



S.2155 - Temporary Authority

Break in Service



S. 2155

Speaks to continuous registration
and licensure periods.

Does not speak to breaks in service.



Considerations

Congressional Intent was reviewed to determine if a break in service would be permissible.

Typically MLOs do not leave and start jobs on the same day.

If a break in service was not permitted, those who changed jobs would not be eligible for Temporary Authority.



Break in Service

The idea of a break in service was discussed by CFPB, SRR, Lawyers Committee, NMLS Policy committee.

Agreed upon a de minimis number of days (14 calendar days).

Allows for ease of an MLO's employment transition and keeps them eligible for Temporary Authority.

Starts with loss of registration/licensure and ends with sponsorship request (request does not have to be approved).

****Break in service is not calculated by employment dates****

NMLS Policy Committee
Approval Date

May 14, 2019

MLO must be continuously registered
throughout the one-year period preceding
application submission

or

MLO must be continuously licensed
throughout the 30-day period preceding
application submission.

A break in service is calculated from the
MLO's federal deregistration or state
licensure termination, until an employer
submits a sponsorship request.

The break in service shall not exceed 14
calendar days.



FAQ Correction



Previous interpretation: “during” the one-year period, or licensed “during” the 30-day period preceding application was interpreted as “at any time during.” This meant that even if the individual was only licensed or registered for one-day they were eligible for Temporary Authority. Review of legislative intent changed this interpretation.



Current interpretation: “during” means continuously throughout the one-year or thirty-day period as applicable to the applicant.

SCENARIO

An MLO leaves their job on Monday, November 25, 2019. Federal registration ends that day. On Monday, December 9, 2019, their employer requests sponsorship.



The MLO is eligible for Temporary Authority since the time between the end of federal registration and the request for sponsorship has only been 14 calendar days.



If the employer had requested sponsorship on December 10, 2019, the MLO would not be eligible for Temporary Authority because this would be the 15th calendar day.



S.2155 - Temporary Authority

Events that End Temporary Authority

Five Events that End Temporary Authority





MLO Withdraws the Application

Temporary Authority ends at the request for withdraw.

Approval or denial of the request by the regulator is not required to end Temporary Authority.

The regulator can deny the withdraw request and act on the application.



Denied or Intent to Deny

If the application-state denies or issues an intent to deny the application.

A denial of the application ends Temporary Authority in all states.

Issuing an intent to deny the application only ends Temporary Authority in the application-state.

The MLO can appeal the denial of the license, but not the termination of Temporary Authority.



Approved

Application-state grants a state-license.

A regulator does not have to wait 120 days to approve an application.



Incomplete after 120 days

If the application is listed as incomplete on NMLS 120 days after submission.

An application can be deemed incomplete for outstanding testing and education requirements or any other state-specific documents or requirements.

Temporary Authority can exceed 120 days if the applicant has completed all licensure requirements and the agency has not made a final disposition.



MLO Loses Sponsorship

The application status changes to “Pending-Deficient.”

Once sponsorship is rescinded, Temporary Authority ends, and the applicant cannot regain Temporary Authority with subsequent sponsorship.



Support

Send questions to TA@CSBS.ORG

Be sure to favorite the [Temporary Authority to Operate page](#) on the NMLS Resource Center