



Continuing Education (CE) Handbook

Industry Edition

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**Nationwide Mortgage Licensing System and Registry
Conference of State Bank Supervisors
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Continuing Education Handbook

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Introduction

The objective of the CE Handbook is to serve as a comprehensive resource for understanding SAFE Act continuing education (CE) requirements.

The CE Handbook is organized to provide background information on CE course formats, course topics, and hours required by the SAFE Act, as well as information on the “successive years” rule which prohibits an MLO from taking the same CE course two years in a row. More importantly this handbook discusses when state-licensed MLOs are required to begin taking CE and provides information on the processes to deal with specific situations, e.g. when an individual has failed to complete CE as part of the annual renewal process, or when an MLO leaves the industry and returns. Finally, the handbook includes several examples to assist industry professions to locate and understand how information is displayed in NMLS as a means to validate CE compliance.

The CE Handbook will be updated as often as necessary to provide clarity and guidance on multiple scenarios pertaining to continuing education. Questions or comments about this handbook should be addressed to Rich Madison, Sr. Director, Mortgage Education Programs at rmadison@csbs.org.

Section 1: Annual CE: When the Yearly Requirement Begins

SAFE Act CE Requirements:

The Secure and Fair Enforcement for Mortgage Licensing Act of 2008 (SAFE Act) requires that state-licensed mortgage loan originators (MLOs) complete annual continuing education. This education must include:

3 hours of federal law and regulations;

2 hours of ethics that shall include instruction on fraud, consumer protection, and fair lending issues;

2 hours of training related to lending standards for the nontraditional mortgage product; and,

1 hour of undefined instruction on mortgage origination.

Section 1506 of the SAFE Act states that MLOs may receive credit for CE in the year in which the course was taken, and may not take the same approved course in the same or successive years to meet the annual requirements for CE. (Note: see Sections 5 and 6 for further information about Late CE and the “Successive Years” rule).

It should be noted that the SAFE Act’s requirement for state-licensed MLOs to complete 8 hours of annual continuing education is a minimum standard and that individual states, through the passage of their own SAFE Act legislation, may require MLOs to complete a greater number of hours of education as a condition for licensure. A state may also require that the one hour of undefined instruction be devoted to covering state-specific mortgage law. A state may also mandate additional hours of education (above the 8) be completed.

Start Date of Annual CE Requirement:

NMLS is configured, and some states require, CE to be completed in the calendar year immediately following the date in which an individual achieves compliance for pre-licensure education (PE). For example, if an individual completed PE in 2009, NMLS is configured to expect CE to be completed in 2010. However, several state agencies do not require CE to be completed in the same year in which a license is granted. For example, if an MLO completed PE in 2009 but was not granted an initial license until 2010, CE may not be required by the state agency until 2011. ***As a rule, MLOs are always advised to check with their state agency to confirm when the requirement to begin completing annual CE begins.***

What to Do if PE and Licensure Dates Span Calendar Years

In the majority of cases, a MLO will complete PE and satisfy the other professional standards in the same calendar year. However, ***in the event an MLO completes PE in one calendar year and applies for a license in a different calendar year, it creates a problem in NMLS since the requirement to complete CE is driven by the PE course completion date and not by initial licensure date.*** If this occurs, state regulators need to notify NMLS to manually set CE compliance so the MLO can apply for renewal during the annual renewal period. Failure to set the compliance flag will result in the MLO not being able to apply for renewal.

The following chart can be used to assist in determining when CE is required.

Am I required to take Continuing Education this year?

If I completed PE in 2009... →	and I was licensed in 2009... →	am I required to complete CE in 2011?	Yes
If I completed PE in 2010... →	and I was licensed in 2010... →	am I required to complete CE in 2011?	Yes
If I completed PE in 2009... →	and I was licensed in 2010... →	am I required to complete CE in 2011?	Yes
If I completed PE in 2009 or 2010... →	and I was licensed in 2011... →	am I required to complete CE in 2011?	Check with your state agency
If I completed PE in 2011... →	and I was licensed in 2011... →	am required to complete CE in 2011?	No

MLOs and Compliance officers are also advised to consult the State-Specific Education Charts for PE/CE which is posted in the NMLS Resource Center at <http://mortgage.nationwidelicencingsystem.org/profreq/education/Pages/default.aspx>

Section 2: Explanation of CE Course Types

Course Types:

For effective recording that an MLO has met each of the required SAFE-mandated topics, NMLS approved course providers are required to submit and administer CE course in a prescribed manner. The following course types, which are intended to provide flexibility while at the same time establishing national uniformity, are as follows:

(a) Individual Core Courses

1. **Federal Law:** course intended to meet the federal law requirement and is never less than three (3) hours;
2. **Ethics:** course that is intended to satisfy the ethics requirements of the SAFE Act and also must include instruction on fraud, consumer protection, and fair lending issues and cannot be any less than two (2) hours;
3. **Nontraditional Mortgage Lending:** course that covers topics related to lending standards for the nontraditional mortgage product marketplace and cannot be any less than two (2) hours.

(b) Core Course: Intended to fulfill the three core requirements. The course must contain 3 hours of federal law, 2 hours of ethics, and 2 hours of nontraditional mortgage lending for a minimum of 7 hours of instruction.

