



COLORADO
Department of
Regulatory Agencies
Division of Real Estate

THE DIVISION OF REAL ESTATE

New Mortgage Loan Originator Handbook



This handbook is designed for newly licensed Mortgage Loan Originators with the general requirements to maintain their license.



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DISCLAIMER

This Handbook was prepared primarily to assist newly licensed Mortgage Loan Originators with the general requirements to maintain their license issued by the Colorado Board of Mortgage Loan Originators. It covers basic compliance requirements. It also addresses how Mortgage Loan Originators can participate in the regulatory framework and provides key resources and tools. It is not intended to include all of a Mortgage Loan Originator's obligations and responsibilities under relevant federal and state statutes and regulations. Additionally, it was not designed to provide Mortgage Loan Originators with practice advice or interpret the license law and Board Rules. Mortgage Loan Originators should seek guidance from their Mortgage Company's compliance officer and/or legal counsel.

If there is any conflict between this Handbook and the license law and Board Rules, the law and regulations will take precedence. Applicable laws and regulations are available on the Division's website at dre.colorado.gov/.

March 2025 Version,

Colorado Department of Regulatory Agencies, Division of Real Estate

MESSAGE FROM THE DIVISION DIRECTOR



Congratulations on your Mortgage Loan Originator license!

The mission of the Division of Real Estate is to protect consumers through licensing, regulation, and enforcement of licensed real estate professionals and businesses. We aspire to create a balance between consumer protection and promoting a fair and competitive business environment.

As Colorado's real estate market is dynamic, our regulatory work is critical to ensure that there is a balance between consumer protection and the integrity of the marketplace. To accomplish this balance, we apply a collaborative approach to regulation that is transparent, simple, and user-friendly.

As part of our collaborative approach to regulation, we have developed this Handbook to help you easily navigate through the regulatory landscape. In this Handbook, you will review basic compliance requirements and learn about key resources and tools, and how you can participate in the regulatory framework.

The Handbook does not include all of your obligations and responsibilities under relevant federal and state laws and regulations. You should always seek guidance and assistance from the compliance officer at your Mortgage Company and/or legal counsel to ensure compliance with the relevant federal and state laws and regulations.

Congratulations!



Marcia Waters

DEFINITIONS

This section contains commonly defined terms that are used throughout this Handbook. The first letter of each term is capitalized throughout this Handbook so you can easily identify that the word or phrase is a defined term.

Active

A current, Valid license that allows a person to engage in residential mortgage loan origination activities.

Board

The Board of Mortgage Loan Originators as defined pursuant to section 12-10-702(3), C.R.S.

Board Rules

4 CCR 725-3 Rules Governing Mortgage Loan Originators and Mortgage Companies.

Board Insurance Policy

The qualified insurance carrier contracted by the Board to offer a group policy of Errors and Omissions Insurance pursuant to section 12-10-707, C.R.S. The qualified insurance carrier of the Board Insurance Policy may be found on [the Division's website](#).

Colorado Revised Statutes (C.R.S.)

The codified general and permanent statutes of the Colorado General Assembly.

Complainant

Any person who has filed a written complaint with the Division against a Licensee. The Board may open a complaint on its own motion if information indicates a potential license law or Board Rule violation may have occurred and an investigation is necessary.

Division of Real Estate (Division)

The Division of Real Estate as defined pursuant to section 12-10-101(2), C.R.S.

Department of Regulatory Agencies (DORA)

The Department of Regulatory Agencies as defined pursuant to section 24-1- 122, C.R.S.

Errors and Omissions (E&O) Insurance

A type of insurance that protects the insured against liability for committing an error or omission in the performance of professional duties. Generally, such policies are designed to cover financial losses from inadvertent errors and omissions (i.e., those resulting from negligence) on the part of the insured rather than liability for bodily injury and property damage. It does not cover intentional wrongs.

Expired

A license that was not renewed prior to the expiration date and is no longer Valid for a person to engage in residential mortgage loan origination activities.

Inactive

A Mortgage Loan Originator who holds a Valid license shown in the Board's records as being Inactive is not permitted to engage in residential mortgage loan origination activities. To maintain licensure on Inactive status, a Mortgage Loan Originator must still continue to renew their license and meet the continuing education requirements as set forth in Chapters 3 and 4 of the Board Rules.

Initial License

The first license issued by the Board.

Licensee

A holder of a license issued by the Division.

Mortgage Company

Has the same meaning pursuant to section 12-10-702(12), C.R.S.

Mortgage Loan Originator (MLO)

Has the same meaning pursuant to section 12-10-702(14), C.R.S.

Mortgage Loan Originator Licensing and Mortgage Company Registration Act (Practice Act or license law)

That portion of the Colorado statutes found at sections 12-10-701 through 12-10-730, C.R.S.



Nationwide Multistate Licensing System and Registry (NMLS)

A mortgage licensing system developed to track the licensing and registration of Mortgage Loan Originators as further defined in section 12-10-702(15), C.R.S.

Offering or Negotiating Terms of a Residential Mortgage Loan

To present for consideration to a borrower or prospective borrower particular residential mortgage loan terms, or to communicate directly or indirectly with a borrower, or prospective borrower for the purpose of reaching a mutual understanding about prospective residential mortgage loan terms. An individual's generic referral to or recommendation of a particular lender in and of itself, is not offering or negotiating the terms of a residential mortgage loan.

Respondent

A Licensee to whom a complaint or formal charges has been filed against them.

Safe and Secure Manner

Reasonable measures are taken to minimize the risk of loss, damage, or theft.

Surety Bond

A type of bond required by the Division to ensure that consumers can seek recourse for financial losses if they are wronged by an MLO during a residential mortgage loan transaction.

The Secure and Fair Enforcement for Mortgage Licensing Act of 2008 (SAFE Act)

The Secure and Fair Enforcement for Mortgage Licensing Act of 2008, 12 U.S.C. § 5101, et seq., as amended.

Taking a Residential Mortgage Loan Application

The receipt of a residential mortgage loan application by an individual for the purpose of facilitating a decision whether to extend an offer of residential mortgage loan terms to a borrower or prospective borrower, whether the application is received directly or indirectly from the borrower or prospective borrower. An individual's generic referral to or recommendation of a particular lender, in and of itself, is not taking a residential loan application.

Valid

A license that is approved and shown in the Board's records as either Active or Inactive as well as being eligible for renewable status.

