



NMLS Policy

July 8, 2019

Temporary Authority to Operate for Mortgage Loan Originators Sponsorship and Worker Classification

Issue:

In order to be eligible for Temporary Authority to Operate (TA) under S.2155, an applicant must be an employee of a state licensed mortgage company. What is the most appropriate way to validate this information in NMLS at the time of application submission?

Background:

Multiple conversations have been held with the NMLS Policy Committee, the CFPB, state regulators, and industry on the topic of what information must be provided at application submission to be eligible for TA. It has been agreed that the following application elements are required to be considered for TA eligibility:

An application must include:

1. completed Individual Licensing Form (MU4) which contains personal history and experience;
2. explanation and supporting documentation uploads for any "Yes" answer to a disclosure question;
3. the receipt of a criminal history record information check from the FBI;
4. authorization for a credit report to be obtained;
5. Worker Classification (W2 employee or Non-W2 employee); and
6. a request for sponsorship from the MLO's employer.

Note: An eligible individual can submit an MLO license application without passing the SAFE Act Test or meeting Pre-Licensure education requirements and receive Temporary Authority.

Policy:

S.2155, §§ 106(b)(1) and (c)(1)(B), state that applicants must be employed by a state licensed mortgage company if they wish to take advantage of TA. Those applicants moving interstate must be employed by a mortgage company in the state in which they are applying.

To meet the legal requirement of an employee, SRR recommends using Worker Classification (application element number 5 above). On the Company Relationship Screen in NMLS, employers must select the appropriate classification for an employee (W2 employee or Non-W2 Employee) and edit the worker classification begin date. W2 employment is required to be eligible for TA.

SRR recommends using a request for sponsorship from the applicant's employer to validate that an applicant is an employee of the required state-licensed mortgage company (application element number 6 above). Final action by the state on the request for sponsorship by an employer is not required for an applicant to be eligible for TA.