

State Licensed Mortgage Loan Originator

Requirements and Standards under the S.A.F.E. Act

Starting August 1, 2009, any individual who, for compensation or gain, takes a residential mortgage loan application or offers or negotiates terms of a residential mortgage loan application must be licensed or registered as a Mortgage Loan Originator.

The S.A.F.E. Mortgage Licensing Act of 2008 does not provide any exceptions to licensing for individuals conducting above activities. Real estate brokerage, loan processing and loan underwriting activities are not covered.

Note: the S.A.F.E. Act requires a system of licensure to be in place by August 1, 2009 in all states. Transitioning existing loan originators onto this system will be implemented on a different timeframe sometime after August 1, 2009.

Licensing Requirements:

Mortgage Loan Originators must:

- Provide fingerprints for an FBI criminal history background check
- Provide authorization for NMLS&R to obtain a credit report
- Input and maintain their personal Mortgage Loan Originator record in NMLS&R as their license in each state in which they wish to conduct loan origination activity
- Pass a national mortgage test
- Take 20 hours of pre-licensure education courses approved by NMLS&R. The education must include:
 - 3 hours of federal law and regulations
 - 3 hours of ethics, which must include fraud, consumer protection, and fair lending
 - 2 hours of standards on non-traditional mortgage lending

Licensing Standards:

All state-licensed Mortgage Loan Originators must meet the following standards:

- Never had a loan originator license revoked; and
- Has had no felonies in the past seven years; and
- Never had a felony involving fraud, dishonesty, breach of trust or money laundering; and
- Demonstrates financial responsibility and general fitness; and
- Scores 75% or better on a national test created by NMLS&R. The test will include:
 - Ethics
 - Federal law and regulation
 - State law and regulation
 - Federal and state law and regulation pertaining to fraud, consumer protection, nontraditional mortgages, and fair lending; and
- Takes eight hours of continuing education annually. The education must include:
 - 3 hours of federal law and regulations
 - 3 hours of ethics, which must include fraud, consumer protection, and fair lending
 - 2 hours of standards on non-traditional mortgage lending; and
- Maintain licensure through NMLS&R.