(c) CE Elective: Course designed to fulfill the 1 hour of undefined education. The course must be a minimum of 1 hour in length and may expand on any of the core topics listed above or may cover other residential loan origination topics.

(d) Comprehensive CE: Course intended to fulfill all of the continuing education requirements of the SAFE Act and contains no state-specific content. The course is required to contain 3 hours of federal law, 2 hours of ethics, 2 hours of nontraditional mortgage, plus 1 hour of elective (undefined) content for a total of 8 hours.

(e) State Comprehensive CE: Course intended to fulfill all of the CE requirements of the SAFE Act as well as meet an identified state's requirements for a specific number of hours taken from the 1 hour of elective (undefined). The course is required to contain 2 hours of federal law, 2 hours of ethics, 2 hours of nontraditional mortgage lending, and a specific number of hours of state

required education (using the 1 elective hour) for a total of 8 or more hours. The course title must begin with the number of hours, the state's two letter abbreviation code, and the words "SAFE Comprehensive." Example: 8 Hour MS SAFE Comprehensive: Annual MLO Fundamentals.

(f) State-Specific Elective Course: Course intended to satisfy only a state-specific education requirement. These courses are expected to satisfy state-specific mortgage lending laws as well as state-specific case studies. The number of hours can exceed but is never less than the number of hours required by the state. The course title begins with the number of hours, the state's two letter abbreviation code, and the word SAFE. Example: 4 Hour NC SAFE State Law: Review and Test Prep.

Example of Courses on Course Completion Record:

Continuing Education Requirements (2010)

Requirement Type	Hours Required	Hours Applied	Compliance Status
CE Federal Law and Regulations	3	3	Compliant
CE Ethics	2	2	Compliant
CE Non-Traditional Lending	2	2	Compliant
CE Total	8	15	Compliant

Course 1593 is a Comprehensive Course: 3hr fed law + 2hr ethics + 2hr nontrade + 1hr elective = 8hrs

Courses 1655 is 3hrs NY Law (note NY in course title)

Course 1584 is 1hr PA Law (note PA in course title)

Courses Taken

Course ID	Course Name	Provider Name	Category	Completion Date	Processed Date	Credit Hours	Applied Hours	Format	Instruction Type
1593	8 Hour SAFE Comprehensive: Input: Knowledge, Output Success		CE Comprehensive	9/14/2010	9/15/2010	8	8	Public	CE Online Self Study
1655	3 Hour NY SAFE Methods of Mortgage Practice in New York_CE Elective		CE Elective	9/13/2010	9/14/2010	3	3	Public	CE Online Self Study
1584	1 Hour PA SAFE: Methods of Mortgage Practice in Pennsylvania_CE Elective		CE Elective	9/10/2010	9/13/2010	1	1	Public	CE Online Self Study
1616	1 Hour RI SAFE: Methods of Mortgage Practice in Rhode Island		CE Elective	9/10/2010	9/13/2010	1	1	Public	CE Online Self Study
1652	1 Hour ID SAFE Methods of Mortgage Practice in Idaho_CE Elective		CE Elective	9/9/2010	9/10/2010	1	1	Public	CE Online Self Study

Section 3: Understanding CE Requirements and NMLS Configuration

NMLS Configuration

As noted earlier, NMLS is configured to expect CE to be completed in the calendar year immediately following the date in which an MLO achieved pre-licensure education (PE) compliance *regardless of the date in which the initial license is granted*. For a majority of MLOs this is not a problem, since most will complete pre-licensure education, pass the test, and complete other requirements within the same calendar year. However, there have been, and will likely continue to be, a small number of MLOs who complete PE in one calendar year and subsequently get licensed in another. If the agency issuing a license does not require CE in the same year in which the MLO receives their initial license, and if the MLO completed PE in the previous calendar year, an education gap is created on the individual's record, which if not addressed, will prevent the MLO from becoming compliant for continuing education in subsequent years. Additionally, when enhanced system functionality is launched in the fall of 2011, the MLO may be prevented from submitting for renewal since NMLS will validate that the individual is CE compliant (for the current and previous years) prior to allowing the MLO to file for renewal.

Case Examples:

Case Example 1: *An MLO completes PE in November 2011 but then doesn't pass the test or complete other licensing requirements until January 2012. The MLO is subsequently granted a license in February 2012. The agency does not require CE in the same year in which an MLO is licensed.*

Outcome: If the agency issuing the initial license does not require CE in the year which the MLO is licensed, then an education gap will appear on the record. In this case: PE compliance is achieved in 2011, but no education is required or completed in 2012, but is required in 2013. NMLS is configured to expect education in 2012, but because none was required or completed, the system determines the MLO is non-compliant for 2012 CE. When the MLO does complete CE in 2013, the compliance flag will not set since CE was not completed the previous year.

Remedy: *To address the gap in the record, the state-licensing agency must coordinate with NMLS to set the CE compliance flag.*

Case Example 2: An MLO completes PE in November 2011 but then does not pass the test or complete other requirements until January 2012; an initial license is granted in February 2012. The state requires the MLO to complete CE in the year following PE compliance.

Outcome 1: Because PE was completed in November 2011 the system expects CE to be completed in 2012. Even though the license was issued in February 2011, the MLO is still required to go through the renewal process, which includes completing CE. The MLO completes CE and completes renewal by December 15, 2012. He/she has completed continuing education within 13 months of initially completing pre-licensure education.