REGULATORY FRAMEWORK

SAFE Act and Consumer Financial Protection Bureau

The Secure and Fair Enforcement for Mortgage Licensing Act of 2008 was enacted on July 30, 2008 (SAFE Act) to increase uniformity, reduce the regulatory burden, enhance consumer protection and reduce fraud. The SAFE Act requires the Conference of State Bank Supervisors and the American Association of Residential Mortgage Regulators to establish and maintain a nationwide mortgage licensing system and registry for the residential mortgage industry.

Additionally, the SAFE Act requires individuals who engage in residential mortgage loan origination activities to be either state-licensed or federally- registered as MLOs. All MLOs must register with the NMLS and submit fingerprints to the NMLS for submission to the FBI for a criminal background check. State-licensed MLOs are required to pass a written examination, complete pre-licensing education, take annual continuing education courses and provide authorization for the NMLS to obtain an independent credit report.

Effective July 21, 2011, the SAFE Act was transferred to the Consumer Financial Protection Bureau (CFPB) for administration and enforcement.

Department of Regulatory Agencies

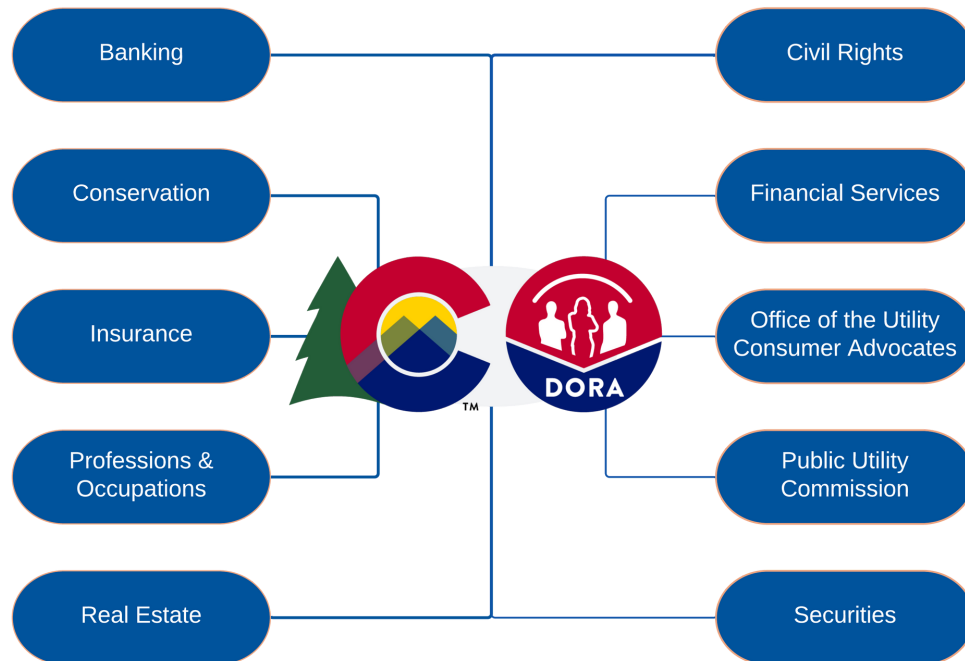
DORA was established pursuant to the Administrative Organization Act of 1968. As the state's principal regulatory agency, DORA is committed to ensuring Colorado has an effective regulatory landscape where both consumers are protected and businesses can thrive in a competitive and fair marketplace.



COLORADO

Department of
Regulatory Agencies

Division of Real Estate



DORA is an umbrella agency of ten divisions, which include: (1) Banking, (2) Civil Rights, (3) Conservation, (4) Financial Services, (5) Insurance, (6) Professions and Occupations, (7) Real Estate, (8) Securities, (9) the Office of the Utility Consumer Advocate, and (10) the Public Utilities Commission. The Executive Director's Office includes the Office of Policy, Research, and Regulatory Reform that independently reviews the continued need for regulation throughout state government (referred to as sunset reviews) and any new regulation requests (referred to as sunrise reviews).

Additionally, DORA is responsible for over 40 boards, commissions, and advisory committees, which are charged with administering more than 50 regulatory programs comprising over 886,000 individual licensees and approximately 65,000 businesses and institutions.

DORA is primarily cash funded by regulated professionals and entities through fees and assessments, which flow into cash funds. DORA is unique among state agencies with regard to the volume, complexity, and autonomy with which it sets industry fees based on appropriations made by the Colorado General Assembly. The cash-funding concept ensures programs must produce sufficient revenue to be self-supporting.

Division of Real Estate

The Division is dedicated to consumer protection through the licensing and enforcement of real estate professionals and businesses. In addition, the Division licenses registered mortgage companies, subdivision developers and registers homeowner associations. The Division's mission is to create a balance between consumer protection and the business needs of licensed real estate professionals and entities. With a budget of approximately \$6.5 million, the Division's oversight of licensed real estate professionals and businesses along with related programs include:

- Appraisal Management Companies
- Homeowner Associations (“HOAs”)
- Appraisal Management Companies
- Mortgage Loan Originators and Mortgage Companies
- Real Estate Appraisers
- Real Estate Brokers and Brokerage Firms
- Subdivision Developers





The Division includes seven working units and three statutorily created boards.



Division Director's Office

The Division Director's Office oversees the general administration of the Division, the board member selection in conjunction with the Governor's Office, the regulatory agenda and report, rulemaking, legislative and media relations, policy research, stakeholder engagement, and budgeting and planning.

Contacts:

Marcia Waters, Division Director

Garred Lyle, Deputy Division Director



Operations Center

The Operations Center provides information and resources to Licensees and Consumers. The Operations Center also assists Licensees with general inquiries regarding licensing requirements such as insurance, renewals and reinstatements, continuing education, changing license level, transferring a license to a new Brokerage Firm, activating or inactivating a license, and navigating the Division's licensing management system.

Contact:

Tammy Baca, Budget & Operations Manager



Licensing

The Licensing Unit processes individual and business real estate licenses and registrations. On average 95% of real estate licenses are issued within five business days making licensing fast, efficient and easy for those applicants who are qualified to provide real estate activities in Colorado. Licensing is also responsible for conducting fingerprint-based criminal background checks and E&O Insurance audits.

Contacts:

Sean Rhyne, Licensing Manager

Mary Lou Reyna, e-License Team Supervisor



Investigations

The Investigations Unit is responsible for conducting criminal conviction and compliance investigations in response to formal complaints. This also includes regular random and risk-based financial audits of Brokerage Firms.

