Office of the Attorney General
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THE HONORABLE KIRK WEST
SECRETARY
BUSINESS, TRANSPORTATION AND HOUSING AGENCY

THE HONORABLE KIRK WEST, SECRETARY, BUSINESS, TRANSPORTATION AND HOUSING AGENCY, has requested an opinion on the following questions:

1. Does the term “the public” as it is used in section 10131.1 of the Business and Professions Code include entities commonly characterized as institutional lenders such as banks, savings and loan associations, industrial loan companies, credit unions, pension trusts, etc.?

2. Is the real estate licensing exemption contained in subdivision (a) of section 10133.1 of the Business and Professions Code applicable to licentiable activities of wholly-owned subsidiaries of banks, savings and loan associations or any of the other institutions enumerated therein?

3. Is the real estate licensing exemption contained in subdivision (g) of section 10133.1 of the Business and Professions Code applicable to the following activities by any of the three classes of lenders enumerated therein (i.e., personal property brokers, consumer finance lenders, and commercial finance lenders):
   a. Assigning of real property-secured loans that were originally funded by the licensee?
   b. Collecting of payments and servicing of real property-secured loans that were funded and thereafter assigned by the licensee?

CONCLUSIONS

1. As it is used in section 10131.1 of the Business and Professions Code, the term “the public” does include entities commonly characterized as institutional lenders such as banks, savings and loan associations, industrial loan companies, credit unions, pension trusts, etc.

2. The real estate licensing exemption contained in subdivision (a) of section 10133.1 is not applicable to the activities of wholly-owned subsidiaries of banks, savings and loan associations or any of the other institutions enumerated therein for which a real estate license would be required solely by reason of their status as subsidiaries.

3. The real estate licensing exemption contained in subdivision (g) of section
10133.1 of the Business and Professions Code is not applicable to personal property lenders, consumer finance lenders or commercial finance lenders assigning and/or thereafter collecting of payments and servicing real property-secured loans that were originally funded by them, and a real estate license is required when such persons undertake that activity. As a variation on that theme, a real estate license would also be required when such persons fund loans secured by real property from a line of credit in reliance upon a commitment from an institutional lender to purchase a certain aggregate dollar value of loans meeting the institutional lender's criteria.

ANALYSIS

This opinion answers whether a real estate license is required in connection with certain activity involving the making, assigning and servicing loans secured by real property. The request is posed, we are told, because uncertainty in that regard has increased in recent years as a result of the changed complexion of loan originations and assignments following (1) the entry of banks and savings and loan associations into the area of mortgage banking (in both first and junior loans) through wholly-owned subsidiaries; (2) the creation of new classes of money-lenders, such as commercial finance lenders and consumer finance lenders; and (3) the metamorphosis of many mortgage brokerage companies (agents for others) into mortgage banking ones. [FN1]

*2 Essentially we are asked to decant the new wine in the old bottle of existing Real Estate Licensure.

1. Does the term “the public” as used in section 10131.1 of the Business and Professions Code include entities commonly characterized as institutional lenders such as banks, savings and loan associations, industrial loan companies, credit unions, pension trusts, etc.?

Section 10130 of the Real Estate Law (Bus. & Prof., Code, div. 4, pt. 1, § 10000 et seq.) makes it unlawful for any “person” to engage in the business or act in the capacity of a real estate broker in California without being licensed by the Department of Real Estate. (§ 10130; cf. §§ 10139 (punishment), 10004 (“department”), 10006 (“person” includes corporation, company and firm).) Various sections of that law specify the need for such licensure for certain activities by defining the term “real estate broker” in connection with one's performance thereof. Under section 10131.1, a person is deemed to be a “real estate broker” who—

“... engages as a principal in the business of buying from, selling to, or exchanging with the public, real property sales contracts or promissory notes secured directly or collaterally by liens on real property, or who makes agreements with the public for the collection of payments or for the performance of services in connection with real property sales contracts or promissory notes secured directly or collaterally by liens on real property.” (§ 10131.1; emphases added.)

As used in the section, the phrase “in the business” is defined to mean either: (a) “The acquisition for resale to the public, and not as an investment, of eight or more real property sales contracts or promissory notes secured directly or
collaterally by liens on real property during a calendar year” or (b) “The sale to or
exchange with the public of eight or more real property sales contracts or
promissory notes secured directly or collaterally by liens on real property during a
calendar year. ...” Also as used in the section, the terms “sale,” “resale,” and
“exchange” include “every disposition of any interest in a real property sales
contract or promissory note secured directly or collaterally by a lien on real
property.” (Ibid; emphases added.)

