



# TX SML Mortgage Loan Originator License New Application Checklist (Individual)

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## GENERAL INFORMATION

### Who Is Required to Have This License?

Any individual, unless exempt from licensing, who for compensation or gain or in the expectation of compensation or gain: (1) takes a residential mortgage loan application; or (2) offers or negotiates the terms of a residential mortgage loan. See Texas Finance Code §180.002(19).

All Independent Contractor Processors and Independent Contractor Underwriters must also obtain this license to engage in the activities of a loan processor or underwriter. An individual working as a loan processor other than as an employee for an appropriate entity constitutes an Independent Contractor Processor and must be licensed. See Texas Finance Code §180.051(b). A “loan processor or underwriter” means “an individual who performs clerical or support duties as an employee at the direction of and subject to the supervision and instruction of an individual licensed as a residential mortgage loan originator or exempt from licensure under Section 180.003.” See Texas Finance Code §180.002(11). “Clerical or support duties” are defined by Texas Finance Code §180.002(1), as: “following the receipt of an application from a consumer, includes: (A) the receipt, collection, distribution, and analysis of information related to the processing or underwriting of a residential mortgage loan; and (B) communication with a consumer to obtain information necessary to process or underwrite a loan, to the extent that the communication does not include offering or negotiating loan rates or terms or counseling the consumer about residential mortgage loan rates or terms.” If a processor or underwriter is paid as a W2 employee of the residential mortgage loan company or mortgage banker and is sponsored by a residential mortgage loan company or mortgage banker, then no residential mortgage loan originator license is required. If a processor or underwriter is paid as a 1099 employee, then a residential mortgage loan originator license is required.

Employees of a Credit Union Service Organizations (CUSOs) that engage in mortgage loan origination activities must submit an application for this license.

“Takes a residential mortgage loan application,” means “when an individual receives a residential mortgage loan application for the purpose of facilitating a decision on whether to extend an offer of residential mortgage loan

terms to a mortgage applicant or prospective mortgage applicant, whether the application is received directly or indirectly from the mortgage applicant or prospective mortgage applicant, and regardless of whether or not a particular lender has been identified or selected.” 7 Texas Administrative Code § 80.2(20) and § 81.2(19).

An application means “a request, in any form, for an offer (or a response to a solicitation for an offer) of residential mortgage loan terms, and the information about the mortgage applicant that is customary or necessary in a decision on whether to make such an offer, including, but not limited to, a mortgage applicant's name, income, social security number to obtain a credit report, property address, an estimate of the value of the real estate, and/or the mortgage loan amount.” See 7 Texas Administrative Code § 80.2(1) and § 81.2(1).

"Offers or negotiates the terms of a residential mortgage loan," means, among other things, “when an individual:

- (1) arranges or assists a mortgage applicant or prospective mortgage applicant in obtaining or applying to obtain, or otherwise secures an extension of consumer credit for another person, in connection with obtaining or applying to obtain a residential mortgage loan;
- (2) presents for consideration by a mortgage applicant or prospective mortgage applicant particular residential mortgage loan terms (including rates, fees and other costs); or
- (3) communicates directly or indirectly with a mortgage applicant or prospective mortgage applicant for the purpose of reaching a mutual understanding about particular residential mortgage loan terms.” See 7 Texas Administrative Code § 80.2(12) and § 81.2(12).

The Department of Savings and Mortgage Lending does not issue paper licenses for this license type.

### **Active Duty Military Service Member, Veteran, and Spouse of an Active Duty Military Member<sup>i</sup>**

An individual that is an active duty military service member, veteran, or spouse of an active duty military member is eligible for an expedited application review. See Expedited Application instructions for required documents.

### **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 Division of Licensing staff by phone at 512-475-1350 or toll free at 877-276-5550 or send your questions via email to [nmls@sml.texas.gov](mailto:nmls@sml.texas.gov) for additional assistance.