Contacts:

Sarah Halloran, Team Lead

Eddie Rose, Team Lead

Nicole Tribelhorn, Team Lead



Expedited Settlement Program

The Expedited Settlement Program (“ESP”) attempts to resolve disciplinary actions imposed by the Division’s boards through settlement as an alternative to referring the cases to the Office of the Attorney General for a formal hearing. It is the intent of ESP to save the Division and licensee both time and money in resolving disciplinary actions. On average, ESP resolves 90% of the disciplinary cases within 60 days of a disciplinary decision being made.

Contact:

Penny Elder, Chief Settlement & Enforcement Officer



Education, Communication, and Policy

Education, Communication, and Policy (“ECP”) is responsible for the development of the Annual Commission Update course in conjunction with education providers, continuing education course and provider approvals, and continuing education audits. ECP also sends out email communications and advisories.

Contact:

David Donnelly, Education, Communication & Policy Manager



HOA Information and Resource Center

The HOA Information and Resource Center collects information via registrations directly from unit owner's associations and from inquiries and complaints filed by unit owners. The Center provides education, assistance, and information to unit owners, HOA boards, declarants, and other interested parties concerning their rights and responsibilities in the Colorado Common Interest Ownership Act.

Contact:

Nick Altmann, HOA Information Officer



The Board of Real Estate Appraisers

The Board of Real Estate Appraisers ("BOREA") is a 7-member board appointed by the Governor with the consent of the senate. BOREA includes 3 licensed or certified appraisers, a county assessor, an officer or employee of a commercial bank experienced in real estate lending, an officer or employee of an appraisal management company, and a public member. BOREA conducts rulemaking, makes policy decisions, considers licensing matters, reviews complaints, and takes disciplinary action against real estate appraisers and appraisal management companies.



The Board of Mortgage Loan Originators

The Board of Mortgage Loan Originators ("BMLO") is a 5-member board appointed by the Governor with the consent of the senate. The BMLO consists of 3 originators and 2 public members. The BMLO conducts rulemaking, makes policy decisions, considers licensing matters, reviews complaints, and takes disciplinary action against mortgage loan originators. The BMLO is responsible for the registration of mortgage companies.



The Colorado Real Estate Commission

The Colorado Real Estate Commission ("Commission") is a 5-member board appointed by the Governor. The Commission consists of 3 Brokers and 2 public members. The Brokers must have at least 5 years of real estate experience in Colorado to serve on the Commission. One of the Brokers also needs to have substantial experience in property management. The Commission conducts rulemaking, makes policy decisions, considers licensing matters, reviews complaints, and takes disciplinary action against Brokers. The Commission also registers subdivision developers.

Colorado Board of Mortgage Loan Originators

The Board derives its authority from Part 7 of Article 10 of Title 12 of the Colorado Revised Statutes.

In summary, some of the Board's duties and responsibilities include the following:

- Promulgate rules to implement the requirements of the SAFE Act and to establish and maintain the appropriate conduct and standards for MLOs and Mortgage Companies in Colorado.
- Issue or deny applications for licensure as an MLO and registrations of a Mortgage Company.
- Examine applications for licensure to ensure only qualified individuals that meet the required pre-licensing education and testing requirements obtain an MLO license.
- Review the background of applicants to ensure only individuals that demonstrate the financial responsibility, character, and general fitness requirements obtain an MLO license.
- Deny an application for a license, refuse to renew, suspend or revoke a license of an MLO.
- Deny an application for registration; refuse to renew, suspend, or revoke the registration of a Mortgage Company.
- Require continuing education as a condition of renewal for the purpose of enhancing professional competence and responsibility.
- Investigate complaints against MLOs and Mortgage Companies and make determinations regarding the need for discipline.
- Issue a cease and desist order with reasonable cause that an individual or entity is conducting residential mortgage activities without a license as an MLO or registration as a Mortgage Company.
- Establish relationships with NMLS to collect and maintain records and process transaction fees or other fees related to MLOs and Mortgage Companies.

RESOURCES

Several resources exist to assist you in maintaining your license and having a compliant business of residential mortgage loan origination in Colorado. This section provides a general overview of the existing resources and tools available. These resources will be referenced throughout this Handbook.

If you cannot find the information that you need, you can always contact the Division at (303) 894-2166. The Division does not provide legal advice or interpretation of the license law and/or Board Rules. MLOs should seek guidance from their compliance officer at their Mortgage Company or legal counsel.



Statutes

The Colorado General Assembly enacted the Mortgage Loan Originator Licensing and Mortgage Company Registration Act (Practice Act or license law) found in Part 7 of Article 10 of Title 12 of the Colorado Revised Statutes. The Practice Act governs the licensure and enforcement of MLOs and the registration of Mortgage Companies in Colorado. You can access the Colorado Revised Statutes through a site hosted by LexisNexis from the Colorado General Assembly's website. Additionally, the Practice Act can be found in Chapter Eight of the Colorado Real Estate Manual, which is posted on the Division's website. The most current and effective version of the Practice Act will be found on the Colorado General Assembly's website. It is your responsibility to be familiar with and compliant with the Practice Act.



A blue icon of a classical building with four columns and a pediment.

Administrative Rules

All state agencies' administrative rules are promulgated under authority delegated from the Colorado General Assembly and have the effect of law. Generally, administrative rules elaborate the requirements of the law and/or policy. Administrative rules are published by the Colorado Secretary of State in the Colorado Code of Regulations. You can search or browse the Colorado Code of Regulations. If you browse the Colorado Code of Regulations, you will find the Division's regulatory programs under the Department of Regulatory Agencies at 700 then the Division of Real Estate at 725. The administrative rules promulgated by the Board are published at 4 CCR 725-3 in the Colorado Code of Regulations and are divided into eight chapters. The Board Rules specify the requirements for licensure, continuing education, renewal, reinstatement, re-application, professional standards, NMLS, declaratory orders, and initial decisions and exceptions. It is your responsibility to be familiar with and compliant with the Board Rules. You can also find the Board Rules on the Division's website, which links directly to the Colorado Secretary of State's website to ensure that you have access to the most current rules.

A blue icon of a gavel resting on a sound block.

Position Statements

The Boards publishes position statements to help define standards or expectations that are part of the Practice Act and/or Board Rules. Position statements are guidance and do not carry the force of law like administrative rules. Position statements serve many important functions in the regulatory framework. The Board often uses position statements to help interpret existing law, provide the current Board's "thinking" on an issue, or clarify how the Board might treat or enforce an existing law or rule. You can find the position statements on the Division's website to be downloaded for free. It is your responsibility to be familiar with the position statements.