Section 10131.1 in conjunction with section 10130 thus requires a broker’s license
of anyone who engages in business of buying, selling or servicing promissory
notes secured by trust deeds when dealing “with the public.” The question is
asked whether that phrase includes banks and other “institutional lenders”, in
other words, whether a license is required of a person who only deals with such
institutions in his/her business of buying, selling and/or servicing promissory
notes secured directly or indirectly by trust deeds on real property. In an informal
opinion issued in 1963, we said that one would (I.L. 63-26; LB 31, p. 55, Feb. 20,
1963) ). We ratify that conclusion now.

*3 We are constrained to interpret section 10131.1 in context of the overall
statutory scheme set by the Real Estate Law, of which it is part. (Cf. Grand v.
Griesinger (1958) 160 Cal.App.2d 397, 406; Moyer v. Workmen's Comp. Appeals
Bd. (1973) 10 Cal.3d 222, 230.) There the essence of regulatory coverage is
contained in the 11 articles of chapter 3 of the Law. (1 (scope of regulation), 2
(licenses), 2.3 (prepaid rental listing services), 2.5 (continuing education), 3
(discipline), 4 (fees), 5 (transactions in trust deeds and real property sales
contracts) 6 & 6.5 (real property securities dealers), 7 (real property loans) and 8
(out-of-state land promotions.) The phrase we seek to interpret (“with/to the
public”) is found in section 10131.1 of article 1 which, after setting forth the
requirement that real estate brokers be licensed (§ 10130), defines those
activities for which licensure as such is required. (§§ 10131, 10131.1, 10131.12,
10131.3.) The phrase also appears in several sections of article 6 of the Law
(e.g., §§ 10237, 10238.3), which article deals with regulation of real property
security dealers, i.e., persons “who engage[ ] in the business of (a) [s]elling real
property securities to the public. ...” (§ 10237.) Article 6 (the Real Property
Security Dealers Act) and our section, 10131.1, were enacted together
(Stats.1961, ch. 886, §§ 6 and 22, see 36 Cal.State Bar J. 651) and it is
reasonable to assume that the Legislature had a single meaning for the term “the
public” in mind for both at that time. (Harvey v. Davis (1968) 69 Cal.2d 362, 368;
Rosemary Properties, Inc. v. McColgan (1947) 29 Cal.2d 677, 686.) With respect
to article 6, the Legislature specifically provided that sales to corporations,
pension retirement or similar trust funds, or to institutional lending agencies shall
not be deemed a sale to the public.” (Stats.1961, ch. 886, § 22 adding then §
10237; see Harvey v. Davis, supra, at 369.) Attorneys, real estate brokers and
general building contractors have subsequently been added to the specified
exclusion from sales “to the public” for the purpose of the Real Property Security
Dealer's Act (§ 10237.25; see Harvey v. Davis, supra) but no attempt has ever
been made to similarly remove those classes from the scope of the term “the
public” in the definitional licensing requirement of section 10131.1. We must
assume that said contrast is indicative of a deliberate legislative intent that
sales to such classes not be removed from the purview of “sales to the public” for
the definitional purposes serving real estate broker licensure. (Marsh v. Edwards Theatres Circuit, Inc. (1976) 64 Cal.App.3d 881, 891.) Certainly given its legislative history vis-a-vis article 6, we would be very hard pressed to justify supplanting that omission in section 10131.1 in the process of construing it (cf. Kaiser Steel Corp. v. County of Solano (1979) 90 Cal.App.3d 662, 667) or inserting the exception in it under the guise of its interpretation. (Cf. Mount Vernon Memorial Park v. Board of Funeral Directors and Embalmers (1978) 79 Cal.App.3d 874, 885.)

*4 At the time the Legislature adopted section 10131.1 it excluded sales to institutional lenders from its conception of sales “to the public” in kindred legislation. Presumably it would not have done so if it did not think it necessary, i.e., if it did not think that such sales would otherwise be included within that purview. With a similar exclusion lacking in section 10131.1, we conclude that the term “the public” as used therein does include institutional lenders. Accordingly, one engaged in buying, selling or exchanging promissory notes with such entities must have a real estate license. [FN2]

2. Is the real estate licensing exemption in subdivision (a) of section 10133.1 of the Business and Professions Code applicable to activities of wholly-owned subsidiaries of the institutions enumerated therein for which a real estate license would otherwise be required?