*For U.S. Postal Service and Overnight Delivery:*

*Department of Savings and Mortgage Lending  
Division of Licensing  
2601 North Lamar Boulevard, Suite 201  
Austin, Texas 78705-4207*

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

### **Pre-Requisites for License Applications**

Under Texas Finance Code §180.055, the Department of Savings and Mortgage Lending may not issue a residential mortgage loan originator license unless it determines, at a minimum, that the applicant:

- (1) has not had a residential mortgage loan originator license revoked in any governmental jurisdiction;
- (2) has not been convicted of, or pled guilty or nolo contendere to, a felony in a domestic, foreign, or military court:
  - (A) during the seven-year period preceding the date of application; or
  - (B) at any time preceding the date of application, if the felony involved an act of fraud, dishonesty, breach of trust, or money laundering;
- (3) demonstrates financial responsibility, character, and general fitness so as to command the confidence of the community and to warrant a determination that the individual will operate honestly, fairly, and efficiently as a residential mortgage loan originator within the purposes of this chapter and any other appropriate regulatory law of this state;
- (4) provides satisfactory evidence that the applicant has completed pre-licensing education courses described by Section 180.056;
- (5) provides satisfactory evidence of having passed a written test that meets the requirements of Section 180.057; and
- (6) has paid a recovery fund fee or obtained a surety bond as required under the appropriate state regulatory law.

For purposes of Texas Finance Code §180.055, the determination of whether a criminal proceeding is considered to have resulted in a conviction will be made in accordance with Texas Finance Code §157.0131, which states that an individual is considered to have been convicted of a criminal offense if:

- (1) a sentence is imposed on the individual;
- (2) the individual received probation or community supervision, including deferred adjudication or community service; or
- (3) the court deferred final disposition of the individual's case.

In addition, pursuant to Texas Finance Code, §157.012, the individual must:

- (1) satisfy the commissioner as to the individual's honesty, trustworthiness, and integrity;
- (2) not be in violation of this chapter, Chapter 180, or any rules adopted under this chapter or Chapter 180;
- (3) provide the commissioner with satisfactory evidence that the individual meets the qualifications provided by Chapter 180; and
- (4) be a citizen of the United States or a lawfully admitted alien.

**PREREQUISITES** - These items must be completed prior to the submission of your Individual Form (MU4).

Complete	TX SML Mortgage Loan Originator License	Submitted via...
<input type="checkbox"/>	<p><b>Pre-licensure Education:</b> Prior to submission of the application, complete 23 hours of NMLS-approved pre-licensure education (PE) courses which must include 3 hours of Texas-specific content. For PE courses taken in another jurisdiction, the Department of Savings and Mortgage Lending will not recognize hours dedicated to education specific to that jurisdiction.</p> <p>Note: The Pre-licensure Education must be completed within 3 years preceding the date of the application.</p> <p>Follow the instructions in the <a href="#">Course Completion Records Quick Guide</a> to confirm that PE has been posted to your record and the PE Total indicates "Compliant."</p>	NMLS
<input type="checkbox"/>	<p><b>Testing:</b> Must have a passing result on the National Test Component with Uniform State Content</p> <p>Follow the instructions in the <a href="#">View Testing Information Quick Guide</a> to confirm test results have been posted to your record and indicate "Pass."</p>	NMLS

**LICENSE FEES** - Fees collected through NMLS are NOT REFUNDABLE OR TRANSFERABLE.

Complete	TX SML Mortgage Loan Originator License	Submitted via...
<input type="checkbox"/>	<p><b>NMLS Initial Processing Fee:</b> \$30</p> <p><b>Texas License/Registration Fee:</b> \$45</p> <p>[This amount includes a \$20 Recovery Fund Fee.]</p> <p><b>Texas Application Fee:</b> \$0.00</p> <p><b>Credit Report:</b> \$15</p> <p><b>FBI Criminal Background Check:</b> \$36.25</p>	NMLS (Filing submission)

**REQUIREMENTS COMPLETED IN NMLS**- These items must be completed during or after the submission of your Individual Form (MU4).

