



BULLETIN C-10-1

To: Current Mortgage Lender and/or Mortgage Loan Broker Licensees

Subject: New Surety Bond Requirements For Renewals

Date: November 29, 2010

Pursuant to TENN. CODE ANN. § 45-13-204(d), the penal sum of the surety bond of any mortgage lender or mortgage loan broker shall be maintained in an amount that reflects the dollar amount of loans originated, as determined by the Commissioner. Accordingly, a new rule addressing the surety bond requirements relating to mortgage lender and/or mortgage loan broker license renewals became effective on October 29, 2010 (10/29/10). See TENN. COMP. R. & REGS. 0180-17-.08 (2010). The rule computes a mortgage lender and/or mortgage loan broker licensee's surety bond amount for renewal applications via a three tier system providing coverage for each of its mortgage loan originators based on the dollar amount of Tennessee residential loans the licensee originated in the preceding calendar year.¹ Accordingly, the required bond amount for a mortgage lender and/or broker licensee filing a renewal application will vary depending on the aggregate dollar volume of loans it originated in the previous year.

In accordance with my statutory authority, I have determined that for the purpose of calculating the surety bond, the term "loans originated" includes only closed residential mortgage loans. As such, a current mortgage lender and/or mortgage loan broker applying for 2011 license renewal should calculate the dollar amount of all closed Tennessee residential mortgage loans that it originated in the course of its business in calendar year 2009 and adjust its surety bond appropriately.

Brokers

Amount Originated	Surety Bond Amount
Less than \$10,000,000	\$45,000
More than \$10,000,000 but less than \$50,000,000	\$90,000
\$50,000,000 or more	\$135,000

Lenders

Amount Originated	Surety Bond Amount
Less than \$10,000,000	\$100,000
More than \$10,000,000 but less than \$50,000,000	\$200,000
\$50,000,000 or more	\$300,000

Any questions regarding this Bulletin may be directed to the Department's Compliance Division at telephone number (615) 741-3186.

**Greg Gonzales
Commissioner**

For a mortgage lender filing a renewal application in a calendar year in which the license was issued, or in a calendar year in which the license was issued in the immediately preceding calendar year, the rule requires a fixed surety bond in the amount of \$200,000. For a mortgage loan broker filing a renewal application in a calendar year in which the license was issued, or in a calendar year in which the license was issued in the immediately preceding calendar year, the rule requires a fixed surety bond in the amount of \$90,000.