Section 10133.1 of the Real Estate Law provides that certain of its provisions do not apply to certain persons or associations. Subdivision (a) exempts what are commonly called “institutional lenders” thusly:

“Subdivision (d) of Section 10131, subdivision (e) of Section 10131, Section 10131.1, Article 5 (commencing with Section 10230), Article 6 (commencing with Section 10237), and Article 7 (commencing with Section 10240) and Section 1695.13 of the Civil Code do not apply to any of the following:

“(a) Any person or employee thereof doing business under any law of this state, any other state, or of the United States relating to banks, trust companies, savings and loan associations, industrial loan companies, pension trusts, credit unions, or insurance companies.”

In its connection we are asked whether the exemption extends to licentiable activities of wholly-owned subsidiaries of the enumerated organizations because of their status as subsidiaries. We conclude that it does not.

A subsidiary is “a corporation, all or the majority of the stock of which is owned by another corporation, so that the latter is in the relation to it of a parent corporation.” (Ballentine's Law Dict. (3d ed. 1969) at 1231; see also Black's Law Dict. (4th ed 1951/1957) at 1596.) Despite that ownership, as a corporation, a subsidiary is a distinct legal entity (Hale v. Henkel (1905) 201 U.S. 43, 76 quoted in Ballentine On Corporations (1946 ed.) at 2) and under California law the mere fact that all of its capital stock might be owned or controlled by another does not destroy its separate existence. As has been said:

“Whatever may be the rule in other jurisdictions, the rule is well settled in this state that the mere fact one or two individuals or corporations own all of the stock of another corporation is not of itself sufficient to cause the courts to disregard the corporate entity of the last corporation and to treat it as the
alter ego of the individual or corporation that owns its stock. In addition, it
must be shown that there is such a unity of interest and ownership that the
individuality of such corporation and the owner or owners of its stock has
ceased; and it must further appear that the observance of the fiction of
separate existence would, under the circumstances, sanction a fraud or
promote injustice. Bad faith in one form or another must be shown before the
court may disregard the fiction of separate corporate existence.”

*5 (Cleaning & P. Co. v. Hollywood L. Service (1932) 217 Cal. 124, 129; accord,
Town Water Co. (1962) 204 Cal.App.2d 433, 443-444; Talbot v. Fresno-Pacific
Cal.App.2d 420, passim; Royal Industries v. St. Regis Paper Co. (9th Cir.1969) 420
F.2d 449, 453; Spears v. Transcontinental Bus System (9th Cir.1955) 226 F.2d 94,
98; Fulo v. Shastina Properties, Inc. (N.D.Cal.1978) 448 F.Supp. 983, 989.)

Given the legal “function” of their separate corporate existences then, a parent
corporation and a wholly-owned subsidiary will be treated as distinct and separate
entities for a variety of purposes. (Austad v. U.S. Steel Corp. (N.D.Cal.1956) 141
F.Supp. 437, 439 (anti-trust); Spears v. Transcontinental Bus Systems, supra, 226
F.2d 94 (parent usually not responsible for acts of subsidiary); Murphy Tugboat v.
Shipowners & Merchants Tugboat (N.D.Cal.1979) 467 F.Supp. 841, 854 (parent
usually not liable for acts of wholly-owned subsidiary even where the two share
common officers and directors).) Absent a showing of exceptional circumstances,
under California law, their corporate separateness will be respected: the corporate
veil of the subsidiary will not be pierced as to have it deemed an alter ego of its
parent. (Cleaning & P. Co. v. Hollywood L. Service, supra, 217 Cal. at 129; Royal
Industries v. St. Regis Paper Co., supra, 420 F.2d at 453; Chichester v. Polikowsky
(9th Cir.1955) 231 F.2d 1283, 186.)

We must presume that when it adopted the Real Estate Law the Legislature was
familiar with the aforesaid elements of the law of corporations which posit a
distinction of legal existence (in all but exceptional circumstances) between a
parent corporation and its wholly-owned subsidiaries. (Cf. Stafford v. Realty Bond
Service Corp. (1952) 39 Cal.2d 797, 805; Estate of Moffitt (1908) 153 Cal. 359,
361.) In subdivision (a) of section 10133.1 of the Real Estate Law the Legislature
has provided an exemption for “institutional lenders” from certain of its stricures.
Nothing however is said therein about subsidiaries of those organizations,
whether wholly-owned or not. With the established separateness of their
corporate existence, we would be hard pressed to say that mention of an
exemption for the parent ipso facto was meant to be an exemption for the
subsidiary as well.

