

BEFORE THE DEPARTMENT OF ADMINISTRATION  
OF THE STATE OF MONTANA

In the matter of the amendment of	)	NOTICE OF PROPOSED
ARM 2.59.1757 pertaining to	)	AMENDMENT
designated manager supervisory	)	
requirements	)	NO PUBLIC HEARING
	)	CONTEMPLATED

TO: All Concerned Persons

1. On October 10, 2020, the Department of Administration proposes to amend the above-stated rule.

2. The Department of Administration will make reasonable accommodations for persons with disabilities who wish to participate in this rulemaking process or need an alternative accessible format of this notice. If you require an accommodation, contact the Department of Administration no later than 5:00 p.m. on September 9, 2020, to advise us of the nature of the accommodation that you need. Please contact Heather Hardman, Division of Banking and Financial Institutions, P.O. Box 200546, Helena, Montana 59620-0546; telephone (406) 841-2922; TDD (406) 841-2974; facsimile (406) 841-2930; or e-mail to [banking@mt.gov](mailto:banking@mt.gov).

3. The rule as proposed to be amended provides as follows, new matter underlined, deleted matter interlined:

2.59.1757 DESIGNATED MANAGER SUPERVISORY REQUIREMENTS

(1) If a designated manager supervises more than one location, a mortgage broker or mortgage lender must have a written policy which addresses supervision of multiple licensed locations.

(2) The policy must include the frequency of:

(a) communication between the designated manager and employees in remote locations;

(b) onsite visits by the designated manager to other licensed locations; and

(c) review of employee performance and of work performed.

(3) The policy must include the use of training, technology, and risk assessments by a mortgage broker or mortgage lender in respect to origination activities at licensed locations. A designated manager's role in training, if applicable, must be identified in the policy.

(4) A mortgage broker or mortgage lender must submit a copy of the policy to the department at the time a designated manager is assigned to supervise multiple locations. A mortgage broker or mortgage lender should resubmit a copy of the policy to the department within 30 days of amendments.

(5) The designated manager must attest that he or she has read the policy. This attestation must be signed by the designated manager and included whenever the policy is submitted to the department. The designated manager and all

mortgage loan originators and employees of the mortgage broker or mortgage lender at each licensed location subject to the policy shall comply with the policy.

(6) A mortgage broker or lender may submit the information and the policy referenced in (1) through (5) in any format they choose or may use the Designated Manager Supervision Plan form dated July 8, 2020, available on the department's website at [www.banking.mt.gov](http://www.banking.mt.gov) to submit the information.

AUTH: 32-9-122, 32-9-130, MCA

IMP: 32-9-122, ~~32-9-130~~, MCA

STATEMENT OF REASONABLE NECESSITY: The department has prepared a form that can be used to submit the information and policy set forth in subsections (1) through (5) above. This form is optional. It is designed to be a convenient method to submit the requirements of ARM 2.59.1757. However, mortgage brokers and lenders are not required to use the form and may submit the information and policy in whatever format they prefer.

4. Concerned persons may present their data, views, or arguments concerning the proposed action to Kelly O'Sullivan, Legal Counsel, Division of Banking and Financial Institutions, P.O. Box 200546, Helena, Montana 59620-0546; faxed to the office at (406) 841-2930; or e-mailed to [banking@mt.gov](mailto:banking@mt.gov); and must be received no later than 5:00 p.m., September 25, 2020.

5. If persons who are directly affected by the proposed action wish to express their data, views, or arguments orally or in writing at a public hearing, they must make written request for a hearing and submit this request along with any written comments to the person listed in 4 above no later than 5:00 p.m., September 9, 2020.

6. If the Division of Banking and Financial Institutions receives requests for a public hearing on the proposed action from either 10 percent or 25, whichever is less, of the persons directly affected by the proposed action; from the appropriate administrative rule review committee of the Legislature; from a governmental subdivision or agency; or from an association having not less than 25 members who will be directly affected, a hearing will be held at a later date. Notice of the hearing will be published in the Montana Administrative Register. Ten percent of those directly affected has been determined to be 49 persons based on the 267 mortgage lender licensees and 221 mortgage broker licensees.

7. An electronic copy of this proposal notice is available through the department's website at <http://doa.mt.gov/administrativerules>. The department strives to make its online version of the notice conform to the official published version, but advises all concerned persons that if a discrepancy exists between the official version and the department's online version, only the official text will be considered. In addition, although the department works to keep its website accessible at all times, concerned persons should be aware that the website may be unavailable during some periods, due to system maintenance or technical problems.

8. The Division of Banking and Financial Institutions maintains a list of interested persons who wish to receive notices of rulemaking actions proposed by this division. Persons who wish to have their name added to the mailing list shall make a written request that includes the name, mailing address, and e-mail address of the person to receive notices and specifies that the person wishes to receive notices regarding division rulemaking actions. Notices will be sent by e-mail unless a mailing preference is noted in the request. Such written requests may be mailed or delivered to Heather Hardman, Division of Banking and Financial Institutions, 301 S. Park, Ste. 316, P.O. Box 200546, Helena, Montana 59620-0546; faxed to the office at (406) 841-2930; e-mailed to [banking@mt.gov](mailto:banking@mt.gov); or may be made by completing a request form at any rules hearing held by the department.

9. The bill sponsor contact requirements of 2-4-302, MCA, do not apply.

10. The department has determined that under 2-4-111, MCA, the proposed amendment of the above-stated rule will not significantly and directly impact small businesses.

By: /s/ John Lewis  
John Lewis, Director  
Department of Administration

By: /s/ Don Harris  
Don Harris, Rule Reviewer  
Department of Administration

Certified to the Secretary of State August 18, 2020.