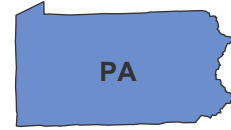




Description



PENNSYLVANIA MORTGAGE ORIGINATOR LICENSE

Who is required to have this license?

The Pennsylvania Mortgage Licensing Act (MLA) defines “mortgage originator” as “an individual who takes a mortgage loan application or offers or negotiates terms of a mortgage loan for compensation or gain.” The term “mortgage originator” does not include an individual who engages solely in loan processing or underwriting if the person is an employee of a company licensed mortgage business or a person/company exempt from licensure who does not represent to the public that they originate mortgage loans. In addition, the term does not include an individual or entity solely involved in offering or making extensions of credit relating to timeshare plans. Lastly, it does not include an employee of a mortgage company who solely re-negotiates an existing mortgage loan held or serviced by his or her employer unless determined otherwise by the United States Department of Housing and Urban Development (“HUD”) or a court of competent jurisdiction.

Examples of individuals who require a mortgage originator license if conducting mortgage originator activities in the Commonwealth or if the mortgage loan originated is secured by a Pennsylvania dwelling or residential real property:

- partners in, equitable owners of 10% or more, or directors of, licensed mortgage businesses who originate mortgage loans
- individuals originating mortgage loans secured by manufactured or mobile homes and individuals originating residential construction loans
- mortgage originators who are employees of affiliates of banking institutions or credit unions
- agents (not employees) who originate mortgage loans for banking institutions or credit unions
- any individual who originated less than 3 mortgage loans in a calendar year
- mortgage originators employed by an agency of the federal government or a corporation created by an act of the United States Congress (e.g. Fannie Mae, Ginnie Mae, FHA, VA, or FHLM)
- mortgage originators employed by an agency of a state or local government, including the Pennsylvania Housing Finance Agency or other government finance agencies
- mortgage originators of nonprofit corporations that are engaged or hold themselves out to the public as engaged in the mortgage loan business
- independent loan processors or underwriters who conduct mortgage origination activities
- any individual who re-negotiates an existing mortgage loan not held or serviced by his or her employer, including so-called mortgage loan modification businesses

A mortgage originator shall be an employee of a single mortgage broker, mortgage lender, or mortgage loan correspondent who is licensed by this Department, or a business exempted or partially exempted from the MLA. A mortgage business shall directly supervise, control, and maintain responsibility for the acts and omissions of the mortgage originator. A mortgage originator shall be assigned to and work out of a licensed location of the employer license.

Who does not need this license?

Examples are provided below of business entities that are partially exempt from licensure but must either maintain bond coverage for its licensed mortgage originators and file an annual report with the Department through the NMLS or demonstrate, in a form acceptable to the department, that all mortgage originators employed by the entity have obtained and maintained surety bond coverage:

- agencies of the federal government or a corporation created by an act of the United States Congress (e.g. Fannie Mae, Ginnie Mae, FHA, VA, or FHLM)
- agencies of state or local government including PHFA or other government finance agencies
- affiliates of banking institutions or state and federally chartered credit unions (must provide bond coverage for mortgage originators).
- subsidiaries of credit unions; however, their employed mortgage originators must register (not license) through NMLS according to regulations to be issued by federal regulatory agencies
- consumer discount companies
- nonprofit corporations that are not otherwise engaged in, or hold themselves out to the public as engaged in, the mortgage loan business to promote home ownership or improvements for the disadvantaged
- nonprofit corporations that are not otherwise engaged in, or hold themselves out to the public as engaged in, the mortgage loan business who do not make more than 12 mortgage loans in a calendar year with its own funds and make mortgage loans to promote and advance the cultural traditions and lifestyles of bona fide religious organizations

Examples follow of entities that are completely exempt from the MLA's mortgage licensing requirement, including the requirement of licensing their mortgage originators:

- attorneys at law who do not hold themselves out to the public as engaging in the mortgage loan business and who are not compensated by a company or individual in the mortgage business
- a person who makes, offers, or negotiates terms of a mortgage loan with, or on behalf of, a member of the person's immediate family
- banking institutions and their subsidiaries, and credit unions; however, their employed mortgage originators must register (not license) through NMLS according to regulations to be issued by federal regulatory agencies
- registered mortgage loan originators who are employees of banking institutions, credit unions or their subsidiaries

- loan processors and underwriters performing clerical or supportive functions if employed by a mortgage licensee or entity exempt from licensure
- employees of a mortgage business who only re-negotiate existing mortgage loans held or serviced by his or her employer unless determined otherwise by HUD or a court of competent jurisdiction
- an individual or entity solely involved in offering to make or negotiating extensions of credit relating to timeshare plans

What are the pre-requisites for license applications?

- Criminal background check
- Credit check
- Tax Certification
- Education and Testing: Pre-licensing education and testing is required for all licensed mortgage originators. Pre-licensing education courses and tests will be reviewed and approved by the NMLS and only NMLS approved course providers and testers will be accepted. Approved course providers and testers will be published on the NMLS website.

The 20 hours of pre-licensing education requirement for licensed mortgage originators have a national element and a Pennsylvania-specific element. Pre-education courses must contain the below subject areas:

- 3 hours of federal law and regulation
- 3 hours of ethics, consumer protection and fair lending
- 2 hours of lending standards for the non-traditional mortgage marketplace
- 3 hours of Pennsylvania law and regulations
- 9 hours of elective courses related to the mortgage industry

The pre-education testing requirement will be administered by a NMLS approved test provider and the test will measure the applicant's knowledge and comprehension in the subject areas of ethics and state/federal mortgage laws and regulations. The pre-licensing education test is separated into a national and Pennsylvania-specific component. Applicants and licensees must attain a test score of at least 75% correct answers for questions in **each** of the test components.

WHO TO CONTACT: – Contact the Pennsylvania Department of Banking licensing staff by phone at (717) 787-3717 or send your questions via e-mail to ra-asklicensing@state.pa.us for additional assistance.

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.