Complete	TX SML Mortgage Loan Originator License	Submitted via...
<input type="checkbox"/>	<p><b>Submission of Individual Form (MU4):</b> Complete and submit the Individual Form (MU4) in NMLS. This form serves as the application for the license through NMLS.</p>	NMLS

<input type="checkbox"/>	<p><b>Criminal Background Check:</b> Authorization for an FBI criminal history background check to be completed in NMLS.</p> <p>After you authorize the FBI criminal history background check through the Individual Form (MU4), you must schedule an appointment to be fingerprinted.</p> <p>See the <a href="#">Completing the Criminal Background Check Process Quick Guide</a> for information.</p> <p><b>Note:</b> If you are able to ‘Use Existing Prints’ to process the FBI criminal history background check, you DO NOT have to schedule an appointment. NMLS will submit the fingerprints already on file and the background check will begin to process automatically.</p>	<p><b>NMLS</b></p>
<input type="checkbox"/>	<p><b>Credit Report:</b> Authorization for a credit report must be completed. Upon initial authorization, you are required to complete an Identity Verification Process (IDV) within the Individual Form (MU4). See the <a href="#">Individual (MU4) Credit Report Quick Guide</a> for instructions on completing the IDV.</p> <p><b>Note:</b> The same credit report can be used for any existing or additional licenses for up to 30 days.</p>	<p><b>NMLS</b></p>
<input type="checkbox"/>	<p><b>Disclosure Questions:</b> Provide an explanation and, if applicable, a supporting document for each “Yes” response. See the <a href="#">Individual Disclosure Explanations Quick Guide</a> and the <a href="#">Disclosure Explanations - Document Upload Quick Guide</a> for instructions.</p>	<p><b>Upload in NMLS</b> in the <i>Disclosure Explanations</i> section of the Individual Form (MU4).</p>
<input type="checkbox"/>	<p><b>Company Sponsorship:</b> A sponsorship request must be submitted by your employer. The Department of Savings and Mortgage Lending will review and accept or reject the sponsorship request.</p> <p>The Department of Savings and Mortgage Lending offers an “Approved-Inactive” license status. If you are not currently employed by a mortgage company (or your employer has not yet requested sponsorship on your behalf) and you have completed all requirements for this license, the license may be issued as “Approved-Inactive” until sponsorship by an appropriate entity is acquired. While in an “Approved-Inactive” status, you are NOT authorized to conduct business under the authority of the <b>TX SML Mortgage Loan Originator License</b>.</p>	<p><b>NMLS</b></p>
<input type="checkbox"/>	<p><b>Employment History:</b> The business address listed in the <i>Employment History</i> section of the Individual Form (MU4) must match the address of the registered location in the Company Relationship. Employment date for current sponsors must accurately reflect the date you were hired by the sponsoring company, irrespective of whether you function as a mortgage loan originator.</p>	<p><b>NMLS</b></p>
<input type="checkbox"/>	<p><b>Residential History:</b> The residence address listed in the <i>Residential History</i> section of the individual form (MU4) must match the mailing address listed in the <i>Identifying Information</i> section.</p>	<p><b>NMLS</b></p>

