whose license sponsorship is not in effect, to engage in activities of a mortgage loan originator unless the individual mortgage loan originator's license has been reinstated pursuant to the procedures set forth in Section 3112 of these rules.

(g) A company mortgage loan originator shall require every sponsored individual mortgage loan originator to file an amendment to his or her NMLS Individual Form through NMLS within twenty (20)

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days of any change to the information contained in the NMLS Individual Form.

(h) A mortgage loan originator may not engage in business under any name other than a name approved by the Commissioner for use by the sponsor of the mortgage loan originator.

(i) A company mortgage loan originator shall be responsible for the acts, practices, and conduct of its sponsored mortgage loan originator in connection with the making, servicing, or origination of residential mortgage loans until such time that the sponsorship of the mortgage loan originator is terminated through the NMLS. Termination procedures shall be as follows:

(1) A company mortgage loan originator shall terminate the sponsorship of an individual mortgage loan originator through the NMLS within fifteen (15) days after the termination of an individual, and shall clearly state the reason(s) for termination.

(2) A company mortgage loan originator shall file an amendment to NMLS Individual Form to terminate a relationship with a residential mortgage lender within 15 days of the termination. A company mortgage loan originator may not originate loans under the authority of the Guam SAFE Act unless he or she has a valid license and the mortgage loan originator has a sponsorship approved by the Commissioner.

(j) Procedures for a Sole Proprietor Mortgage Loan Originator. A sole proprietor mortgage loan originator must:

(1) File NMLS Company Form and obtain a license as a company mortgage loan originator and

(2) File a NMLS Individual Form and obtain a license as a mortgage loan originator.

§ 20109. Qualifications of Mortgage Loan Originator Applicants.

Every applicant for a mortgage loan originator license shall meet the requirements of this section.

(a) Qualified Written Test: Every applicant for a mortgage loan originator license shall pass a qualified written test developed by the

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NMLS and administered by a test provider approved by the NMLS within one year prior to the date of filing the application for, or the issuance of, a mortgage loan originator license. The qualified written test shall consist of a national component and a Guam component. An applicant shall abide by the rules, policies and procedures of the NMLS in the administration of the test.

(b) Education: Every applicant for a residential mortgage loan originator license shall complete at least 20 hours of NMLS approved education including:

- (1) Three hours of instruction on federal law and regulations,
- (2) Three hours of ethics, which shall include instruction on fraud, consumer protection, and fair lending issues, and
- (3) Two hours of training related to lending standards for the nontraditional mortgage product marketplace.

§ 20110. Evidence of Financial Responsibility.

(a) The Commissioner's finding required by Section 36306 of the Guam SAFE Act relates to any matter, personal or professional, that may impact upon an applicant's propensity to operate honestly, fairly, and efficiently when engaging in the role of a mortgage loan originator.

(b) An applicant for a mortgage loan originator license shall authorize NMLS to obtain the applicant's current credit report. The credit report will be used as needed to validate the applicant's responses to the electronic application form, in order to support the Commissioner's finding required by Section 36306 of the Guam SAFE Act.

(c) An applicant may be precluded from obtaining a mortgage loan originator license where his or her personal history includes:

- (1) Any liens or judgments for fraud, misrepresentation, dishonest dealing, and/or mishandling of trust funds, or
- (2) Other liens, judgments, or financial or professional conditions that indicate a pattern of dishonesty on the part of the applicant.

§ 20111. Continuing Education and Renewal Procedures for Mortgage Loan Originators.

(a) A mortgage loan originator license shall be renewed on an annual basis between November 1 and December 31.

(b) A license not renewed during the specified time period shall be deemed a lapsed or expired license. A mortgage loan originator with a lapsed or expired license may not engage in business as a mortgage loan originator until the mortgage loan originator's license is reinstated pursuant to Section 3112 of these rules.

(c) To renew a license under subsection (a) of this rule, a licensed mortgage loan originator shall complete at least eight hours of NMLS approved continuing education on or before December 31st of every year, which shall include the following:

- (1) Three hours of instruction on federal law and regulations,
- (2) Three hours of ethics, which shall include instruction on fraud, consumer protection and fair lending issues, and
- (3) Two hours of training related to lending standards for the nontraditional mortgage product marketplace.

§ 20112. Reinstatement of License as a Mortgage Loan Originator.