Nationwide Multistate Licensing System and Registry (NMLS)

A mortgage licensing system was developed to track the licensing and registration of MLOs. NMLS was created by the Conference of State Bank Supervisors and the American Association of Residential Mortgage Regulators. It is owned and operated by the State Regulatory Registry LLC. The goal is to provide for improved coordination and information sharing among regulators, increased efficiencies for industry, and enhanced consumer protection. NMLS does not have the authority to grant or deny licenses. As required by Board Rule 4.1.B., you must annually renew your license, regardless of whether on Active or Inactive status, through the NMLS in accordance with the timelines, policies, and procedures established by the NMLS.

eLicense

The Division maintains an electronic database (called “eLicense”) that contains licensing and enforcement records. This is the database where you applied for your Initial License from the Division. Each account is secure and password protected. It is your responsibility and required by Board Rule 5.10. to ensure your contact information (i.e., email address, phone number, and mailing address) is current and up to date in your eLicense account. **Failure to update your contact information can result in you missing and not responding to vital communications regarding your license.** You can access eLicense from the Division’s website then select “Online Services” from the main navigation menu.

Colorado Real Estate Manual

Every year, the Division prepares a new version of the Colorado Real Estate Manual that contains the practice act and accompanying rules and position statements for each regulatory program within the Division. A printed copy of the manual is available to purchase through LexisNexis from the Division’s website. The abridged manual chapters are also posted on the Division’s website to be downloaded for free. However, the most current versions of the Board Rules are available on the Colorado Secretary’s website.



Disclosure and Contract Forms

The Board has published the following forms for use by MLOs.

- **Dual Status Disclosure** - The Board prohibits individuals from acting as an MLO and a real estate broker, on the same transaction, unless disclosed to borrowers. The Board has created the Colorado Dual Status Disclosure to ensure this information is clearly and concisely disclosed.
- **Lock-In Disclosure Form** - The Lock-In Disclosure Form is to be used for any loan application or transaction that is not under the authority of the federally promulgated TILA-RESPA Integrated Disclosure Rule (TRID) and for which the applicable GFE, HUD-1 and Truth-in-Lending Disclosures are used. The Board has created the Colorado Lock-In Disclosure Form to use when disclosing the secured rate of interest for the prospective borrower or disclosing that the rate of interest is not secured and is subject to change.
- **Colorado Tangible Net Benefit** - MLOs cannot recommend or induce a borrower to enter into a transaction that does not have a reasonable, tangible net benefit to the borrower. The Board has developed the Colorado Tangible Net Benefit Disclosure in consideration of the reasonable, tangible net benefit standard.
- **Colorado Loan Modification Services Contract** - MLOs taking loan modification applications or offering or negotiating loan modifications are required to use a loan modification contract that complies with Colorado law. The Board has created the Colorado Loan Modification Services Contract to ensure compliance with Colorado law.

These forms are available on [the Division's website](#) to be downloaded for use. MLOs must use these forms or alternate forms if such alternate forms clearly include all information required by the Board.



The Division's Website

As a new Licensee, you have around-the-clock access to important information through the Division's website. You can learn about the Division and the regulatory programs within the Division. You can also access eLicense by selecting "Online Services" from the main navigation menu to manage your account and renew your license. Most importantly, you will have access to valuable information concerning renewal, continuing education requirements, practice guidance, and other pertinent information. Finally, you can sign up to receive the Division's quarterly newsletter and bi-monthly updates.



COMPLIANCE REQUIREMENTS

This section provides an overview of basic compliance requirements to assist you in maintaining your license and having a compliant business of residential mortgage loan origination in Colorado. Please remember that this Handbook is not intended to include all of your obligations and responsibilities under relevant federal and state statutes and regulations. Throughout this section, the Division has identified some practice pointers for you.

As proof of your licensure, the Division will electronically send a wallet card and a larger license to you. You can also print your license any time through your eLicense account by visiting [the Division's website](#) and selecting "Online Services" from the main navigation menu.

Your license shows important information, such as your license number, status, and expiration date. A license on Active status means that you have a current, Valid license that allows you to engage in residential mortgage loan origination activities. You are not authorized to perform any residential mortgage loan origination activities if your license shows the status as Inactive. Regardless of whether your license is on Active or Inactive status, you must renew your license prior to the expiration date shown on your license.





Renewal

MLOs must renew their Colorado license annually via both the NMLS and eLicense regardless of whether their license is on Active or Inactive status. Every year, your license will expire on December 31st. You can renew your license from November 1st through December 31st each year. You will receive a minimum of 2 email notifications from the Division regarding renewing your license.

You must follow these steps to renew your license:

- 1 Renew your NMLS Registration(s).
- 2 Log into your eLicense account to start the renewal process.
- 3 Select "Online Services" from the upper right-hand corner of the screen. From that menu, select "Renew/Reinstate Your License".
- 4 Verify your contact information and update it if necessary.
- 5 Complete the renewal application by following the various prompts.
- 6 Pay the renewal fee. Once payment has been submitted, print your receipt. A receipt will also be sent to the email address designated during the payment process. Please note that the Division will not provide payment receipts.
- 7 Save your renewal confirmation number.
- 8 Please allow 24 to 48 hours for your new license to be generated in the online portal. You may confirm the update to your expiration date within your eLicense account by selecting the "License Information" tab in the "Home" area of your account.



Practice Pointer - Your Colorado license expires annually on December 31st. If you fail to renew your Colorado license in either the NMLS or eLicense or both prior to December 31st, you are not permitted to engage in residential mortgage loan origination activities in Colorado.



Practice Pointer - As a condition of renewal, you must attest to the following items:

- You completed your 8 hours of continuing education as required by Board Rule 3.1.;
- You have an active E&O Insurance policy as required by Board Rule 2.7.;
- You have an active Surety Bond as required by Board Rule 2.6.; and
- You updated your contact information as required by Board Rule 5.10.

MLOs renewing a license on Inactive status are not required to maintain E&O Insurance or a Surety Bond but are required to stay current on all continuing education requirements.

Reinstatement

If you fail to renew your license prior to January 1st in either the NMLS or eLicense or both, you must reinstate your license. You can reinstate your license from January 1st through the last day of February. You will incur a reinstatement late fee that is one and one-half times the amount of the current renewal fee and you will need to follow all the steps to renew your license.