In fact other indications are to the contrary. When the Legislature has wished to
exempt wholly-owned subsidiaries of institutional lenders from the otherwise
applicable provision of the Real Estate Law, it has specifically done so. (See, e.g.,
§ 10232(c)(1)—exemption of transactional dealings with wholly-owned
subsidiaries of institutional lenders from calculation of certain threshold
amounts.) We may presume from the absence of a similar exemption in section
10133.1, subdivision (a), that one was not intended. (Safer v. Superior Court
(1975) 15 Cal.3d 230, 238; Board of Trustees v. Judge (1975) 50 Cal.App.3d 920,
Section 10133.1 moreover itself constitutes an exemption from operation of certain provisions of the Real Estate Law. Basic tenets of statutory construction teach that exceptions to statutes are to be strictly interpreted (City of National City v. Fritz (1949) 33 Cal.2d 635, 636) so that where “the Legislature has specifically made an exception to the general provisions of a statute, ... courts are without power to imply a broader or more general exception.” (Pardee Construction Co. v. California Coastal Com. (1979) 95 Cal.App.3d 471, 478; see also Goins v. Board of Pension Commissioners (1979) 96 Cal.App.3d 1005, 1009.)

*6 Under California law a wholly-owned subsidiary is still considered to be a distinct and separate entity from its parent, and courts will only pierce its corporate veil and deem it to be an alter ego of the parent in but exceptional circumstances. Needless to say, when that has happened the corporations involved usually have not been the proponents of it being done. Ironically what we would see happening here is just that: to wit, corporations desiring to have their veils pierced. But that they may not do. By electing to separately incorporate, the entities involved obtain the advantages of that operational form. However, they also suffer whatever disadvantages might attach to that election as well (Voeller v. Neilston Co. (1941) 311 U.S. 531, 536-537; cf. Simplicity Pattern Co. v. State Bd. of Equalization (1980) 27 Cal.3d 900; Mercedez-Benz v. State Bd. of Equalization (1982) 127 Cal.App.3d 871, 874) and one of those vicissitudes of separate existence is present here.

We therefore conclude that wholly-owned subsidiaries of the entities enumerated in section 10133.1, subdivision (a), are not exempt from the provisions of the Real Estate Law solely because they are wholly-owned subsidiaries of exempt institutions. Of course, such a subsidiary might qualify for one or more exemptions in the Real Estate Law in its own right.

3. Is the real estate licensing exemption in subdivision (g) of section 10133.1 of the Business and Professions Code applicable to the following activities by any of the three enumerated classes of lenders:
   (a) Assigning of real property-secured loans that were originally funded by the licensee?
   (b) Collecting of payments and servicing of real property-secured loans that were funded and thereafter assigned by the licensee?

Section 10133.1, subdivision (g), of the Real Estate Law exempts from certain of its provisions (including § 10131.1)—
“Any person licensed as a personal property broker, a consumer finance lender, or a commercial finance lender when acting under the authority of that license.”

We are asked whether the exemption is applicable to those licensees assigning loans originally funded by them and thereafter collecting payments or servicing such loans—which activity would ordinarily require licensure under section 10131.1. We conclude the exemption is not available for such dealings.

The exemption offered by subdivision (g) to the personal property broker, the consumer finance lender and the commercial finance lender only applies when those classes of licensees act under the authority of their respective licenses.

A. The Personal Property Broker:

*7 Personal property brokers are licensed under the Personal Property Brokers Law. (Fin.Code, div. 9, § 22000 et seq.) Section 22009 thereof defines a personal property broker as one who—

“...[i]s engaged in the business of lending money and taking in the name of the lender, or in any other name, in whole or in part, as security for such loan, any contract or obligation involving the forfeiture of rights in or to personal property, the use and possession of which property is retained by other than the mortgagee or lender, or any lien on, assignment of, or power of attorney relative to wages, salary, earnings, income, or commission.”