**REQUIREMENTS/DOCUMENTS UPLOADED IN NMLS**

Complete	TX SML Mortgage Loan Originator License	Submitted via...
<input type="checkbox"/>	<p><b>Credit Report Explanations:</b> Submit a line by line, detailed letter of explanation of all derogatory credit accounts along with proof of payoffs, payment arrangements and evidence of payments made, or evidence of any formal dispute filed (documents must be dated). Accounts to address include, but are not limited to: collections items, charge offs, accounts currently past due, accounts with serious delinquencies in the last 3 years, repossessions, loan modifications, etc.</p> <p><b>Note:</b> Items regarding bankruptcy, foreclosure actions, outstanding judgments or liens, or delinquent child support payments should be addressed in the <i>Disclosure Explanations</i> section of your Individual Form (MU4).</p> <p>An applicant with a credit report that includes derogatory information may be required to provide an explanation, including, but not limited to: (1) relevant payoff or satisfaction letters from creditors and/or collection agencies evidencing payment of outstanding obligations or an existing repayment plan, (2) relevant tax lien releases or satisfaction notices or an existing repayment plan, (3) a lender short sale approval letter, (4) lender’s acknowledgement of the receipt of a loan modification application or loan modification approval, (5) bankruptcy discharge documents, (6) court order(s) vacating outstanding judgments, (7) documentation demonstrating identity theft and its financial impact on the individual, (8) a child support enforcement balance and appears statement or letter, and (9) documentation providing that the item was erroneously put on the credit report and has been removed.</p> <p>This document should be named <i>Credit Report Explanations –[Individual’s Name] – Document Creation Date</i>.</p>	<p><b>Upload in NMLS:</b> under the Document Type <u>Credit Report Explanations</u> in the <i>Document Uploads</i> section of the Individual Form (MU4).</p>
<input type="checkbox"/>	<p><b>Legal Name/Status Documentation:</b> Upload legal documentation of legal name or legal status.</p> <p>This may be certified copies of divorce decree, marriage certificate, copy of driver’s license, passport, etc.</p>	<p><b>Upload in NMLS:</b> under the Document Type <u>Legal Name/Status Documentation</u> in the <i>Document Uploads</i> section of the Individual Form (MU4).</p>
<input type="checkbox"/>	<p><b>Evidence of Authorization to Work in U.S.:</b> Individuals born outside of the United States must provide evidence of authority to work in the U.S. (e.g. permanent resident alien card, naturalization certificate, employment authorization card, or appropriate immigration authorization). Further documentation may be required.</p> <p><b>Note:</b> Full Name Entry - Applicant’s Full Name (First, Middle, Last) must be entered on the Individual Form (MU4) and must be the individual’s legal name as found on their birth certificate, marriage license, divorce decree, or other legal name/name change document. If the applicant is a “Jr.”, “Sr.”, “III”, etc., that designation must be entered in the suffix section. DO NOT enter marital</p>	<p><b>Upload in NMLS:</b> under the Document Type <u>Evidence of Authorization to Work in U.S.</u></p>

	statuses such as “Mr.”, “Ms.”, or “Mrs.” Etc. Any legal name change must be supported by supporting documentation.	
<input type="checkbox"/>	<p><b>Active Duty Service Military Member, Military Veteran, and Spouse of Active Duty Service Military Member Required Documentation for an Expedited Review:</b></p> <ol style="list-style-type: none"> <li>1. Upload required documents listed below: <ol style="list-style-type: none"> <li>a. Active Duty Service Military: Upload a true and correct copy of your military ID <b>and</b> assigning orders</li> <li>b. Military Veteran: Upload a true and correct copy of DD Form 214 or, for a veteran of the Texas Military Forces or other similar military service of another state, a functionally equivalent document evidencing your discharge and status as a veteran.</li> <li>c. Spouse of Active Duty Service Military Member: Upload a true and correct copy of your military ID (as the spouse of an active duty service member).</li> </ol> </li> <li>2. E-mail <a href="#">Expedited Application</a> to <a href="mailto:military.licensing@sml.texas.gov">military.licensing@sml.texas.gov</a> after application submission in NMLS.</li> </ol>	<p><b>Upload in NMLS:</b> under Legal Name/Status Documentation in the Documents Uploads</p> <p>E-mail to:  <a href="mailto:military.licensing@sml.texas.gov">military.licensing@sml.texas.gov</a></p>

**REQUIREMENTS SUBMITTED OUTSIDE OF NMLS-** *These items must be completed outside of NMLS and submitted directly to the regulator.*

No items are required to be submitted outside of NMLS for this license/registration at this time.

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- “Military service member” means a person who is on active duty.
- “Active duty” means current full-time military service in the armed forces of the United States or active duty military service as a member of the Texas military forces, or similar military service of another state.
- “Armed forces of the United States” means the army, navy, air force, space force, coast guard, or marine corps of the United States or a reserve unit of one of those branches of the armed forces.
- “Texas military forces” means the Texas National Guard, the Texas State Guard, and any other military force organized under state law.
- “Military veteran” means a person who has served on active duty and who was discharged or released from active duty.
- “Military spouse” means a person who is married to a military service member.