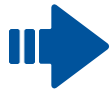


Practice Pointer - Your Colorado license expires annually on December 31st. If you fail to renew your Colorado license in either the NMLS or eLicense or both prior to December 31st, you are not permitted to engage in residential mortgage loan origination activities in Colorado until you reinstate your license.



Reinstatement

If you fail to reinstate your license before or on the last day of February in either the NMLS or eLicense or both, you must re-apply. You will need to contact both the NMLS and the Division regarding the re-application process.



Practice Pointer - To avoid the hassle of re-applying and not being authorized to engage in residential mortgage loan origination activities in Colorado, please renew your license prior to December 31 each year.



CONTINUING EDUCATION

Continuing Education

To maintain and improve your skills, knowledge, and competency regarding residential mortgage loan origination, you are required to complete continuing education. Prior to renewal, you must annually complete eight (8) hours of continuing education courses, which must be reviewed and approved by the NMLS.



Practice Pointer - For the year that your Initial License was issued (i.e., your first renewal), your completion of the twenty (20) hours of pre-licensing education approved by the NMLS will satisfy the continuing education requirement for that calendar year.



Practice Pointer - MLOs renewing a license on Inactive status are required to stay current on all continuing education requirements.

Errors and Omissions (E&O) Insurance Requirements

Pursuant to section 12-10-707, C.R.S., and as set forth in Board Rule 2.7., every MLO must have in effect a policy of E&O Insurance to cover all activities requiring a license. The E&O Insurance requirement does not apply to MLOs on Inactive status or MLOs who are licensed attorneys that maintain a policy of professional malpractice insurance that provides coverage for E&O Insurance for their activities as an MLO.

The Division has contracted with a qualified insurance carrier to administer the Board Insurance Policy for MLOs. The qualified insurance carrier of the Board Insurance Policy may be found on [the Division's website](#). You can choose to obtain independent coverage through a different company for either individual or entity group policies. MLOs who work only for one Mortgage Company can be covered under their Mortgage Company's umbrella E&O Insurance policy. The minimum insurance limits are set forth in Board Rule 2.7. and also posted on [the Division's website](#).

You are required to provide proof of continuous E&O Insurance coverage and that all required information is current. You can update all required information electronically via eLicense.



Practice Pointer - Failure to obtain and maintain E&O Insurance or provide proof of continuous insurance coverage could result in disciplinary action against your license. Please avoid letting your E&O Insurance lapse.

INSURANCE

Surety Bond

Pursuant to section 12-10-717, C.R.S., and as set forth in Board Rule 2.6., every MLO must obtain and maintain a Surety Bond. You can choose to obtain bond coverage either as an individual or through your Mortgage Company. The minimum bond coverage amounts are set forth in Board Rule 2.6. and also posted on the Division's website. Additionally, the Surety Bond should be identical to the individual Surety Bond form developed and approved by the Board, which can be found on the Division's website.



Practice Pointer - Failure to obtain and maintain a Surety Bond or provide proof of continuous Surety Bond coverage could result in disciplinary action against your license.

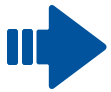
Colorado Tangible Net Benefit Disclosure

Pursuant to section 12-10-710(1)(a), C.R.S., you cannot recommend or induce a borrower to enter into a transaction that does not have a reasonable, tangible net benefit to the borrower, considering all of the circumstances, such as the terms of a loan, the cost of a loan, and the borrower's circumstances.

The Board has developed the Colorado Tangible Net Benefit Disclosure in consideration of the reasonable, tangible net benefit standard found at section 12-10-710(1)(a), C.R.S. The Colorado Tangible Net Benefit Disclosure must be signed by both the MLO and borrower(s) and be disclosed within three (3) business days after receipt of a loan application. The disclosure form should also be completed prior to or at closing if the reasonable, tangible net benefit has changed. You can download the Colorado Tangible Net Benefit Disclosure for free from the Division's website.



Practice Pointer - If it is determined that you completed the required purpose for a purchase, loan modification, or refinance transaction without analyzing the borrower's specific circumstances, you will have failed to demonstrate a duty of good faith and fair dealing in all communications and transactions with a borrower. Always analyze the borrower's specific circumstances.

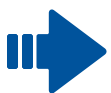


Practice Pointer - MLOs may use an alternate disclosure if all information required by the Board is included on the alternate form.

Reportable Actions

Board Rule 5.23. requires you to provide written notification within 30 days of the following:

- A plea of guilty, a plea of nolo contendere, or a conviction of any felony or misdemeanor offense under Colorado law, federal law, or the laws of other states, excluding misdemeanor traffic offenses or petty offenses;
- A violation or aiding and abetting a violation, of the Colorado or federal fair housing laws;
- Revocation or suspension of any license, registration, or certification issued by Colorado or another jurisdiction because of fraud, deceit, material misrepresentation, theft, or breach of fiduciary duty; and
- A revocation, suspension, or any other disciplinary action is taken against your MLO license in any jurisdiction.



Practice Pointer - You must self-report any of the above actions regardless of whether your license is on Active or Inactive status.



Practice Pointer - To self-report any of the above actions, you must file a complaint via eLicense against yourself. When filing the complaint, please identify yourself as both the Complainant and Respondent. Failure to report may result in additional discipline against your license.

Advertising

Any Advertisement of a residential mortgage loan product or rate offered by either an MLO or Mortgage Company must conform to the requirements of Board Rule 5.1., except as provided in Board Rule 5.2. All advertisements must incorporate all applicable provisions of the final Interagency Guidance on Nontraditional Mortgage Product Risks released on September 29, 2006. All advertisements must be made only for such products and terms as are actually available at the time they are offered and, if their availability is subject to any limitations, the advertisement must specify those limitations. Each advertisement must clearly identify a responsible party who is either the MLO or the Mortgage Company by providing the NMLS registration number and the telephone number of the responsible party along with the name of the Mortgage Company if not the responsible party. Your advertisements should not make or omit any statement which results in a misleading or deceptive impression on consumers.



Practice Pointer - Please be familiar with the requirements concerning advertising found in Board Rules 5.1. and 5.2.

Recordkeeping

Board Rule 5.21. requires MLOs to keep records of all disclosures for a period of four (4) years, for the purposes of inspection by the Board. All documents must be kept in a Safe and Secure Manner. Electronic storage is acceptable as long as the information is accessible.