In paraphrase, a personal property broker is one who makes loans secured, in whole or in part, by personal property. While personal property brokers are generally restricted from taking liens upon real estate as security for their loans (Fin.Code, § 22466), their security can consist of a bona fide combination of real and personal property. (Raysinger v. Peoples Inv. & Loan Assn. (1973) 36 Cal.App.3d 248, 252; Riebe v. Budget Financial Corp. (1968) 264 Cal.App.2d 576, 582, 587-588.) In other words, the security for each loan made under the authority of the personal property broker's license must include personal property; it may not consist solely of real property. (Raysinger v. People Inv. & Loan Assn., supra, at 252-253.) Thus to the extent that loans with appropriate real property interests (cf. Com.Code, §§ 1201, 9107) are made by a personal property broker, a real estate license is not required of him since those loans would be authorized and would be within the scope of his licensure. However, if personal property is not part of the security taken for a loan, its making would be outside the authority granted by the personal property broker license and therefore would not fall within the exception granted by section 10133.1, subdivision (g) of the Real Estate Law.

B. The Consumer Finance Lender

Consumer finance lenders are licensed pursuant to the Consumer Finance Lenders Law (Fin.Code, div. 10, § 24000 et seq.). Section 24009 thereof defines a “consumer finance lender” as follows:

“‘Consumer finance lender’ includes all persons who are engaged in the business of making consumer loans.”

Section 24007.5 of that Law defines the term “consumer loans” as:

“...a loan, whether secured by real or personal property, or unsecured, the proceeds of which are intended by the borrower for use primarily for personal, family or household purposes. ...”

In short, then, a consumer finance lender is one who makes loans for personal, family or household purposes; the type of security given for the loan, or whether
it is secured at all, is not relevant to the definition.

The exemption from real estate licensing contained in Business and Professions Code section 10133.1, subdivision (g), would apply to a consumer finance lender only to the extent that the loans made by that particular type of lender were “consumer loans.” In other words, consumer loans made by a consumer finance lender would be exempt from real estate licensing requirements. Loans outside the scope of the “consumer loan” definition would be outside the scope of the consumer finance lender licensed authority and therefore outside the exemption of subdivision (g) and would require a real estate license.

C. The Commercial Finance Lenders

*8 Commercial finance lenders (or “finance companies”) are licensed pursuant to the Commercial Finance Lenders Law (Fin Code, div. 11, § 26000). Section 26009 thereof defines a commercial finance lender as one who—

“[is] engaged in the business of making commercial loans.”

The term commercial loan is in turn defined by section 26007.5 of the Law in the following manner:

“Commercial loan’ means any loan of a principal amount of five thousand dollars ($5,000) or more for which any of the following apply:

(a) The borrower is a corporation, a general or limited partnership, or a joint venture.

(b) A substantial part of the security for the loan consists of property used primarily for other than personal, family, or household purposes.

(c) The borrower is self-employed, on a full or part-time basis and represents in writing to the lender that a substantial portion of the proceeds of the loan will be used for the purposes of carrying on his or her business or businesses or acquiring a business or businesses. . . .”

The scope of the commercial finance lender's licensed authority then, extends to “commercial loans” made by a particular lender. The exemption from real estate licensing requirements contained in Business and Professions Code section 10133.1, subdivision (g), would apply to such commercial loans made by commercial finance lenders. The exemption would not apply to loans falling outside the scope of the “commercial loan” definition.

D. Assignment and Serving

We have reached the point of determining that when personal property brokers, consumer finance lenders and commercial finance lenders make loans of the type contemplated by the scope of their respective licensures, they are exempt from licensure under the Real Estate Law by virtue of its section 10133.1, subdivision (g). The question put, however, asks about their assigning or servicing such loans. We believe that additional activity does not come within the subdivision's exemption.

Scan them as one would, no authorization can be found in either the Personal Property Brokers Law, the Consumer Finance Lenders Law or the Commercial
Finance Lenders Law for the three classes of lenders to assign loans that they make or to enter servicing arrangements in connection with them. The respective definitional authorizations by which those licensees act are, as we have seen, to lend money (Fin.Code, § 22009 (personal property broker)) and make loans (id., §§ 24009 (consumer finance lenders), 26009 (commercial finance lenders)). Nothing is said of assigning or servicing the loans so made and we conclude that that activity does not fall within the scope of respective licensure.