(a) A mortgage loan originator license that has not been renewed between November 1 and December 31 is a lapsed or expired license. A mortgage loan originator with a lapsed or expired license is not authorized to continue doing business as a mortgage loan originator unless his or her license is reinstated.

(b) A mortgage loan originator may reinstate an expired license if the following conditions are met:

- (1) The mortgage loan originator must submit a request for reinstatement through NMLS after December 31 and before March 1 of the year immediately following the year the license expired.
- (2) All continuing education courses and any other minimum requirements for the license renewal for the year in which the license expired must be completed before March 1 following the year the license expired.

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(3) The mortgage loan originator must pay the applicable license renewal, reinstatement, and any late fees or penalties.

(4) The mortgage loan originator must continue to meet minimum standards for renewal in Section 36309 of the Guam SAFE Act.

(c) If a mortgage loan originator whose license has expired cannot meet the requirements for reinstatement specified in this section or submits a reinstatement filing on or after March 1, the mortgage loan originator must apply for a new license and meet the requirements for licensure in effect at that time.

§ 20113. Supervision of Mortgage Loan Originators.

(a) Every company mortgage loan originator shall exercise diligent supervision over the mortgage loan origination, lending and servicing activities of every mortgage loan originator that it sponsors.

(b) Every mortgage loan originator employed by a company mortgage loan originator shall be subject to the supervision of a manager designated by such company mortgage loan originator. Every manager shall be identified on NMLS Branch Form, and shall submit a NMLS Individual Form to NMLS.

(c) Every company mortgage loan originator shall establish, maintain, and enforce written procedures, a copy of which shall be kept in each business office that set forth the procedures adopted by the company mortgage loan originator to comply with the duties imposed by this section.

(d) Every company mortgage loan originator shall designate a Supervisor, an individual, who shall:

(1) Supervise and periodically review the activities of the managers designated pursuant to subsection (b) of this section;

(2) Periodically inspect each business office of the company mortgage loan originator to ensure that the written procedures are enforced.

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(3) In the event a company mortgage loan originator does not have any branches offices, the Supervisor shall directly supervise and review the activities of the individual mortgage loan originators.

(e) The Supervisor shall be identified on the NMLS Company Form Section for “Qualifying Individual” and shall submit a NMLS Individual Form. For purposes of this section, a qualifying individual is a person in charge and responsible for the actions of the company mortgage loan originator.

§ 20114. Statement of Citizenship, Alienage, and Immigration Status.

Any applicant for mortgage loan originator who is applying for any license under the Guam SAFE Act shall file the Statement of Citizenship, Alienage, and Immigration Status and any accompanying documentation directly with the Commissioner.

§ 20115. Notices Included with Applications.

The following notices required by state and federal law are hereby provided for those completing an application for a mortgage loan originator license in Section 3105 of these rules and an application for a mortgage loan originator license for a branch office in Section 3107 of these rules:

**NOTICES REQUIRED UNDER
STATE AND FEDERAL LAW**

(Social Security Number Confidentiality Act,
5 GCA Section 32701 et seq.)

(a) The Banking and Insurance Commissioner is requesting the information specified in the NMLS Company Form, application for licensure of company or sole proprietor mortgage loan originators and NMLS Individual Form, as part of the application for licensure of mortgage loan originators.

(b) Any public entity or private entity is not prevented from using a Social Security Number for internal verification and administrative purposes, so long as the use does not result in, or require the release of the Social Security Number to

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persons not designated by the entity to perform associated functions authorized by law. (5 GCA Section 32705).

(c) The submission of all items of information is mandatory unless otherwise noted. [Title] 5 GCA Section 32705 allows a public entity to collect and use social security numbers from all applicants for internal verification and administrative purposes, so long as the use does not result in, or require the release of, the Social Security Number to persons not designated by the entity to perform associated functions authorized by law. The Privacy Act of 1974 prohibits a state agency from denying an individual any right, benefit or privilege provided by law because of the individual's refusal to disclose the individual's social security account number.

(d) The failure or refusal of an applicant for mortgage loan originator license or an individual that is sponsored by mortgage loan originator to provide all or any part of the information requested including a social security number may preclude the Banking and Insurance Commissioner from approving the application.

(e) The principal purposes for which the information will be used by the Banking and Insurance Commissioner are to determine whether:

(1) a license, registration, or other authority, as allowed under the law, should be accepted, granted, approved, denied, revoked or limited in any way;

(2) business entities or individuals licensed or otherwise regulated by the Banking and Insurance Commissioner are conducting themselves in accordance with applicable laws; and/or

(3) laws administered by the Banking and Insurance Commissioner are being or have been violated and whether administrative action, civil action, or referral to appropriate federal, state or local law enforcement or regulatory agencies, as authorized by law, is appropriate.