Practice Pointer - Please be sure to store all documents in a Safe and Secure Manner.

ENFORCEMENT

This section provides an overview of the complaint and investigative process and defines the various actions that the Board may take regarding a complaint. Additionally, the Division has identified a few examples of complaints against MLOs and the discipline levied by the Board for the misconduct.



Complaint and Investigative Process

The Division investigates written complaints on behalf of the Board regarding alleged residential mortgage origination activities performed by unlicensed individuals/entities or alleged misconduct by MLOs and Mortgage Companies.

All complaints must be submitted in writing to the Division and can be anonymous. The Board has the authority to open complaints against MLOs and Mortgage Companies on their own motion. The process for handling complaints, unlicensed activity, and discipline are governed by the State Administrative Procedure Act found in sections 24-4-104, 24-4-105, and 24-4-106, C.R.S., the Practice Act, and Board Rules.



The complaint and investigative process is as follows:

- The Division receives the complaint in writing regarding the alleged activity performed by an unlicensed individual/entity or alleged misconduct of an MLO or Mortgage Company.
- The allegations in the complaint are reviewed for jurisdiction.
- If it is determined that the Board lacks jurisdiction over the allegations, the complaint will be dismissed and the Complainant will be notified in writing.
- On the other hand, if it is determined that the Board has jurisdiction regarding the allegations, the complaint is assigned to an investigator for a formal investigation.
- The Respondent is sent a copy of the complaint and is typically given 21 days to provide a written response and supporting documentation to address the allegations in the complaint.
- The investigator conducts the investigation by collecting and examining the loan file, preparing subpoenas, and conducting interviews of the Complainant, Respondent, and any witnesses, and drafting a written report to detail the elements of the investigation and document the presence or absence of a license law and/or Board Rule violation. Barring any unforeseen circumstances, the investigator's goal is to complete the investigation within a period of 8 months.
- If the allegations in the complaint present an imminent risk of harm to the public, the matter will become a high-priority investigation.
- When the investigation is completed and there is sufficient evidence to prove that a Respondent has violated the license law and/or Board Rules, the Board may impose discipline. The Board reviews investigative cases at their regularly scheduled public meetings to determine the appropriate outcome. Staff will provide a brief summary of the complaint and alleged violations and provide a recommendation to the Board. After discussion, the Board will act upon the complaint.



Since there are a variety of actions that the Board may take regarding a complaint, it is important that MLOs understand the below terms.

Dismissed

If the Board determines that the Respondent did not violate the license law and/or Board Rules or that there is insufficient evidence to substantiate a violation of the license law and/or Board Rules, then the case is dismissed. If the Board does not have jurisdiction over the person or facts that were the basis of the complaint, the complaint will be dismissed.

Dismissed With a Letter of Concern

If the Board is concerned about the Respondent's conduct and/or activities and there is a supportable violation, the Board may issue a letter of concern to the Respondent and the case is dismissed.

Letter of Admonition (LOA)

If the Board finds the Respondent violated the license law and/or Board Rules, the Board can issue an LOA admonishing the Respondent for their conduct. Within twenty (20) days of receipt of the letter, the Respondent may request the initiation of an administrative proceeding to adjudicate the appropriateness of the conduct on which the LOA is based.

Cease and Desist

The Board may issue a cease and desist order requiring certain activities performed by an unlicensed individual or entity to stop.

Practice Restriction

A restriction placed upon a Respondent's ability to practice within the full licensed capacity.

Probation

A specified period of time in which a Respondent agrees to certain terms and conditions, and is allowed to continue to practice so that the Board can test the Respondent's compliance with the license law and the fitness standards associated with an MLO license.

Restitution

The payment or some other form of compensation that is given to make up for the loss, damage, or injury that has been caused by the Respondent's misconduct.

Supervision

A specified period of time in which the Respondent must have their licensed activities monitored, and if necessary modified, by an appropriately credentialed supervisor capable of identifying and correcting the practice deficiencies of the Respondent.

Fine

A monetary penalty imposed as a result of a license law and/or Board Rule violation.

Diversion

A stipulated agreement between the Board and the Respondent in which remedial action must be taken by the Respondent before a complaint is dismissed. Stipulations for Diversion are public records and the Board may consider these agreements as administrative proceedings in subsequent cases.

Suspension

A punitive action where the Respondent is prohibited from performing any activities that require an MLO license for a specified period of time.

Public Censure

Public notification of the Respondent's misconduct and resulting discipline that is published in the Division's newsletter and website.

Revocation

The punitive loss of a license as a result of misconduct.

Voluntary Surrender

As a result of misconduct, the Respondent surrenders a license and the abandonment of the ability to perform the acts that require an MLO license. A voluntary surrender is equivalent to a revocation.

Final Agency Order (FAO)

The final order is issued by the Board documenting the disciplinary or licensure terms imposed against a Respondent. The FAO is a public record available for inspection.



Complaint Examples

This section illustrates complaints against MLOs and the discipline levied by the Board for the misconduct. You must be competent to act as an MLO when conducting residential mortgage loan origination activities. Always remember to consult and seek guidance from the compliance officer of your Mortgage Company or legal counsel.



Using the Services of an Unlicensed Assistant

The Respondent allowed an unlicensed assistant to quote rates and terms on their behalf to a borrower. Section 12-10-702(14)(a), C.R.S. defines a “Mortgage Loan Originator” as an individual who takes a residential mortgage loan application or offers or negotiates terms of a residential mortgage loan. Board Rule 1.29. defines “Offering or Negotiating Terms of a Residential Mortgage Loan” as presenting for consideration to a borrower or prospective borrower particular residential mortgage loan terms, or communicating directly or indirectly with a borrower, or prospective borrower for the purpose of reaching a mutual understanding about prospective residential mortgage loan terms. However, an individual's generic referral to or recommendation of a particular lender in and of itself, is not offering or negotiating the terms of a residential mortgage loan.

After an investigation, the Board found that the Respondent violated the following:

- **Section 12-10-704(1)(a), C.R.S.** - Permitted an individual to originate or offer to originate a mortgage or act or offer to act as an MLO.
- **Section 12-10-713(1)(q), C.R.S.** - Demonstrated unworthiness or incompetency to act as an MLO by conducting business in such a manner as to endanger the interest of the public.
- **Section 12-10-713(1)(m), C.R.S.** - Disregarded or violated any provision of the license law and/or Board Rules.

The Board levied the following discipline against the Respondent:

- A Final Agency Order,
- Public Censure, and
- \$2,000 Fine.