Remedy: No intervention on the course completion record is required.

System Checks to Verify CE Completion Prior to Renewal

Enhanced system functionality is scheduled to be launched in the fall of 2011 to enable a state to choose to prevent an MLO from submitting for licensure renewal if he/she has not completed 8 hours of CE. If the system detects that an MLO has not completed CE in any year immediately following PE, the system will prevent the MLO from renewing their license.

Section 4: Validating State-Specific Requirements and Running Compliance Reports

Tracking CE Compliance with Standard NMLS Reports

Company CE Compliance and Non-CE Compliance Reports: Company users who have a “Reports Role” can run two reports to assist in tracking if their sponsored individuals are/are not compliant for continuing education in any given year.

CE Compliance Report: Identifies a list of individuals who have a relationship and current sponsorship with the company and who have met the federal SAFE Act requirements for continuing education in a specific year. The report looks like this:

Report Name: Continuing Education Compliance (Company)			Company Id: 12345		Compliance Year:2010		
Individual ID	Individual Last Name	Individual First Name	Individual Middle Name	Individual Suffix	Individual Email Address	CE Compliance Reported On	Report Generated Time
54321	Adams	Adam	James		ajadams@multichoicemtg.com	12/22/2010	3/30/2011 9:45
54322	Jones	Jimmy			jjones@multichoicemtg.com	12/2/2010	3/30/2011 9:45
54323	Gomez	George	C	Jr.	ggomez@multichoicemtg.com	9/2/2010	3/30/2011 9:45

CE Non-Compliance Report: Identifies a list of individuals who have relationship and current sponsorship with the company who have not met federal SAFE Act requirements for a specific year. The report looks like this:

Report Name: Continuing Education Non-Compliance						Company Id:14922	Compliance Year:2010
Individual ID	Individual Last Name	Individual First Name	Individual Middle Name	Individual Suffix	Individual Email Address	Report Generated Time	
21212	Aababe	Ali			a.aabade@Americannamortgage.com	5/18/10 1:54 PM	
22121	Abrano	Jesus	Luis		j.abrano@Americannamortgage.com	5/18/10 1:54 PM	
12115	Abbott	June	L.		l.abbott@Americannamortgage.com	5/18/10 1:54 PM	
20121	Baker	Arisol			a.bakere@Americannamortgage.com	5/18/10 1:54 PM	
31216	Banner	Robert			r.banner@Americannamortgage.com	5/18/10 1:54 PM	
12121	Beane	Kristal	Lynn		k.beane@Americannamortgage.com	5/18/10 1:54 PM	
21212	Bonner	Sophia	D		s.bonner@Americannamortgage.com	5/18/10 1:54 PM	

Verifying State-Specific Education Requirements

Currently the only way to verify if a licensee has completed state-specific education requirements is to access and view the individual’s course completion record. NMLS is currently not figured to validate if a specific number of state-specific hours, either within or above the SAFE minimum, have not been achieved, nor can it verify that a specific topic has been completed. However, to assist to determine if a state-specific course has been completed, course providers have been directed to submit and develop courses in

accordance with a strict naming convention that includes a state's two letter abbreviation code. State specific courses are as follow:

State Comprehensive Course: Courses intended to satisfy all of the continuing education requirements of the SAFE Act as well as all of the state's-required hours of education and/or content. The course title begins with the number of hours, the state's two letter abbreviation code, and the word SAFE Comprehensive. Example: *12 hour KY SAFE Comprehensive: Annual MLO Fundamentals.*

State-Specific CE Elective Course: Courses intended to satisfy only a state's specific education requirements. These courses generally must focus solely on state-specific mortgage lending laws and incorporate case studies. The number of hours can exceed but are never less than the number of hours required by the state. The course title must begin with the number of hours, the state's two letter abbreviation code, and the word SAFE. Example: *4 Hour NC SAFE State Law: Review and Test Prep.*

Example:

Continuing Education Requirements (2010)

Requirement Type	Hours Required	Hours Applied	Compliance Status
CE Federal Law and Regulations	3	3	Compliant
CE Ethics	2	2	Compliant
CE Non-Traditional Lending	2	2	Compliant
CE Total	8	15	Compliant

Courses Taken

Course ID	Course Name	Provider Name	Category	Completion Date	Processed Date	Credit Hours	Applied Hours	Format	Instruction Type
1593	8 Hour SAFE Comprehensive: Input: Knowledge, Output: Success		CE Comprehensive	9/14/2010	9/15/2010	8	8	Pubic	CE Online Self Study
1655	3 Hour NY SAFE Methods of Mortgage Practice in New York_CE Elective		CE Elective	9/13/2010	9/14/2010	3	3	Pubic	CE Online Self Study
1584	1 Hour PA SAFE: Methods of Mortgage Practice in Pennsylvania_CE Elective		CE Elective	9/10/2010	9/13/2010	1	1	Pubic	CE Online Self Study
1616	1 Hour RI SAFE: Methods of Mortgage Practice in Rhode Island		CE Elective	9/10/2010	9/13/2010	1	1	Pubic	CE Online Self Study
1652	1 Hour ID SAFE Methods of Mortgage Practice in Idaho_CE Elective		CE Elective	9/9/2010	9/10/2010	1	1	Pubic	CE Online Self Study

Courses 1655, 1584, 1616, and 1652 are examples of how state-specific courses appear on an MLO's course completion record.