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(f) Any known or foreseeable disclosures of the information pursuant to 5 GCA Section 32705 and may include transfer of information to other federal, state, or local law enforcement or regulatory agencies as authorized by law.

(g) The Sunshine Reform Act of 1999, (5 GCA , Chapter 10) grants an individual a right to access his or her own personal information that is maintained by the Department of Revenue and Taxation.

FEDERAL PRIVACY ACT OF 1974
(Public Law 93-579)

In accordance with Section 7 of the Privacy Act of 1974 (found at 5 U.S.C. §552a note (Disclosure of Social Security Number)), the following is information on whether the disclosure of a social security account number is voluntary or mandatory, by what statutory or other authority such number is solicited, and what uses will be made of it.

(a) Section 36305 of the SAFE Act requires the Banking and Insurance Commissioner to do background checks and obtain independent credit report for any individual applicant for residential mortgage loan originator. The disclosure of a Social Security Number to the Banking Commissioner through the NMLS is required in order to do a background check and obtain an independent credit report on an individual applicant for residential loan mortgage originator. The Privacy Act of 1974 prohibits a state agency from denying an individual any right, benefit or privilege provided by law because of the individual's refusal to disclose the individual's social security account number.

(b) A social security account number is solicited pursuant to one or more of the following authorities: Sections 36305 of the Act and 5 GCA Section 32705.

(c) For all persons disclosing a social security account number, the number may be used, in addition to

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other information provided, to conduct a background investigation of the individual by federal, state or local law enforcement agencies, as authorized by law. The social security number may also be used to respond to requests for this number made by child support agencies.

§ 20116. Notice of Changes by Mortgage Loan Originator.

(a) Each licensed mortgage loan originator shall, upon any change in the information contained in its application for license (other than financial information contained therein), promptly file an amendment to such application setting forth the changed information.

(b) A licensed company mortgage loan originator shall file changed information contained in its NMLS Company Form, NMLS Branch Form and NMLS Individual Form and any exhibits thereto, through NMLS in accordance with its procedures for transmission to the Commissioner. Any change that cannot be submitted through NMLS shall be filed directly with the Commissioner.

(c) A mortgage loan originator shall file changed information contained in his or her NMLS Individual Form and any exhibits thereto, through NMLS in accordance with its procedures for transmission to the Commissioner within twenty (20) days of changes to the information. Any change that cannot be submitted through NMLS shall be filed directly with the Commissioner. A mortgage loan originator may not renew his or her license under Section 3111 of these rules until all changes to the information contained in his or her NMLS Individual Form are filed with the Commissioner as provided in this section.

(d) A licensed company mortgage loan originator shall notify the Commissioner of the employment of any new mortgage loan originator in Guam and of the termination of employment of any mortgage loan originator in Guam by filing with the NMLS the NMLS Individual Form and in accordance with Section 3108 of these rules.

(e) If a company mortgage loan originator discovers that its mortgage loan originator has not filed an amendment to his or her NMLS Individual Form as required by subsection (c), the company mortgage loan originator shall require the sponsored mortgage loan originator to file the amendment immediately. If, within five (5) days from the

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demand, the sponsored mortgage loan originator has not made the changes, the company mortgage loan originator shall inform the Commissioner in writing.

§ 20117. Effectiveness of Mortgage Loan Originator Licenses.

(a) A license as a mortgage loan originator under Section 36306 of the Guam SAFE Act continues in effect until it is revoked or suspended by the Commissioner, or surrendered by the mortgage loan originator and the surrender has been accepted by the Commissioner pursuant to Section 3120 of these rules.

(b) A license as a mortgage loan originator under Section 36306 of the Guam SAFE Act shall be renewed on an annual basis in accordance with Section 3111 of these rules.

§ 20118. Challenge Process or Information Entered Into NMLS.

(a) If an applicant or licensee disputes the accuracy or completeness of any material information entered into and maintained by NMLS, the applicant or licensee may submit a written request to the Commissioner by hand delivery at 1240 Army Drive, Barrigada, Guam 96913 or by mail to P.O. Box 23607, GMF, Guam 96921.

