

Notice Regarding NMLS Actions to Ensure Compliance with the SAFE Act's Continuing Education "Successive Years" Rule

Purpose

The purpose of this notice is to provide a summary actions and policies NMLS has put in place to ensure compliance with the SAFE Act's continuing education "successive years" rule.

Background and Reason for the Notice

The Secure and Fair Enforcement for Mortgage Licensing Act of 2008 (SAFE Act) requires that state-licensed mortgage loan originators (MLOs) complete 8 hours of NMLS approved continuing education (CE) annually. The SAFE Act also stipulates that a state-licensed MLO "may not take the same approved course in the same or successive years to meet the annual requirements for continuing education." NMLS has interpreted the term "successive years" to mean two years in a row.

NMLS has undertaken a number of initiatives, both administrative and technical, to ensure compliance with this provision of the SAFE Act.

NMLS Policies and Actions:

For Licensed Content: Requirement to Maintain Same Course Titles. Every CE course is assigned a unique course ID number that corresponds to a specific education provider. However, a number education providers use course content that is licensed from another provider or organization creating a situation where an MLO may take a successive CE course with a different course number, but is exposed to the same course content as was previously taken. In an effort to militate against this, NMLS has instituted a policy that requires any course employing licensed content from a previously approved course, be required to maintain the same course title as the initially approved course. By maintaining the course title it will be obvious to a regulator/compliance officer reviewing the MLOs course completion record that the individual has completed the same course even though the course number may be different.

For Licensed Content: Requirement for Statement in Course Descriptions. Course descriptions for every course which make use of licensed content from a previously approved course are required to begin with the following statement:

"This course utilizes licensed content. MLOs may not take a course with the title "<Fill in Title" two years a row."

For State-specific, Comprehensive and Other Courses that Make-use of "Core" Content (regardless of course format). A number of education providers have written "core" content which is comprised of 3 hours of federal law, 2 hours of ethics, and 2 hours of non-traditional mortgage lending (7 hours). State-specific course material is then added to this core content to produce a state-specific comprehensive course. Because the majority of the content for these courses is largely the same, the same course naming policy for licensed content applies.

For Late CE Courses. Late CE courses are duplicate versions of previously approved CE courses. For tracking purposes and to address the “successive years” rule, NMLS had assigned new numbers to every late CE course; these numbers reflect a child/parent relationship whereby the new course number is the child and the number that appears in parentheses at the end of the course title is the originally approved course (the parent). To inform MLOs that they may not take the same course two years in a row, every late CE course description contains the following statement:

“The content for this course is the same as course ID XXX and is intended to satisfy CE requirements for 2010. MLOs who take this course cannot take Course ID XXXX in 2011.”

Statement on NMLS Master Course Catalog: Notices reminding MLOs that they may not take the same approved course in the same or successive years to meet the annual requirement for CE are being placed in both the online and hardcopy versions of the NMLS Master Course Catalog.

Technical Solution to Prevent Credit Banking of the Same Course: NMLS is working with its technology vendor PearsonVue to enhance the PULSE system to perform a check and if necessary, prevent an education provider from credit banking the same course number to an MLOs account two years in a row. It is anticipated that this technical solution will be in place my mid-year 2011.