Section 5: Late CE: Required for Reinstatement or to Reapply for a License

Late CE Courses Explained

The model state law, which many states adopted when passing their own SAFE Act legislation, contains a provision allowing for a reinstatement period that follows the annual licensure renewal period (November 1 through December 31). During the reinstatement period, which runs from January 1 through February 28, a state may allow an MLO to satisfy specific unmet licensure requirements from the previous year. Often times one of these items is the Continuing Education (CE) requirement. Since NMLS is programmed to give MLOs credit for CE only in the year in which they complete it, MLOs can take advantage of Late CE courses to complete their CE in January and February and have the credits banked “retroactively” so that the CE will be applied to their record for the previous year.

Recognizing that many states have different reinstatement requirements, and taking into consideration various technical limitations, NMLS, with the approval of the Mortgage Testing and Education Board (MTEB) and the Mortgage Licensing Policy Committee (MLPC) in cooperation with the States, has devised a retroactive credit banking solution which enables MLOs to complete continuing education and have it apply to the year in which the individual needs to become compliant for CE.

NMLS recognizes a reinstatement period that runs from January 1 to February 28. During the reinstatement period, MLOs who had a requirement for but did not complete CE the previous year will be allowed to take and complete a CE course made available through the ***NMLS Late CE Course Catalog***. Late CE courses are configured such that course credit is retroactively applied to the previous year. *States which do not allow MLOs to make up CE deficiencies require MLOs to apply for a new license. **The application process for a new license (including reapplying) requires MLOs to satisfy any CE deficiencies for the last year in which they maintained an active license. These MLOs are also required to take a “Late CE” course.***

Because of the way NMLS is configured, and to enable retroactively applying course credits to a previous year, NMLS has worked with course providers to establish “Late CE” courses and has published a separate Late CE course catalog. Late CE courses have a specific course session ID and a course completion date of December 31, 2010. ***Late CE courses are the only courses MLOs are allowed to take to make up CE requirements.*** A state regulator is able to identify which course has been retroactively credit banked by looking at the course title which contains the prefix “Late CE” and noting the significant difference between the 12/31/2010 course completion date and the credit banking processing date.

For MLOs who complete a Late CE course, their CE course completion records looks like this:

**Note Course Title & Category include prefix "Late CE."
Course completion date is 12/31/2010; processed date is 2011.**

Courses Taken									
Course ID	Course Name	Provider Name	Category	Completion Date	Processed Date	Credit Hours	Applied Hours	Format	Instruction Type
1896	Late CE 8 Hour SAFE Comprehensive: Input Knowledge; Output Success (1593)		Late CE Comprehensive	12/31/2010	1/31/2011	8	8	Public	CE Online Self Study
1903	Late CE 1 Hour MA SAFE: Methods of Mortgage Practice in Massachusetts (1615)		Late CE Elective	12/31/2010	2/23/2011	1	1	Public	CE Online Self Study

Late CE courses are duplicate versions of previously approved CE courses. For tracking purposes and to address a SAFE Act requirement that the same CE course cannot be taken two years in a row, NMLS has assigned new numbers to each Late CE course; these number reflect a child/parent relationship whereby the new course number is the child and the number in parentheses at the end of the course title is the originally approved course, the parent. To inform MLOs that they cannot 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 XXXX and is intended to satisfy CE requirements for 2010. MLOs who take this course cannot take Course ID XXXX in 2011."

Example:

Address:

Phone:

Website:

Course Offerings:

Late CE 1 Hour MA SAFE: Methods of Mortgage Practice in Massachusetts (1615) Parent Course #

Disclosure

The content for this course is the same as course 1615 and is intended to satisfy CE reqs for 2010. MLOs who take this course cannot take 1615 in 2011. Late CE 1 Hour Methods of Mortgage Practice in Massachusetts (1615) reviews the laws in the state that regulate mortgage originators, brokers and lenders. This course meets the 1 hour of Massachusetts state specific CE requirement required under the MA SAFE Act

Type: **CE Online Self Study** Course ID: **1903** **Child Course #** CE Elective Hours: **1**

Begin End Location

Using the example above, an MLO cannot take course 1615 in January 2011 in order to

make-up his/her CE requirement for 2010, and then in February take course 1903 (which is the same content as 1615) to satisfy their CE requirement for 2011.

Late CE Case Study

The following illustrates when and why an MLO is required to complete Late CE:

An MLO has filed for a license in CT. He was previously licensed in multiple states, to include NC and PA, however, he failed to renew. He completed 20 hours of pre-licensure education and became PE compliant in December 10, 2009.

The table below displays when an Individual became compliant with SAFE Pre-Licensure Education (PE) and/or Continuing Education (CE) requirements. Refer to the [Education page of the NMLS Resource Center](#) for more information about SAFE PE/CE requirements.

Click the **Year** in the table to view the corresponding NMLS PE/CE Course Completion Record. Progress toward compliance with PE and/or annual CE requirements for the current year or previous years not reflected in the table can be viewed by requesting an NMLS PE/CE Course Completion Record below.