(b) The request shall include the applicant or licensee's name, unique identifier, a statement of the alleged inaccuracy or incompleteness of the information entered into NMLS, and its materiality, and shall provide any proof or corroboration available, including copies of official documents or court orders that support the changes requested by the applicant.

(c) Upon receipt of the request, the Commissioner shall investigate the request, along with any information provided, and determine if the information entered into NMLS is correctly reflected.

(d) If the Commissioner determines that the information is materially incorrect, the Commissioner shall request that the NMLS record be corrected.

(e) If the Commissioner denies the allegations of material inaccuracy or incompleteness in the NMLS record, the Commissioner shall notify the licensee or applicant in writing.

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(f) Within 30 days from the mailing or service of the notification, the person may request a hearing under the Administrative Adjudication Law 5 GCA (commencing with Section 9100) for a determination of whether material inaccuracy or incompleteness exists in the record.

(g) If a material inaccuracy or incompleteness is found in any record, within 30 days of notice of the finding the Commissioner shall request that NMLS correct the information.

(h) A request for judicial review of the decision shall be made pursuant to the Administrative Adjudication Law, 5 GCA Section 9240.

§ 20119. Shared Arrangements with Other Governmental Agencies: Confidentiality.

(a) For purposes of Section 36316 of the Act, the Commissioner is authorized to share any information or material that has been submitted to the NMLS to any governmental agency, including but not limited to, the Attorney General of Guam, the U.S. Department of Justice, the Federal Bureau of Investigation, state or federal regulatory agencies. The information or material that is shared with a governmental agency shall be accomplished without the loss of privilege or the loss of confidentiality protections provided by law.

(b) A mortgage loan originator applicant may request that certain documents, or parts thereof, be treated confidentially. A request for confidentiality shall be in writing. If a request for confidential treatment is granted or denied, the person making such request will be notified in writing.

§ 20120. Surrender of License as a Mortgage Loan Originator.

(a) An application to surrender a license as a mortgage loan originator shall be filed on NMLS Company Form, NMLS Branch Form or NMLS Individual Form through NMLS in accordance with its procedures for transmission to the Commissioner. A licensed company mortgage loan originator shall amend every branch office application with NMLS Branch Form and terminate the sponsorship of all mortgage loan originators on NMLS Individual Form.

(b) Prior to surrendering its license, a licensed mortgage loan originator must file a plan for approval by the Commissioner. The plan

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shall contain the licensee's detailed proposal for the orderly closing out of its mortgage lending business. At a minimum, the plan shall contain the following:

(1) A detailed description of the plan to process to completion any loan applications pending which were received before the decision to surrender the license was made. In the alternative, the plan may describe the process for cancellation or completion of the loan by another licensee or exempt person.

(2) A detailed description of the plan to transfer the licensee's existing servicing portfolio, including the timeframe within which the transfer will be completed.

(3) The timeframe required for payout to another mortgage loan originator of all payments received from the borrowers, or the time frame required for transfer of payments received to another servicing licensee or exempt person.

§ 20121. Prohibited Advertising.

(a) A mortgage loan originator shall not advertise that it or any of its officers, employees, or agents is "bonded," "supervised by," "regulated by," "audited by" or "examined by" the Island of Guam or any agency thereof.

(b) A mortgage loan originator shall refer to its licensure under the Guam SAFE Act in any written or printed communication or any communication by means of recorded telephone messages, telephonic or electronic media, or spoken on radio, television or similar communications media, only by the following statement: "**Registered MortgageLoan Originator**".

§ 20122. "Blind" Advertising Prohibited.

A mortgage loan originator shall not use "blind" advertisements. "Blind" advertising is an advertisement used to solicit business that gives only a telephone number, post office or newspaper box number, or name other than that of the licensee.

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§ 20123. Surety Bond.

Every licensee shall maintain a surety bond in accordance with Section 36314 of the Guam SAFE Act as follows:

(a) A registered mortgage loan originator that does not employ one or more mortgage loan originators shall post a surety bond in the amount of \$50,000.

(b) A registered mortgage loan originator that employs one or more mortgage loan originators shall post a surety bond based on the dollar amount of residential mortgage loans originated or serviced, or both, by that licensee and its mortgage loan originator employees in the first year and succeeding years, are as follows:

Aggregate Loans	Bond Amount
First year	\$ 50,000
0 - \$10,000,001	\$ 50,000
\$10,000,001 - \$25,000,000	\$ 50,000
\$25,000,001 - \$50,000,000	\$ 75,000
Over \$50,000,000	\$100,000

(c) An applicant for company mortgage loan originator shall procure the surety bond described above from an insurance company that is currently admitted or licensed to transact insurance business in Guam; and such insurance company that is accredited or listed with the United States Treasury.