Under section 10131.1 of the Real Estate Law, a person must have a real estate license to engage as a principal in the business of buying, selling or exchanging promissory notes secured directly or collateral by liens on real property “with the public” or to enter into servicing arrangements with the public for the collection of payments or the performance of services in connection with notes secured by real property. The section goes on to state that the terms “sale,” “resale,” and “exchange” include every disposition of any interest in real estate loans. And it defines “in the business” as “the acquisition for resale to the public, and not as an investment, of eight or more” real estate loans. Thus, one engaged in the business of assigning or servicing loans secured by real property must have a real estate license. (§§ 10131.1.) Section 10133.1, subdivision (g), offers exemption from that requirement to personal property brokers, consumer finance lenders and commercial finance lenders insofar as they act under authority of their respective licenses. Those licenses, however, do not authorize their holders either to assign or to service loans made by them and accordingly such persons may not avail section 10133.1, subdivision (g), as an exemption from real estate licensure.

*9 We were also asked, if we concluded as we have that a personal property broker, a consumer finance lender or a commercial finance lender may not assign loans without licensure, whether such licensees might nonetheless be able to fund loans secured by real property from a line of credit in reliance upon a commitment from an institutional lender to purchase a certain aggregate dollar value of loans meeting the institutional lender’s criteria. We believe that scenario is merely a variation on an assignment or a sale of a loan originally made. The fact that a commitment is secured in advance of their origination to purchase loans once made (albeit with the source of funds) does not change the essence of the transaction—a subsequent sale (assignment) of a security interest in real property. While the three classes of lenders might make loans with such security as is appropriately authorized by their respective licensures, we have concluded that they are not thereby authorized to assign such loans once made and that activity is not within the exemption of section 10133.1, subdivision (g). We therefore conclude likewise with respect to the posited variation on the simple assignment; subdivision (g) would not offer the particular lenders an exemption from real estate licensure when they undertake it.

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[FN1]. A mortgage banker, as set forth in the California Mortgage
Bankers Association bylaws, “originates, finances and closes first mortgage loans secured by real estate and sells such loans to institutional investors for whom the loans are serviced under a contractual relationship.” As we understand it, a mortgage banker uses short-term borrowings to make mortgage loans to real estate buyers. He then assembles a quantity of such loans and sells them to the secondary markets. After selling the loans, he uses the proceeds to continue the cycle all over again, but remains in the picture by servicing those loans he has sold, i.e., collecting monthly payments, forwarding the proceeds to the investor and acting as the investor’s representative should problems arise. (G. Detwiler, “What Is A Mortgage Banker,” S.D. Assn. of Realtors Magazine, Oct. 1984, p. 13.)

Mortgage bankers previously originated only government insured loans (Federal Housing Administration and Veterans Administration). Section 10133.1(b) of the Business and Professions Code provides a licensing exemption for lenders who originate such loans. Once insured by FHA or VA, these loans were then qualified for possible sale to the Federal National Mortgage Association (FNMA; Fannie Mae). However, with the recent entry of FNMA into the purchase of conventional mortgages, its sellers/servicers (principally mortgage bankers) now have available an immediate access into the secondary mortgage market place for the conventional loans which they originate. When loan originations were 100 percent FHA-VA, no need was perceived for regulation of mortgage bankers because of the reporting and review requirements of the Federal Housing Administration and the Veterans Administration. As a result of the entry of FNMA into the conventional origination market, concern now exists. Mortgage bankers currently are not licensed in California; with some variation 11 states (Ariz., Ark., Del., Fla., Hawaii, Ill., Ky., Md., Nev., N.J., N.Y. & P.R.) regulate mortgage bankers through specific licensing or registration requirements. (Real Estate Finance Today (Nov. 1984) at 21.)

[FN2]. If our answer had been otherwise we were asked to further opine on whether (1) a real estate license would nevertheless be required of an independent contractor who solicits borrowers for a person originating mortgage loans for assignment to institutional lenders; (2) a real estate license would be required of an employee who solicits borrowers for loans to be funded by a person and thereafter assigned to institutional lenders and (3) a real estate license is required of a person who makes agreements for the collection of payments or the performance of services on behalf of institutional lenders including institutional lenders for whom notes were originated and thereafter assigned.

[FN3]. Effective January 1, 1986, personal property brokers, commercial finance lenders and consumer finance lenders will be specifically authorized by their respective licensing laws to sell and service promissory notes to institutional investors (ch. 346, Stats.1985 adding
§§ 22476, 24476 & 26476 to the Fin Code) and the necessary predicate for subdivision (g) exemption will then be provided.


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