



HUD Final Rule Changes Retake Policy for SAFE MLO Tests

On June 30, 2011 the US Department of Housing and Urban Development (HUD) published its final rule (the Rule) about the implementation of the SAFE Act¹. The Rule changes the number of times a candidate may take a SAFE MLO Test Component before being required to sit out the 180-day wait period. This notice contains important information for account administrators and state licensed mortgage loan originators regarding how the new retake policy will be implemented and how it may impact current or prospective loan officers.

The HUD Rule

The HUD Rule states that any person who takes the National or a State Component of the SAFE MLO Test must sit out the 180-day wait period after that person fails a test component three (3) times. Currently candidates may fail a test component four (4) times before being required to sit out the 180-day wait period. This change is effective **Monday, August 29, 2011**.

When will the new policy be implemented?

Anyone who enrolls to take a test on or after August 29th will be subject to the new retake rule. Persons who enroll to take tests prior to August 29th will be governed by the current rule.

What is the impact on applicants who have not currently passed a test component?

Candidates who have two (2) or more test failures for any single test are encouraged to assess their testing plans between now and August 28th. Those candidates may wish to enroll to take their next test attempts prior to the current 4-fail rule expiring on August 28th. As long as applicants have opened their fourth enrollment windows no later than August 28th, they will be allowed to schedule and take their fourth tests anytime after their 30-day wait periods even if they extend past August 28th.

If you are an account administrator receiving this notice, it is important that you notify all MLOs in your company who are planning to take a SAFE MLO test. Depending on the number of failures they have, particularly those that have more than two (2) failures, they may wish to reconsider their testing plans prior to August 29th.

For more information about how loan officers and applicants may be affected by the change, see the [HUD Rule FAQs](#).

¹ The HUD final rule, "SAFE Mortgage Licensing Act: Minimum Licensing Standards and Oversight Responsibilities" can be found at: <http://www.gpo.gov/fdsys/pkg/FR-2011-06-30/pdf/2011-15672.pdf>