(d) The surety bond shall secure the payment for:

(1) non-compliance with the provisions of the Guam SAFE Act and the regulations thereto; or

(2) violation of applicable laws on unfair, deceptive, and fraudulent practices committed in connection with the origination of residential real estate mortgage loans and in the servicing of such loans.

(e) The Commissioner shall upon determination and issuance of an order of non-compliance of the provisions of the Guam SAFE Act or violation of applicable laws on unfair, deceptive and fraudulent practices on residential mortgage loans originations either through an administrative proceedings or consent order

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pursuant to the Administrative Adjudication Law draw upon the surety bond in such amount equal to the assessment of penalty.

(f) Upon the assessment of penalty on the surety bond, the Commissioner shall order the mortgage loan originator to post a replacement surety bond in an amount required in Subsection (b) of this Section.

§ 20124. Forms.

The unique identifier of a licensed mortgage loan originator shall be clearly shown on all residential mortgage loan application forms, solicitations, or advertisements, including business cards or Internet Web sites, whether in paper, electronic, or any other format. The unique identifier number shall be so labeled and shall not be smaller than 8-point bold font.

§ 20125. Fingerprinting of Certain Employees.

(a) If a licensee suffers a loss of trust funds as a result of the actions of an employee, as defined by Section 3103 (a)(3) of these rules and that employee is or was an individual prohibited from employment with a licensee under Section 36306 of the Guam SAFE Act, then the Department, at the discretion of the Commissioner, may undertake to obtain

(1) a Statement of Identity and Questionnaire, or similar report, including but not limited to the NMLS Company Form, NMLS Branch Form and NMLS Individual Form.

(2) notice under Section 3103 of these Rules, and

(3) fingerprints of all other such employees for the purpose of determining whether other prohibited individuals have been so employed by the licensee.

(b) A licensee shall cooperate fully with the Commissioner and the Department in complying with the requirement of subsection (a) of this Rule.

§ 20126. Annual Report and Mortgage Call Report.

a) Pursuant to the provisions of Section 36317(d) of the Guam SAFE Act, a mortgage loan originator shall submit an audited annual

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financial report and report of condition in accordance with generally accepted accounting principles (GAAP) no later than 90 days after the end of the calendar or fiscal year, and in addition, shall file as the NMLS may require, the NMLS Mortgage Call Report required to be filed pursuant to Section 36319 of the Guam SAFE Act with NMLS for transmission to the Commissioner.

(b) Every mortgage loan originator shall ensure that all residential mortgage loans that close as a result of his or her loan origination activities are included in the mortgage call reports submitted to NMLS or the Commissioner by his or her sponsoring mortgage loan originator.

§ 20127. Nontraditional, Adjustable Rate and Mortgage Loan Products.

(a) Best Practices. Every licensee or every mortgage loan originator shall implement best practices to manage loan product risk on a continuous basis. These best practices shall include practices set forth in the Guidance on Nontraditional Mortgage Product Risks published by the Conference of State Bank Supervisors and the American Association of Residential Mortgage Regulators, which is hereby incorporated by reference, and the Statement on Subprime Mortgage Lending published by the aforementioned entities and the National Association of Consumer Credit Administrators, which is hereby incorporated by reference. Both publications are collectively referred to herein as the “Guidance”. A mortgage loan originator employed by a licensee shall follow the best practices policies and procedures developed by his or her employer. For purposes of this section, “best practices” shall mean lawful processes, policies, and procedures to manage risks associated with use of nontraditional mortgage products and adjustable rate mortgage products as defined and prescribed by the Guidance.

