

HOUSE BILL 38

11, I2

6lr1409

(PRE-FILED)

By: **Delegate Queen**

Requested: October 28, 2025

Introduced and read first time: January 14, 2026

Assigned to: Economic Matters

Committee Report: Favorable with amendments

House action: Adopted

Read second time: February 19, 2026

CHAPTER _____

1 AN ACT concerning

2 **Financial Institutions – Licensing of Affiliated Insurance Producer–Mortgage**
3 **Loan Originators – ~~Alteration~~ Alterations**

4 FOR the purpose of altering the licensing requirements for an affiliated insurance
5 producer–mortgage loan originator; requiring the Commissioner of Financial
6 Regulation to approve a certain financial institution that meets certain criteria or
7 certain mortgage lender lenders that ~~meets~~ meet certain criteria as to sponsor an
8 affiliated insurance producer–mortgage loan originator under certain circumstances;
9 and generally relating to licensing of affiliated insurance producer–mortgage loan
10 originators.

11 BY repealing and reenacting, with amendments,
12 Article – Financial Institutions
13 Section 11–603.1 and 11–619
14 Annotated Code of Maryland
15 (2020 Replacement Volume and 2025 Supplement)

16 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
17 That the Laws of Maryland read as follows:

18 **Article – Financial Institutions**

19 11–603.1.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 (a) In this section, “affiliated insurance producer–mortgage loan originator”
2 means an individual who:

3 (1) Originates mortgage loans ~~only on behalf of~~ MADE BY [a]:

4 (I) ~~A single~~ financial institution that is:

5 [(i)] 1. Described in § 11–502(b)(1) of this title; and

6 [(ii)] 2. Approved by the Commissioner under subsection (b) of
7 this section; OR

8 (II) ~~A SINGLE MORTGAGE LENDER AS DEFINED IN § 11–501 OF~~
9 ~~THIS TITLE THAT IS:~~

10 ~~1. NOT A FINANCIAL INSTITUTION; AND~~

11 ~~2. APPROVED~~ APPROVED BY THE COMMISSIONER
12 UNDER SUBSECTION (C) OF THIS SECTION;

13 (2) Is a licensed insurance producer in good standing under § 10–103 of the
14 Insurance Article; and

15 (3) Holds an appointment as an insurance producer for an insurer that
16 controls, is controlled by, or is under common control with:

17 (i) ~~The~~ A financial institution OR ~~THE~~ A MORTGAGE LENDER
18 described in item (1) of this subsection; or

19 (ii) A mortgage lender ~~licensee~~ that:

20 1. Is approved by the Commissioner under subsection [(c)]
21 **(D)** of this section; ~~and~~

22 2. Originates loans ~~only on behalf of the~~ MADE BY A financial
23 institution OR ~~THE~~ A MORTGAGE LENDER described in item (1) of this subsection ~~under~~
24 ~~an exclusive contract with the financial institution OR THE MORTGAGE LENDER; AND~~

25 **3. IS ACTING AS A MORTGAGE BROKER, AS DEFINED IN §**
26 **11–501 OF THIS TITLE.**

27 (b) The Commissioner shall approve a financial institution described in
28 subsection [(a)(1)] **(A)(1)(I)** of this section based on the following criteria:

1 (1) The financial institution is in good standing with its primary state or
2 federal regulator; and

3 (2) The financial institution is in material compliance with applicable state
4 and federal law.

5 **(C) THE COMMISSIONER SHALL APPROVE A MORTGAGE LENDER**
6 **DESCRIBED IN SUBSECTION (A)(1)(II) OF THIS SECTION BASED ON THE FOLLOWING**
7 **CRITERIA:**

8 **(1) THE MORTGAGE LENDER IS IN GOOD STANDING WITH THE**
9 **COMMISSIONER AND ANY OTHER REGULATOR TO WHICH IT IS SUBJECT; AND**

10 **(2) THE MORTGAGE LENDER IS IN MATERIAL COMPLIANCE WITH**
11 **APPLICABLE STATE AND FEDERAL LAW.**

12 ~~[(c)]~~ **(D)** The Commissioner shall approve a mortgage lender ~~licensee~~ described
13 in subsection (a)(3)(ii) of this section based on the following criteria:

14 (1) The mortgage lender ~~licensee~~ is in good standing with the
15 Commissioner and any other regulator to which it is subject; and

16 (2) The mortgage lender ~~licensee~~ is in material compliance with applicable
17 state and federal law.

18 ~~[(d)]~~ **(E)** Approval by the Commissioner of a financial institution under
19 subsection (b) of this section, ~~A MORTGAGE LENDER UNDER SUBSECTION (C) OF THIS~~
20 ~~SECTION,~~ and a mortgage lender ~~licensee~~ under subsection ~~[(c)]~~ **OR (D)** of this section shall
21 be in writing.

