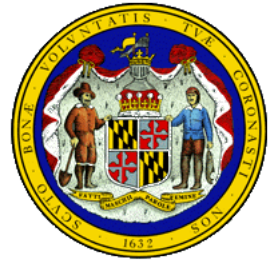


COMMISSIONER OF FINANCIAL REGULATION
ADVISORY

MARCH 28, 2014



Maryland Definition: Qualifying Individual

During the renewal period, the Office of the Commissioner of Financial Regulation (“Office”) found that many lender licensees were unclear as to Maryland’s definition of a Qualifying Individual (“QI”). As a result, this advisory is intended to provide the necessary guidance to ensure future compliance.

Although the term “Qualifying Individual” is not specifically defined in a Maryland statute, the Office has developed a working definition from the statutory language of Maryland Code Financial Institutions Article (“FI”) §11-506, which specifies the qualifications for the license. To qualify for the mortgage lender license, among other requirements, FI §11-506 specifically states that “the applicant [must] have at least 3 years of experience in the mortgage lending business.”

The statute then identifies which individuals must have the experience to satisfy the experience requirement on behalf of the applicant. Collectively, the Office refers to them as “Qualifying Individuals”:

Licensee/Applicant Type	Individual who must satisfy experience requirement on applicant’s behalf
Sole Proprietor	Sole proprietor/applicant
Joint Venture	Coventurer (at least one)
General or Limited Partnership	General Partner (at least one)
Other – business entity of any other kind, type or classification not previously identified here	Principal Officer or Member (at least one)*

* “Principal Officers or Members” are generally individuals with ownership or control of the applicant, or senior or executive level responsibility. Examples include, but are not limited to:

- Owner
- Chief Executive Officer (“CEO”)
- Chief Financial Officer (“CFO”)
- Chief Operating Officer (“COO”)
- Chief Compliance Officer (“CCO”)
- President
- Treasurer
- Vice-President
- Member (LLC, Partnership)
- Managing Member (LLC, Partnership)

The Office is aware that the Qualifying Individual may have a working title that is different from the titles listed above. As such, the Office may consider other working titles for the QI as long as documentation is submitted to establish that the individual is:

- 1) Specifically identified by FI §11-506;
- 2) An officer of the applicant or licensee identified in the organizational documents; or

- 3) An individual with the authority to directly or indirectly manage the policies of the applicant by contract or as otherwise acceptable by the Office of the Commissioner of Financial Regulation.

Please note that all QIs have to submit to a criminal and credit background check. Over the next few weeks, the Office will be reviewing the NMLS record of licensees to confirm that the proper individuals have been designated as the Qualifying Individual.

More Information

For any questions or additional information, you may contact Juan M. Sempertegui, Director of Licensing, at 410-230-6102 or via email at Juan.Sempertegui@Maryland.gov.