Compliance Type	Year	Status	Effective Date	Last Update Date
Pre-Licensure Education (PE)	2009	Compliant		12/10/2009 2:11:33 AM

Request an NMLS PE/CE Course Completion Record

Use this function to request course completion records. Select PE to view a record of all completed Pre-Licensure Education courses. Select CE and enter a year to view a record of all Continuing Education courses completed in the specified year.

Compliance Type: Compliance Year:

Figure 1

A review of his record reveals that he did not complete any CE in 2010 (note Figure 1 above only shows compliance for PE in 2009).

This record is compiled from information provided by Course Providers. If this record is not an accurate reflection of the courses taken by the Individual, please contact the appropriate Course Provider(s).

Continuing Education Requirements (2010)

Requirement Type	Hours Required	Hours Applied	Compliance Status
CE Federal Law and Regulations	3	0	Pending
CE Ethics	2	0	Pending
CE Non-Traditional Lending	2	0	Pending
CE Elective	0	0	Compliant
CE Total	8	0	Pending

Courses Taken

No Courses Exist

Figure 2

In looking at his CE course completion record (Figure 2), we can see that he did not complete any CE in 2010.

A review of his 2011 course completion record (Figure 3) reveals that in May 2011, he completed an 8 hour CE SAFE Comprehensive Course.

This record is compiled from information provided by Course Providers. If this record is not an accurate reflection of the courses taken by the Individual, please contact the appropriate Course Provider(s).

Continuing Education Requirements (2011)

No Federal CE Requirements.

Courses Taken

Course ID	Course Name	Provider Name	Category	Completion Date	Processed Date	Credit Hours	Applied Hours	Format	Instruction Type
1998	8 Hour SAFE Comprehensive: In Compliance; In Control		CE Comprehensive	5/15/2011	5/16/2011	8	0	Public	CE Online Self Study

Record generated on 6/2/2011 9:59:02 AM

Figure 3

As illustrated in Figure 1, the only education compliance flag that has been set is PE; no CE compliance was set for 2010 and while the MLO completed a CE course in 2011, the compliance flag for 2011 is also not set. ***Why is this and how is the problem corrected?***

Remember that NMLS is configured to always look for CE in the year immediately following when PE compliance was achieved – in this case it was 2009. Accordingly, the system expected the MLO to complete 8 hours of CE in 2010. When 2011 rolled around an education gap was created on the MLO’s record; this gap has to be closed either through the application of Late CE or through an action can only be initiated by a state regulator.

In trying to determine which type of CE to require, two questions need to be answered:

- 1) Was the MLO previously licensed in any state? *and*
- 2) Do the PE compliance date and the initial licensure date straddle two different calendar years?

If the answer to the first question is yes, then the MLO should be required to complete Late CE. Late CE courses are intended to “make- up” CE that was not completed the previous year, or if the MLO is returning to the industry and needs to complete CE for the last year in which they were licensed. If the MLO was not previously licensed and their PE and licensure date straddle two years, then most likely the agency should work with NMLS to address the education gap.

In the case of this particular MLO, he is required to complete Late CE. The reason being is that he was previously licensed in one or more states, failed to renew, left the industry for a year, and is returning. To get a new license in CT he needs to make up the CE for the last year in which he was licensed.

Section 6: The “Successive Years” Rule

Successive Years Defined

The SAFE Act 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.

For Education Providers Who License 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 of 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 an MLO’s course completion record that the individual has completed the same course even though the course number may be different.

For Courses with Licensed Content: Requirement for Statement in Course Description. 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 MLO’s account two years in a row. It is anticipated that this technical solution will be in place by mid-year 2011.

Section 7: NMLS CE Content Guidance to Course Providers

Defining the Purpose of CE

NMLS interprets the intent of the SAFE Act's requirement for annual continuing education to achieve one of three objectives:

- a. To provide new or updated information on federal and state mortgage-related laws.
- b. To go into more depth or detail on a particular law, regulation, or program than is typically covered during pre-licensure education.
- c. Present a new topic or sub-topic which is different from what is typically presented as part of pre-licensure education and may be of interest/value to a segment of the mortgage industry (e.g. a program pertaining to reverse mortgages).

In early 2010 NMLS received for approval a number of CE courses that were essentially a "repackaging" of pre-licensure courses that while on the surface provide information, did not achieve any of the objectives listed above. The problem created when a typical 20 hour (PE) course is condensed into 8 hours is that the course becomes a broad survey of federal laws, mortgage programs, products, and terms and definitions that, because of time limitations, results in each topic receiving only a few minutes of attention.

To remedy the problem, course providers have been advised to design CE courses with the intent of achieving one or more of the objectives listed above. For example:

- a. Instead of providing a broad survey of all federal mortgage laws in three hours, the Federal law portion of the course is to focus on providing comprehensive instruction on major changes that have been enacted within the past year. This includes (but is not limited to) such items as changes to RESPA, TILA, the implementation of the new GFE, and changes to loan officer compensation.
- b. As an alternative to providing a broad survey of all federal mortgage laws, some MLOs may be interested in a more comprehensive understanding of just one or two federal laws. For example, there is nothing prohibiting a course provider from devoting all three hours of federal laws to RESPA or the Dodd-Frank Act. The same approach could be taken for non-traditional mortgage lending with all 2 hours devoted to single subjects like VA or FHA programs.
- c. A majority of PE courses approved by NMLS focus on those content areas most applicable to preparing an MLO to pass the MLO SAFE test and follow the national content outline. However, there are a significant number of topics pertaining to residential mortgage loan origination that could benefit the industry and are not currently being taught. Subjects like understanding credit

reports, mortgage math, rural and farm loans, or how to assist distressed/delinquent borrowers are all ideal CE course topics. Course providers are encouraged to refer to the *Notice of Mortgage Loan Originator Pre-Licensure and Continuing Education SAFE Act Approved Topic List* for additional course ideas.