22 ~~[(e)]~~ **(F)** (1) An application for a license under this section shall be in the form
23 approved by the Commissioner.

24 (2) The application shall require the identification of:

25 (i) ~~The A~~ financial institution **OR A MORTGAGE LENDER** described
26 in subsection ~~[(a)(1)]~~ **(A)(1)(I)** of this section ~~OR THE MORTGAGE LENDER DESCRIBED~~
27 ~~IN SUBSECTION (A)(1)(II) OF THIS SECTION;~~

28 (ii) If applicable, ~~the A~~ mortgage lender ~~licensee~~ described in
29 subsection (a)(3)(ii) of this section; and

30 (iii) The insurer with which the applicant holds an appointment.

(3) An application for a license under this section shall be ~~signed~~
SPONSORED by ~~an authorized representative of:~~

(i) ~~The~~ **A** financial institution ~~OR THE~~ **A MORTGAGE LENDER**
DESCRIBED IN SUBSECTION (A)(1) OF THIS SECTION THAT IS identified in the
 application; or

(ii) If a mortgage lender ~~licensee~~ **DESCRIBED IN SUBSECTION**
(A)(3)(II) OF THIS SECTION is identified in the application, the mortgage lender ~~licensee~~.

[(f)] (G) (1) Notwithstanding §§ 11-602(a) and 11-603 of this subtitle, and subject
 to the provisions of this section, a license issued under this section authorizes the licensee
 to act as a mortgage loan originator **ONLY ON BEHALF OF A SPONSOR THAT IS:**

(I) IDENTIFIED IN THE LICENSEE'S APPLICATION; AND

(II) 1. A MORTGAGE LENDER; OR

2. A PERSON THAT IS EXEMPT FROM LICENSING AS A
MORTGAGE LENDER.

(2) THIS SECTION MAY NOT BE CONSTRUED TO AUTHORIZE
SPONSORSHIP OTHER THAN FOR THE PURPOSE DESCRIBED IN PARAGRAPH (1) OF
THIS SUBSECTION.

[(g)] (H) An applicant for a license under this section and a licensee under this
 section shall comply with all other requirements for ~~[licensure]~~ **LICENSING** as a mortgage
 loan originator under this subtitle.

[(h)] (I) A licensee under this section shall limit the licensee's activities to
 originating mortgage loans ~~only on behalf of~~ **MADE BY [a]:**

(1) A single financial institution approved by the Commissioner under
 subsection (b) of this section; **OR**

(2) A SINGLE MORTGAGE LENDER APPROVED BY THE COMMISSIONER
UNDER SUBSECTION (C) OF THIS SECTION.

[(i)] (J) ~~The~~ **A** financial institution ~~OR THE~~ **A MORTGAGE LENDER** ~~identified~~
~~in~~ **THAT SPONSORS** a licensee's license application ~~or, if a mortgage lender licensee is~~
~~identified in a licensee's license application, the mortgage lender licensee~~ shall:

(1) Supervise the licensee, including providing direction through written
 instructions or electronic means and by periodically examining the licensee's books,
 records, and other aspects of the licensee's business;

1 (2) Be held jointly and severally liable with the licensee for claims arising
2 out of the licensee's mortgage loan origination activities; and

3 (3) Meet, or cause the licensee to meet, the surety bond requirements under
4 § 11-619(c) of this subtitle.

5 **[(j)] (K)** Except as provided in subsection **[(k)] (L)** of this section, a licensee
6 under this section may not:

7 (1) Aid or assist a borrower to obtain a mortgage loan from **[a]**:

8 **(I) A** financial institution other than ~~the~~ **A** financial institution
9 identified in the licensee's license application; **OR**

10 **(II) A MORTGAGE LENDER OTHER THAN ~~THE~~ A MORTGAGE**
11 **LENDER IDENTIFIED IN THE LICENSEE'S APPLICATION;**

12 (2) Except for compensation based on the principal balance of a mortgage
13 loan, be compensated by any person for mortgage loan origination activities on a basis that
14 depends on the terms of the mortgage loan, including interest rate or fees;

15 (3) Receive a finder's fee, as defined in § 12-801 of the Commercial Law
16 Article;

17 (4) Handle borrower or other third party funds in connection with the
18 origination or closing of a mortgage loan;

19 (5) Refer a borrower to any other licensee under Subtitle 5 of this title; or

20 (6) Make or service a mortgage loan.

21 **[(k)] (L)** A licensee under this section may forward a check to ~~the~~ **A** financial
22 institution **OR ~~THE~~ A MORTGAGE LENDER** identified in the licensee's license application
23 if the check is:

24 (1) Made payable to the financial institution **OR THE MORTGAGE**
25 **LENDER;**

26 (2) From an applicant for a mortgage loan; and

27 (3) In connection with an application for a mortgage loan to cover costs for:

28 (i) An appraisal;

29 (ii) A credit report; or

1 (iii) Processing the application.