Electronically Signing Disclosures on behalf of Borrowers

The Respondent emailed loan disclosures to themselves and electronically signed the disclosures on behalf of the borrowers without the borrower's consent. The borrowers did not have an email account, so it was not possible for them to sign the disclosures electronically. The Respondent admitted to electronically signing the disclosures on behalf of the borrowers for their convenience and that this arrangement was agreed upon by the borrowers. The borrowers stated that they never received any disclosures and the final interest rate was higher than what the MLO had promised.

After an investigation, the Board found that the Respondent violated the following:

- **Section 12-10-713(1)(v), C.R.S.** - Engaged in conduct that evinces a lack of good faith and fair dealing.
- **Section 12-10-713(1)(q), C.R.S.** - Demonstrated unworthiness or incompetency to act as an MLO by conducting business in such a manner as to endanger the interest of the public.
- **Board Rule 5.8.** - Failed to comply with the Tangible Net Benefit Disclosure Form requirements.
- **Section 12-10-713(1)(m), C.R.S.** - Disregarded or violated any provision of the license law and/or Board Rules.

The Board levied the following discipline against the Respondent:

- A Final Agency Order,
- Public Censure, and
- \$3,000 Fine.



Borrower Occupancy Status

The Respondent misrepresented the borrower occupancy status on 11 transactions that they originated. In several transactions, borrowers emailed the Respondent of their intent to purchase or go under contract for a new primary residence while the Respondent was in the process of refinancing their current property as owner-occupied. The Respondent believed they were providing a benefit to the borrower.

After an investigation, the Board found that the Respondent violated the following:

- **Section 12-10-713(1)(a), C.R.S.** - Knowingly made a misrepresentation or used any false or misleading advertising.
- **Section 12-10-713(1)(c), C.R.S.** - Knowingly misrepresented or made false promises through agents, salespersons, advertising or otherwise.
- **Section 12-10-713(1)(q), C.R.S.** - Demonstrated unworthiness or incompetency to act as an MLO by conducting business in such a manner as to endanger the interest of the public.
- **Section 12-10-713(1)(v), C.R.S.** - Engaged in conduct that evinces a lack of good faith and fair dealing.
- **Board Rule 5.6.** - Failed to make a reasonable inquiry.
- **Section 12-10-713(1)(m), C.R.S.** - Disregarded or violated any provision of the license law and/or Board Rules.

The Board levied the following discipline against the Respondent:

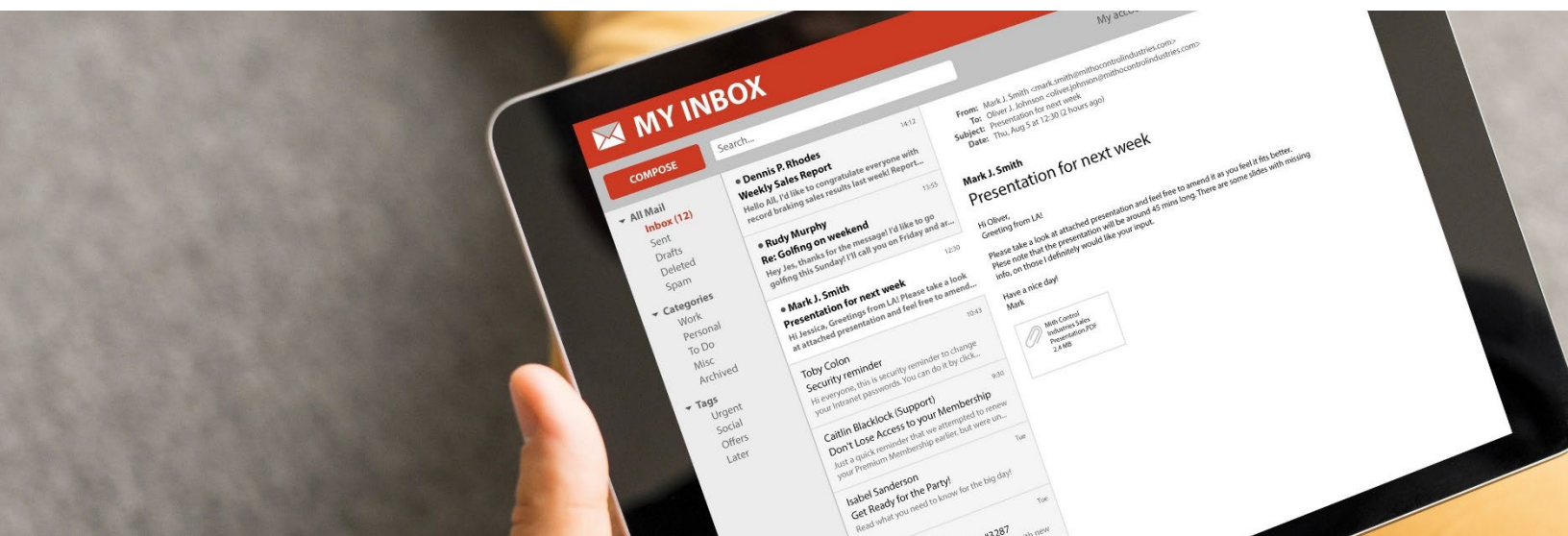
- A Final Agency Order,
- Public Censure,
- Revocation, and
- \$5,000 Fine.

YOUR PARTICIPATION

The Division takes a collaborative approach in creating a balance between consumer protection and promoting a fair and competitive business environment. You can help in creating this balance through your participation as discussed in this section.

Stay Informed

We understand that you are continually bombarded by information, sometimes making it difficult to hear your regulating agency. In an effort to lessen email fatigue, you will receive two monthly email updates regarding Division news, information regarding public meetings and rulemaking hearings, renewal deadlines, compliance requirements, opportunities for engagement, and practice guidance. The Division periodically sends advisories and alerts regarding deceptive and predatory practices. Finally, the Division publishes a quarterly digital newsletter that is posted on the Division's website and sent electronically to interested parties. You can sign up to receive the Division's newsletter within the footer on the homepage of [the Division's website](#).



Our goal is to deliver concise and impactful communications so you can stay alert, well-informed, and current. To avoid missing any communications from the Division, please make certain that your email address in your eLicense account is current and up to date as required by Board Rule 5.10.



Attending a Board meeting is a valuable opportunity to understand the regulatory environment.