When developing courses, course providers are also strongly advised to pay close attention to the course syllabus and associated learning objectives, particularly as they relate to PE and CE. A course syllabus that indicates an MLO will achieve an understanding of RESPA but only allocates 10 minutes of instruction has essentially outlined a non-achievable learning objective with the result being that NMLS will not approve the course. The following scenarios illustrate how learning objectives should be structured using RESPA and the objectives for CE courses listed above as an example:

a. Scenario 1 – Updated information on federal laws:

3 Hours 2011 Update to Federal Mortgage Laws. Course is intended to provide the student with an understanding of the major changes that were implemented in 2010 and 2011 that industry professionals need to be aware of in the day-to-day performance of work and/or to prepare to take and pass the MLO SAFE test.

Learning objectives:

- Understand the requirements of the Federal SAFE Act and its impact on the industry. 30 minutes
- Review the major changes to RESPA and how they impact the MLO. 30 minutes
- Compare and contrast the old and new Good Faith Estimate and know how to complete the form and explain it to consumers. 30 minutes
- Understand how loan officer compensation has changed. 15 minutes
- Become familiar with the changes to Reg Z and its impact on mortgage loan origination. 45 minutes

b. Scenario 2 – Comprehensive understanding of a federal law:

3 Hours Federal Law: Comprehensive Review of RESPA and the New GFE. Course is intended to provide an in-depth review of RESPA and the new GFE that was implemented in 2010. The course will cover recent changes that have been enacted within RESPA, and will compare and contrast the old GFE to the new and explain how information on the form needs to be explained to consumers.

Learning objectives:

- Provide an overview of RESPA and its purpose within the industry. 30 minutes
- Examine critical areas of the law and how it impacts mortgage loan origination. Acquire a deeper understanding for how to complete the HUD-1. Identify areas where errors typically occur and the potential impact of those errors for the company and the consumer. 45 minutes
- Thoroughly review changes to RESPA that have been enacted recently. 45 minutes
- Compare and contrast the old and new GFE and know how to complete it and explain it to consumers. 45 minutes

Appendix A

Frequently Asked Questions

- Q. ***If I completed pre-licensure education this year, do I need to also complete CE this year prior to renewing?***
- A. Continuing education is not required in the same calendar year in which pre-licensure education is completed. For example, if you complete PE in February 2011, you do not need to complete CE by 12/31/11 to renew your license. *(See Section 1 of the CE Handbook)*
- Q. ***How many hours of continuing education do I need to take in 2011?***
- A. The SAFE Act requires state-licensed MLOs to complete 8 hours of CE (3 hours of federal law, 2 hours of ethics (which shall include fraud and consumer protection), 2 hours of non-traditional mortgage lending and 1 hour of elective. Some states may have additional requirements. MLOs should consult the State-Specific Education Requirements Chart for PE and CE for any state specific requirements at <http://mortgage.nationwidelicencingsystem.org/courseprovider/Course%20Provider%20Resources/Education%20Hours.pdf>
- Q. ***When is it going to be posted how many hours of CE are required?***
- A. Information about state-specific continuing education requirements has been posted on the education page of the NMLS Resource Center at: <http://mortgage.nationwidelicencingsystem.org/courseprovider/Course%20Provider%20Resources/Education%20Hours.pdf>
- Q. ***When does continuing education need to be completed?***
- A. CE needs to be completed prior to submitting an application during the annual renewal period which runs from November 1 through December 31 each year. MLOs are advised to check with their state agency for specific renewal deadlines.
- Q. ***If I accidentally took 20 hours of pre-licensure education but should have taken continuing education, can I apply the PE toward my CE requirement?***
- A. PE and CE may not be intermixed. So if an MLO completed a PE course when they need a CE course they will be required to still complete a CE course. MLOs are advised to carefully consult the NMLS Master Course Catalog available in the NMLS Resource Center to ensure they are choosing the correct course to meet their needs.
- Q. ***If I previously had an approved license, but chose not to renew and am now looking to get back in the business and be relicensed, what CE, if any do I need?***
- A. If an MLO was previously licensed, chose not to renew, and is now returning to the industry, they are required to complete CE for the last year in which they were licensed. In order to “make-up” the CE the MLO is required to complete “Late CE.” Late CE courses are the only courses that may be taken to make-up a previous year’s CE requirement. *(See Section 5 of the CE Handbook)*
- Q. ***If I completed my PE last year but my license was not approved until this year, do I need to take CE this year?***
- A. NMLS is configured to expect CE to be completed in the calendar year immediately following the date in which an MLO achieved PE compliance *regardless of the date in which the initial license is granted. Some agencies may not require CE to be completed in the same year as initial licensure.*

MLOs are advised to check with their respective state agency.

