Description

Transitional Mortgage Loan Originator License

Who Is Required to Have This License?

North Carolina General Statute (N.C.G.S.) § 53-244.030(33a) defines a Transitional Mortgage Loan Originator as referenced below:

"Transitional mortgage loan originator" means an individual who is authorized to act as a mortgage loan originator subject to a transitional mortgage loan originator license which is limited to a term of **no more than 120 days** and is not subject to reapplication, renewal, or extension by the Commissioner.

> **Most applicants follow the path to licensure though the standard Mortgage Loan Originator License application in lieu of the transitional license.** Contact our staff with any questions if you need clarification between the two types.

Please note: This transitional license is not the same as Temporary Authority to Operate. Applications for Temporary Authority to Operate go through the regular MLO application process. To apply as a Mortgage Loan Originator, with or without Temporary Authority to Operate, please use the Mortgage Loan Originator checklist and select application for licensure for Mortgage Loan Originator rather than the transitional. Typically only MLOs who have not completed the prelicensing education or testing AND intend to manage processors or underwriters for a Mortgage Origination Support Registrant business apply for the transitional license type. Please contact our office if clarification is required. Fees are non-refundable.

What are some of the differences between the Transitional MLO license and Temporary Authority to Operate?

- Transitional MLO licensing is available to MLOs who have been employed for a period of no less than two years as a mortgage loan originator; whereas, the employment timeframe is 30 days for Temporary Authority to Operate;
- Transitional MLO licensing is not available to Federal Registrants; whereas, the Temporary Authority to Operate may be granted to Federal Registrant with one year of employment prior to application;
- A Transitional MLO (as well as a standard MLO licensee) would be authorized to supervise processors and underwriters for a Mortgage Origination Support Registrant; whereas, an individual under Temporary Authority to Operate would not be authorized to do so pursuant to N.C.G.S. § 53-244.040(c1).

Who does not need this License?

- Federally registered mortgage loan originators are exempt and therefore, are not eligible for licensure in the State of North Carolina.

- An individual engaged solely as a loan processor or underwriter (**NOTE:** contract processing and underwriting companies are required to register; refer to the new application checklist for a Mortgage Origination Support Registration for more information).
- A person or entity that only performs real estate brokerage activities and is licensed or registered as such in accordance with State law, unless the person or entity is compensated by a mortgage lender, mortgage broker, other mortgage loan originator, or by their agents.
- A person or entity solely involved in extensions of credit or sale of time share instruments as that term is defined in G.S. 93A-41(9a).
- An individual who only informs a prospective borrower of the availability of persons engaged in the mortgage business, does not take or assist in the completion of a loan application, and does not discuss specific terms or conditions of a mortgage loan.
- The taking of basic pre-application information for facilitating a residential mortgage loan transaction, such as the name and contact information of the prospective borrower, the prospective borrower's own assessment of creditworthiness, desired loan types, and resources to make a down payment, but not including social security number, credit, employment history, or specific rates of a desired mortgage loan.
- An individual who is a salesperson for a licensed manufactured housing retailer that performs the purely administrative and clerical tasks of physically handling or transmitting to a licensed mortgage loan originator an application and other forms completed by the prospective borrower. A salesperson may, upon written request of a mortgage loan originator and after a prospective borrower completes an application, pull and transmit a credit report with the application.

What are the pre-qualifications for licensure?

Applicants must:

- Be at least 18 years of age.
- Have an active license to originate mortgage loans pursuant to the laws of any state or territory of the United States other than North Carolina.
- Have a valid unique identifier and fingerprints on file with the NMLS.
- Have been employed for a period of no less than two years as a mortgage loan originator.
- Provide certification of employment with a mortgage lender or mortgage broker licensed under the NC SAFE Act including an employer attestation that the applicant is employed.