2 ~~[(l)] (M)~~ (1) An individual may not act as an affiliated insurance
 3 producer–mortgage loan originator ~~under a name or for [an employer] A SPONSOR that is~~
 4 ~~different from the name and [employer] SPONSOR that appear on the license~~ unless the
 5 licensee:

6 (i) Notifies the Commissioner, in the form and in accordance with
 7 the process that the Commissioner requires, in advance of a change in the licensee’s name
 8 or the licensee’s [employer] SPONSOR;

9 (ii) Pays to the Commissioner a license amendment fee set by the
 10 Commissioner for each notice provided under item (i) of this paragraph; and

11 (iii) In the case of a new [employer] SPONSOR, amends the
 12 sponsorship information on NMLS by submitting the amendment in the form required by
 13 the Commissioner to indicate that the licensee is [an employee of] SPONSORED BY the new
 14 [employer] SPONSOR.

15 (2) If a licensee ceases to be [employed] SPONSORED by ~~a~~ ANY financial
 16 institution approved by the Commissioner under subsection (b) of this section ~~OR A~~ ANY
 17 MORTGAGE LENDER APPROVED BY THE COMMISSIONER UNDER SUBSECTION (C) OR
 18 (D) OF THIS SECTION, the licensee shall notify the Commissioner within 10 business days,
 19 and the license shall be placed into nonactive status through NMLS.

20 (3) During the time that a license is in nonactive status, it is a violation of
 21 this subtitle for the licensee to engage in any activity for which a license is required under
 22 this subtitle.

23 (4) The license shall remain in nonactive status until the licensee:

24 (i) Notifies the Commissioner, in the form and in accordance with
 25 the process that the Commissioner requires, that the licensee has obtained [employment
 26 with] SPONSORSHIP FROM a financial institution that is approved by the Commissioner
 27 under subsection (b) of this section ~~OR A MORTGAGE LENDER THAT IS APPROVED BY~~
 28 THE COMMISSIONER UNDER SUBSECTION (C) OR (D) OF THIS SECTION; and

29 (ii) Has complied with the requirements set forth in paragraph (1) of
 30 this subsection.

31 ~~[(m)] (N)~~ The Commissioner may issue a license under this subtitle to an
 32 individual who is not [employed] SPONSORED by a financial institution approved by the
 33 Commissioner under subsection (b) of this section ~~OR A MORTGAGE LENDER APPROVED~~

1 **BY THE COMMISSIONER UNDER SUBSECTION (C) OR (D) OF THIS SECTION**, provided
2 that the license is placed into and remains in nonactive status until the licensee:

3 (1) Notifies the Commissioner, in the form and in accordance with the
4 process that the Commissioner requires, that the licensee has obtained [employment with
5 a] **SPONSORSHIP FROM:**

6 (I) A financial institution approved by the Commissioner under
7 subsection (b) of this section; **OR**

8 (II) **A MORTGAGE LENDER APPROVED BY THE COMMISSIONER**
9 **UNDER SUBSECTION (C) OR (D) OF THIS SECTION**; and

10 (2) Has complied with the requirements set forth in subsection [(l)(1)]
11 **(M)(1)** of this section.

12 11-619.

13 (a) Each mortgage loan originator shall be covered by a surety bond in accordance
14 with this section.

15 (b) (1) A mortgage loan originator who is an employee of a person subject to
16 licensure under Subtitle 5 of this title may use the surety bond of that person to meet the
17 mortgage loan originator's surety bond requirement.

18 (2) A mortgage loan originator who is an employee of a person exempt from
19 licensure under Subtitle 5 of this title may use a surety bond of the person to meet the
20 mortgage loan originator's surety bond requirement, provided the surety bond meets the
21 requirements, based on mortgage loan volume, under § 11-508 of this title.

22 (c) A licensee who is an affiliated insurance producer-mortgage loan originator
23 shall be deemed in compliance with this section if the licensee:

24 (1) Holds a surety bond that would satisfy the surety bond requirements
25 under § 11-508 of this title if the affiliated insurance producer-mortgage loan originator
26 were a licensee under Subtitle 5 of this title; or

27 (2) Is covered under a blanket surety bond held by ~~the~~ **A** financial
28 institution, ~~MORTGAGE LENDER, IDENTIFIED IN § 11-603.1(A)(1)(I) OF THIS~~
29 **SUBTITLE** or **A** mortgage lender ~~licensee~~ identified in ~~§ 11-603.1(a)(3)~~ **§**
30 **11-603.1(A)(1)(II) OR (3)(II)** of this subtitle if the blanket surety bond:

31 (i) Covers all affiliated insurance producer-mortgage loan
32 originators; and

1 (ii) Is in the amount of \$1,000,000 or another amount as required by
2 the Commissioner by regulation.

3 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
4 October 1, 2026.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.