Q. *Where do I find a list of NMLS Approved Course Providers?*

A. A complete list of all NMLS Approved Course Providers is available on the education page of the NMLS Resource Center under the Professional Standards tab at:
<http://mortgage.nationwidelicencingsystem.org/profreq/education/Pages/default.aspx>

Q. *Does NMLS maintain a catalog of approved continuing education courses?*

A. The NMLS Master Course Catalog is available online and in PDF format and may be accessed from the education page of the NMLS Resource Center under the Professional Standards tab at:
<http://mortgage.nationwidelicencingsystem.org/profreq/education/Pages/default.aspx>

Q. *Am I able to take Continuing Education courses online?*

A. CE courses may be taken online. Please see the NMLS Master Course Catalog for details.

Q. *I heard I cannot take the same CE course two years in a row, is this true?*

A. Yes, the SAFE Act 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 CE.” (*See Section 6 of the CE Handbook*)

Appendix B

2011 State-Specific Education Requirement for PE and CE

PURPOSE: The purpose of this document is to inform which states have a requirement for state-specific education.

Pre-licensure Education Requirements: New state-licensed MLOs are required to complete 20 hours of NMLS-approved education. This education must include 3 hours of Federal law, 3 hours of ethics (which shall include fraud, consumer protection, and fair lending issues), 2 hours of non-traditional mortgage lending, plus 12 hours of undefined education (referred to as electives).

Continuing Education Requirements: Every state-licensed MLO is required to complete at least 8 hours of NMLS approved education annually (Note: CE is not required in the same year in which PE was completed). This education must include 3 hours of Federal law, 2 hours of ethics (which shall include fraud, consumer protection, and fair lending issues), and 2 hours of non-traditional mortgage lending, plus one additional hour of undefined education (referred to as an elective).

Some states require a certain number of hours be devoted to state law (using up the elective hour), while other states may require a specific number of additional hours above the SAFE Act minimum requirement. Individuals seeking licensure in multiple states must meet each state's specific requirements.

Federal law, ethics, nontraditional mortgage lending plus elective is displayed as 3/2/2/x = y (where x = specific hours elective hours and y = total hours).

State	State-Specific Education Requirement	Number of Hours	Comments
AK (PE)	No	3/3/2/12 = 20	
AK (CE)	No	3/2/2/1 = 8	
AL (PE)	No	3/3/2/12 = 20	
AL (CE)	No	3/2/2/1 = 8	
AR (PE)	No	3/3/2/12 = 20	
AR (CE)	No	3/2/2/1 = 8	
AZ (PE)	Yes	3/3/2/8/+ 4 hours of AZ Law = 20	
AZ (CE)	Yes	3/2/2/+ 1 hour of AZ law = 8	
CA-DOC (PE)	No	3/3/2/12 = 20	
CA-DOC (CE)	No	3/2/2/1 = 8	
CA-DRE (PE)	No	3/3/2/12 = 20	
CA-DRE (CE)	No	3/2/2/1 = 8	
CO (PE)	No	3/3/2/12 = 20	
CO (CE)	No	3/2/2/1 = 8	Note: In addition to NMLS approved, CO requires 2 additional hours of DORA- approved education.

State	State-Specific Education Requirement	Number of Hours	Comments
CT (PE)	No	3/3/2/12 = 20	
CT (CE)	No	3/2/2/1 = 8	
DC (PE)	Yes	3/3/2/9+ 3 hour of DC law = 20	
DC (CE)	Yes	3/2/2/+ 1 hour of DC law = 8	
DE (PE)	No	3/3/2/12 = 20	
DE (CE)	No	3/2/2/1 = 8	
FL (PE)	No	3/3/2/12 = 20	
FL (CE)	No	3/2/2/1 = 8	
GA (PE)	No	3/3/2/12 = 20	
GA (CE)	Yes	3/2/2/ + 1 hour of GA law = 8	
HI (PE)	No	3/3/2/12 = 20	
HI (CE)	No	3/2/2/1 = 8	
IA (PE)	No	3/3/2/12 = 20	
IA (CE)	No	3/2/2/1 = 8	
ID (PE)	Yes	3/3/2/10 + 2 hour of ID law = 20	
ID (CE)	Yes	3/2/2/ + 1 hour of ID law = 8	
IL (PE)	No	3/3/2/12 = 20	
IL (CE)	No	3/2/2/1 = 8	
IN-DFI (PE)	Yes	3/3/2/10 + 2hrs of IN law = 20	
IN-DFI (CE)	No	3/2/2/1 = 8	
IN-SOS (PE)	Yes	3/3/2/10 + 2hrs of IN-SOS specific = 20	
IN-SOS (CE)	No	3/2/2/1 = 8	
KY (PE)	No	3/3/2/12 = 20	
KY (CE)	Yes	3/2/2/1 + 4hrs of KY law = 12	
KS (PE)	No	3/3/2/12 = 20	
KS (CE)	No	3/2/2/1 = 8	