Attending a Board meeting is a valuable opportunity to understand the regulatory environment. You will observe first-hand the Board making policy decisions, considering licensing matters, reviewing complaints, and taking disciplinary action against MLOs. Since complaints and investigations are closed to public inspections pursuant to the Practice Act, individual or business names will not be discussed for all licensing and complaint matters. Additionally, individuals are not permitted to address the Board during the discussion of licensing and complaints matters for confidentiality. However, at each Board meeting, there is an opportunity for public comment. This is the portion of the meeting where attendees may address the Board regarding any concerns they may have, except for any licensing and complaint matters.



The Board holds regularly scheduled public meetings on the third Wednesday of every other month. Generally, the Commission meetings are conducted via webinar to allow attendance from interested parties anywhere. To attend, you must register through the link provided the calendar on [the Division's website](#).



[Sign up to Join a Task Force](#)

The Division understands that working collaboratively produces the best results in creating and sustaining an effective and efficient regulatory landscape. Regularly, the Division seeks MLOs to participate in task forces or working groups for rulemaking or other specific regulatory initiatives. The Division solicits engagement through various methods such as notification in the Division's bimonthly updates or other communications, nominations from trade associations, and invitations. The Division seeks members who will bring different points of view and perspectives to the task force or working group.

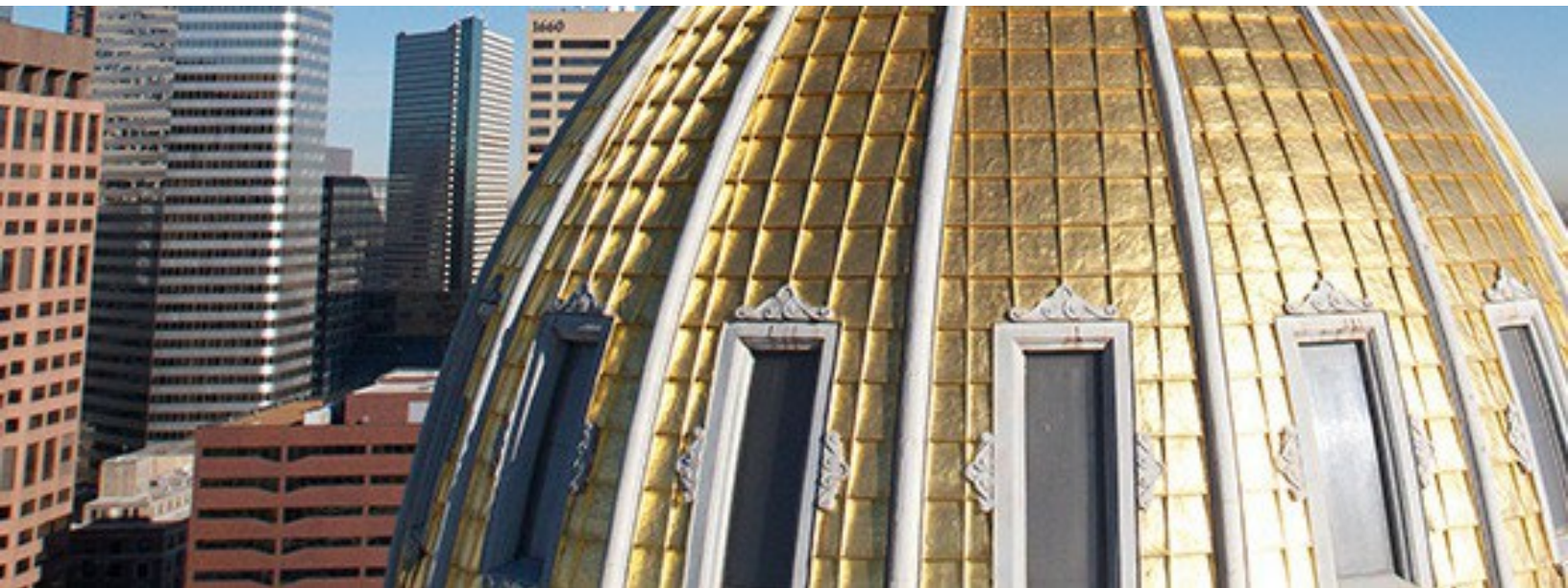
Participating in a task force or working group is a valuable opportunity to be part of creating and sustaining an effective and efficient regulatory landscape.

Engage in Rulemaking

Administrative rules are adopted through a process called rulemaking, which is governed by the State Administrative Procedure Act (APA) found at section 24-4-103, C.R.S. Typically, when rulemaking is contemplated, Division staff, on behalf of the Board, conducts early stakeholder engagement to solicit input from representatives of various stakeholder interests that may be affected positively or negatively by the proposed rules pursuant to section 24-4-103(2), C.R.S. This can be accomplished through committees, working groups, task forces, or workshops so stakeholders can submit views or otherwise participate informally in conferences on the proposed rules under consideration or to participate in the public hearing on the proposed rules.

Additionally, the rulemaking process includes a public hearing and the opportunity for the public to provide testimony and submit comments on the proposed rules prior to the rules becoming effective. You can testify at the rulemaking hearing, submit written comments on the proposed rules, or both.

The Division and the Board are committed to conducting rulemaking in a manner that is open, transparent, and in accordance with the State Administrative Procedure Act. Through collaboration, the Board Rules can be meaningful and written in plain language to be easy to understand and follow.



Become a Member of a Trade Association

You may want to consider joining a trade association and taking advantage of the opportunities the association offers. Some of the benefits include:

- **Keeping Current** - Many associations offer continuing education, seminars, and lectures along with other opportunities for learning.
- **Building your Professional Network** - Many associations offer events throughout the year that allow for networking with peers and other professionals.
- **Access to Resources** - Many associations offer newsletters, magazines, and other publications to keep you abreast of market trends and best industry practices. Additionally, some associations track and monitor federal and state legislative developments that may impact your residential mortgage loan origination business.



Many associations require annual dues from their membership. The list of organizations is not exhaustive and the Division does not endorse or sponsor any of the below organizations:

- Colorado Mortgage Lenders Association
- Colorado Association of Mortgage Professionals
- Rocky Mountain Home Association
- National Association of Mortgage Brokers
- National Association of Professional Mortgage Women (NAPMW)
- Association of Independent Mortgage Experts

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Website

dre.colorado.gov/real-estate-appraiser-program

The Division does not provide legal advice or interpretation of the license law and/or Board Rules. Licensees should seek guidance from their compliance officer or legal counsel.