(b) Written Compliance Report. In a separate written document, submitted as an addendum to its annual financial report and report of condition required under Section 36317 of the Guam SAFE Act and by Section 3126 (b) of these Rules, every licensee or a mortgage loan originator shall state whether it made or arranged nontraditional mortgage products and adjustable rate mortgage products, as defined by the Guidance, during the reporting period covered by the annual report. If any such loans were made or arranged, the licensee or mortgage loan

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originator shall also explain how it has implemented best practices and explain whether and how it has put into effect the following internal controls or procedures during the reporting period: adopted processes, policies and procedures to ensure compliance with the Guidance; designated a compliance officer (including contact information of that officer) to ensure compliance with the Guidance; implemented a consumer complaint process to resolve consumer complaints involving loans covered by the Guidance; and educated employees and agents to help them understand how to apply the best practices. In addition, the licensee shall indicate the number of any consumer complaints it received during the reporting period regarding loans that are subject to the Guidance, including the number of resolved complaints and unresolved complaints and the number of workout arrangements used for resolved complaints. For purposes of this section, "workout arrangement" shall mean a modified or converted loan product with predictable payment requirements to help the financially-stressed borrower.

(c) Books and Records. If the licensee or a mortgage loan originator receives any reportable consumer complaints described in subsection (b), the licensee or mortgage loan originator shall maintain for each complaint a copy of the complaint and the licensee's or mortgage loan originator's written response or explanation of how the company resolved the complaint including any workout arrangement, shall maintain this documentation as part of its books and records, and shall make the documentation available to the commissioner upon request. In addition, if the licensee reports any internal controls or procedures or nontraditional or adjustable rate loans described in subsection (b), the licensee or mortgage loan originator shall maintain documentation of those controls or procedures as part of its books and records, and any loan documentation required by law, and shall make the documentation available to the commissioner upon request.

(d) Loan Disclosures. Every licensee or every mortgage loan originator shall, within three business days after receipt of a completed application for a nontraditional loan or an adjustable rate loan that is subject to the Guidance, or before the borrower becomes obligated on the note, whichever is earlier, cause to be delivered to the borrower statements in writing disclosing, in a clear and conspicuous manner,

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information comparing payment scenarios and loan balance scenarios among any nontraditional loan and adjustable rate loan products offered by the finance company and that are subject to the Guidance. This information shall be provided by one of the following methods:

(1) The form entitled CSBS/AARMR Residential Mortgage Disclosure to provide information to the borrower, which is hereby incorporated by reference, or

(2) Any other form used by the licensee to compare payment scenarios and loan balance scenarios among any nontraditional loan and adjustable rate loan products that are subject to the Guidance; provided, however, that the form shall, at a minimum,

(A) compare monthly payments and loan balances of these loan products offered by the licensee, and

(B) reflect the borrower's proposed loan amount.

(e) Advertising Prohibitions. For purposes of Section 36318 of the Guam SAFE Act, the following are considered false, misleading, or deceptive advertising prohibited by that section for loans that are subject to the Guidance:

(1) Any advertisement of an installment in repayment of an adjustable rate, interest only or payment-option loan without an equally prominent disclosure of the following information about the loan as applicable:

(A) Principal amount

(B) Term of loan

(C) Initial interest rate

(D) Number of months the initial interest rate will be in effect

(E) Fully-indexed interest rate

(F) Maximum interest rate

(G) If different, an explanation of the difference between the payment rate, initial interest rate and fully-indexed rate

(H) Annual percentage rate

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(I) How often the interest rate and payments can change

(J) Maximum periodic change in the interest rate and payments (periodic caps)

(K) Number of months and percentage of original loan amount after which minimum payments will not be accepted and the loan re-amortizes

(L) The monthly payment based on the maximum interest rate, and the loan balance after all negative amortization is included, assuming minimum payments are made

(M) If the loan contains a prepayment penalty, a statement to that effect

(N) If the loan contains a balloon payment, a statement to that effect

(2) Any advertisement that the licensee can arrange “low doc/no doc”, “no income/no asset”, “stated income”, “stated asset”, “no ratio” or similar loan products without a statement that these products may have a higher interest rate, more points or more fees than other products requiring documentation.

(f) This section applies to loans secured by residential real property located in Guam improved by a one-to-four family dwelling.

§ 20128. Report of Civil, Criminal or Disciplinary Action.

(a) A mortgage loan originator shall immediately report in writing to the Commissioner any civil, criminal or disciplinary action set forth in Section 36317 (a) (1) of the Guam SAFE Act, filed against a mortgage loan originator, or any of its officers, directors, partners, shareholders controlling 10 percent or more of the ownership interests, trustees or employees (employee is described in Section 3101(j) of these Rules) through the NMLS in accordance with its procedures for transmission to the Commissioner on NMLS Company Form, NMLS Branch Form and NMLS Individual Form. Any action that cannot be reported through NMLS shall be reported directly to the Commissioner.