State	State-Specific Education Requirement	Number of Hours	Comments
LA (PE)	No	3/3/2/12 = 20	
LA (CE)	No	3/2/2/1 = 8	
MA (PE)	Yes	3/3/2/9 + 3 hour of MA law = 20	
MA (CE)	Yes	3/2/2/ + 1 hour of MA law = 8	
MD (PE)	Yes	3/3/2/7 + 5 hour of MD law = 20	
MD (CE)	Yes	3/2/2/ + 1 hour of MD law = 8	
ME (PE)	No	3/3/2/12 = 20	
ME (CE)	No	3/2/2/1 = 8	
MI (PE)	No	3/3/2/12 = 20	
MI (CE)	No	3/2/2/1 = 8	
MN (PE)	No	3/3/2/12 = 20	
MN (CE)	No	3/2/2/1 = 8	
MO (PE)	No	3/3/2/12 = 20	
MO (CE)	No	3/2/2/1 = 8	
MS (PE)	Yes	3/3/2/8 + 4 hours of MS law = 20	4 hours on MS SAFE Act of 2009
MS (CE)	Yes	3/2/2/3 + 2 hours of MS law = 12	2 hours on MS SAFE Act of 2009
MT (PE)	No	3/3/2/12 = 20	
MT (CE)	Yes	3/2/2/5 = 12	The 5hrs of elective may be only any topic.
NC (PE)	Yes	3/3/2/12 + 4 hour of NC law = 24	
NC (CE)	Yes	3/2/2/ + 1 hour of NC law = 8	
ND (PE)	No	3/3/2/12 = 20	
ND (CE)	No	3/2/2/1 = 8	
NE (PE)	No	3/3/2/12 = 20	
NE (CE)	No	3/2/2/1 = 8	
NH (PE)	No	3/3/2/12 = 20	
NH (CE)	No	3/2/2/1 = 8	

State	State-Specific Education Requirement	Number of Hours	Comments
NM (PE)	Yes	3/3/2/9 + 3 hour of NM Law = 20	
NM (CE)	Yes	3/2/2/ + 1 hour of NM law = 8	
NJ (PE)	Yes	3/3/2/8 + 4 hour of NJ Law = 20	
NJ (CE)	Yes	3/2/2/3 + 2 hours of NJ law = 12	
NY (PE)	Yes	3/3/2/9 + 3 hour of NY Law = 20	
NY (CE)	Yes	3/2/2/1 + 3 hours of NY law = 11	
NV (PE)	Yes	3/3/2/18 + 4 hour of NV Law = 30	
NV (CE)	Yes	3/2/2/+3 hours of NV law = 10	
OH (PE)	Yes	3/3/2/12 + 4 hour of OH Law = 24	Only applicants under OMBA must take the additional 4hrs of education. OMLA applicants only require 20hrs
OH (CE)	No	3/2/2/1 = 8	
OK (PE)	No	3/3/2/12 = 20	
OK (CE)	No	3/2/2/1 = 8	
OR (PE)	No	3/3/2/12 = 20	
OR (CE)	Yes	3/2/2/3 = 10	3hrs of electives may be on any elective topic.
PA (PE)	Yes	3/3/2/9 + 3 hour of PA Law = 20	
PA (CE)	Yes	3/2/2/ + 1 hour of PA law = 8	
PR (PE)	No	3/3/2/12 = 20	
PR (CE)	No	3/2/2/1 = 8	
RI (PE)	Yes	3/3/2/ 9+ 3 hour of RI law = 20	
RI (CE)	Yes	3/2/2/ + 1 hour of RI law = 8	
SC-BFI (PE)	No	3/3/2/12 = 20	
SC-BFI (CE)	No	3/2/2/1 = 8	
SC-DCA (PE)	No	3/3/2/12 = 20	
SC-DCA (CE)	No	3/2/2/1 = 8	
SD (PE)	No	3/3/2/12 = 20	
SD (CE)	No	3/2/2/1 = 8	

State	State-Specific Education Requirement	Number of Hours	Comments
TN (PE)	No	3/3/2/12 = 20	
TN (CE)	No	3/2/2/1 = 8	
TX-OCCC (PE)	No	3/3/2/12 = 20	
TX-OCCC (CE)	No	3/2/2/1 = 8	
TX-SML (PE)	No	3/3/2/12 = 20	
TX-SML (CE)	No	3/2/2/1 = 8	
UT-DFI (PE)	No	3/2/2/12 = 20	
UT-DFI (CE)	No	3/2/2/1 = 8	
UT-DRE (PE)	Yes	3/2/2/12 + 40 Hours of UT Law = 60	20hrs approved by NMLS/40hrs approved by UT-DRE
UT-DRE (CE)	No	3/2/2/1 = 8	
VA (PE)	No	3/3/2/12 = 20	
VA (CE)	No	3/2/2/1 = 8	
VI (PE)	No	3/3/2/12 = 20	
VI (CE)	No	3/2/2/1 = 8	
VT (PE)	No	3/3/2/12 = 20	
VT (CE)	No	3/2/2/1 = 8	
WA (PE)	Yes	3/3/2/ 10+ 2 hour of WA law = 20	
WA (CE)	Yes	3/2/2/1 + 1 hour of WA law = 9	
WI (PE)	No	3/3/2/12 = 20	
WI (CE)	No	3/2/2/1 = 8	
WV (PE)	Yes	3/3/2/ 10 + 2 hour of WV law = 22	
WV (CE)	Yes	3/2/2/ + 1 hour of WV law = 8	
WY (PE)	No	3/3/2/12 = 20	
WY (CE)	No	3/2/2/1 = 8	