NOTE: Within 120 of the issuance of the Transitional Mortgage Loan Originator License, the individual must:

- Complete 24 hours of pre-licensing education (N.C.G.S. § 53-244.070(d)):
  - 20 hours live classroom or classroom equivalent course approved by NMLS.
  - 4 hours live classroom or classroom equivalent course on North Carolina laws and regulations.
- Pass the National Test with Uniform State Content.
- After passing the Test and completing pre-licensing education, apply for a Mortgage Loan Originator license.

What are the disqualifications for licensure?

If an applicant satisfies the requirements of N.C.G.S. § 53-244.050, the Commissioner shall issue a license unless the Commissioner finds any of the following:

- The applicant's mortgage loan originator license was revoked in a governmental jurisdiction, unless formally vacated.
- The applicant has been convicted of or plead guilty or nolo contendere to a felony in a domestic, foreign, or military court:

    a) During the seven-year period preceding the date of the application for licensing and registration; or
    b) At any time preceding the date of application, if the felony involved an act of fraud, dishonesty, a breach of trust, or money laundering.
- The applicant has been convicted of or plead guilty or nolo contendere to any charge in a domestic, foreign, or military court, within the past five years, or a misdemeanor involving moral turpitude or any fraud, false statement or omission, any theft or wrongful taking of property, bribery, perjury, forgery, counterfeiting, extortion, or conspiracy to commit any of these offenses, or involving any financial service or financial service-related business.
- The applicant has demonstrated a lack of financial responsibility, character, or general fitness such as to fail to command the confidence of the community and to warrant a determination that the mortgage loan originator will operate honestly, fairly, and efficiently within the purposes of this Article. For purposes of this subdivision, a person shows a lack of financial responsibility when the person has shown a disregard in the management of the person's own financial affairs. Evidence that a person has not shown financial responsibility may include:
    a) Current outstanding judgments, except judgments resulting solely from medical expenses;
    b) Current outstanding tax liens or other government liens and filings;
    c) Foreclosures within the past three years; or
    d) A pattern of serious delinquent accounts within the past three years.

Applications not completed within 30 days of an initial deficiency notification will be deemed withdrawn by applicant and placed in a Withdrawn-Application Abandoned status.

Frequently-asked questions can be viewed on our website: https://www.nccob.gov/Public/FinancialInstitutions/Mortgage/MortgageMain.aspx.

North Carolina does issue paper licenses for this license type; they can be printed by the licensee the business day following license approval at: https://www.nccob.gov/online/Login.aspx. The requirements for the display of licenses is in North Carolina General Statute § 53-244.106.

Helpful Resources

- Individual Form (MU4) Filing Quick Guide
- License Status Definitions Quick Guide
- Disclosure Explanations - Document Upload Quick Guide
- State-Specific Education Chart
- Individual Test Enrollment Quick Guide
- Course Enrollment Quick Guide

Agency Contact Information

Contact the *North Carolina Office of the Commissioner of Banks non-depository mortgage* licensing staff by phone at *(919) 733-3016* or send your questions via email to *MLO@nccob.gov* for additional assistance.

For U.S. Postal Service:

North Carolina Office of the Commissioner of Banks
Non-Depository Mortgage Licensing Team
4309 Mail Service Center
Raleigh, NC 27699-4309

For Overnight Delivery:

North Carolina Office of the Commissioner of Banks
Non-Depository Mortgage Licensing Team
316 West Edenton Street
Raleigh, NC 27603

All Licensing and processing fees are collected through the NMLS and are non-refundable.

THE APPLICANT/LICENSEE IS FULLY RESPONSIBLE FOR ALL OF THE REQUIREMENTS OF THE LICENSE FOR WHICH THEY ARE APPLYING. THE JURISDICTION SPECIFIC REQUIREMENTS CONTAINED HEREIN ARE FOR GUIDANCE ONLY TO FACILITATE APPLICATION THROUGH THE NMLS. SHOULD YOU HAVE QUESTIONS, PLEASE CONSULT LEGAL COUNSEL.