(b) If a company mortgage loan originator finds that its mortgage loan originator has not filed an amendment to his or her NMLS

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Individual Form, the mortgage loan originator shall proceed as required in Section 3108(f) of these rules.

§ 20129. Report of Defalcation.

A mortgage loan originator shall immediately report to the Commissioner any defalcation, embezzlement or theft made, or reasonably believed by the company to have been made, by any of its officers, directors, partners, shareholders controlling 10 percent or more of the ownership interests, trustees or employees (employee is described in Section 3101(j) of these Rules).

§ 20130. Severability.

If any provision of these rules or its application to any person or circumstance is held invalid, the remainder of these rules or the application of the provision to other persons or circumstances is not affected.

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**APPLICANT'S AUTHORIZATION
TO DISCLOSE INFORMATION**

To: Banking and Insurance Commissioner

From: _____

1. I hereby authorize and request all persons to whom this request is presented having information related to or concerning applicant to furnish such information to duly appointed agent of the Banking and Insurance commissioner, whether or not such information would otherwise be protected from disclosure by any constitutional statutory or common law privilege.
2. I hereby authorize and request all persons or entities to whom this request is presented having documents related to or concerning applicant to permit a duly appointed agent of the Banking and Insurance Commissioner, whether or not such information would otherwise be protected from disclosure by any constitutional statutory or common law privilege.
3. If the person to who this request is presented is a brokerage firm, bank, savings and loan, or other financial institution or as office of same, applicant hereby authorized and request that a duly appointed agent of the Banking and Insurance Commissioner be permitted to review and obtain copies of any and all documents, records, or correspondence pertain to applicant including but not limited to past loan information notes co-signed by applicant check account records, savings deposit box record, passbook records, and general ledger folio sheets.
4. Applicant does hereby make, constitute, and appoint any duly appointed agent of the Banking and Insurance Commissioner of the Department of Revenue and Taxation its true and lawful attorney in-fact for it and its name place and stead an on its behalf and for its benefit:
 - a. To request, review, copy, sign for, or otherwise act for investigative purposes with respect to documents and

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information in the possession of the person or entity to whom this request is presented as applicant might.

- b. To name the person or entity to whom this request is presented and insert that person's name in the appropriate location on this request.
5. Applicant grants to said attorney in fact full power and authority to do, take, and perform all and every act and thing whatsoever requisite proper, or necessary to be done in the exercise of any of the rights and powers herein granted as fully to all intents and purposes as applicant might or could do if it were present with full power of substitution or revocation hereby ratifying and confirming all that said attorney in fact or his substitute or substitute, shall lawfully do or cause to be done by virtue of this power of attorney and the right and powers herein granted.
6. This power of attorney is effective as of the date of execution and shall remain effective until five years after the surrender or revocation of the license of the applicant.
7. Applicant has filed with the Department of Revenue and Taxation, Insurance, Securities and Banking Division an "application" to be licensed or request for approval of key officer/director/majority owner. Applicant understands that it is seeking the granting of a privilege and acknowledges that the burden of providing its qualifications for a favorable determination is at all times on it. Applicant accepts any risk or adverse public notice, embarrassment, criticism, or other action of financial loss, which may remit from action with respect to this application.
8. Applicant does for itself, its heirs, executors, administrators, successors, and assignee, hereby release, and forever discharge the person or entity to who this request is presented and his/it's agents and employees from all and all manner of actions, cause of action, suits, debts, judgments, execution, claims, and demands whatsoever, known or unknown, in law or equity which applicant ever had, now has, may have, or claim to have against the person or entity to whom this request is presented or his/it's

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agents or employees arising out of or by reason of complying with this request.

9. Applicant agrees to indemnify and hold harmless the person or entity to whom this request is presented and his/it's agents and employees from and against all claim damages, losses and expenses, including reasonable attorney's fees arising out of or by reason of complying with this request.
10. A reproduction of this request by photocopy or similar process shall be for all intents and purposes as valid as the original.

In witness whereof, I, an applicant or an authorized principal of the applicant, executed this Authorization to Disclose at _____, on this _____ day of _____, 20____.

Applicant Name: _____

By: _____

Title: _____

(Signature of applicant or authorized principal of applicant)

Subscribed and sworn to before me this _____ day of _____, 20____.

Notary public in and for the county of _____, State of _____.

Notary Signature: _____)

Notary Seal (

Signature of Agent presenting this request:

Date: _____