

Implementation Plan: California Department of Corporations California Mortgage Loan Originator

As of January 4, 2010, the Department will begin implementing Senate Bill 36, bringing California into conformance with federal law established by the "Secure and Fair Enforcement (S.A.F.E.) for Mortgage Licensing Act of 2008." A key part of the law is the requirement for licensing of mortgage loan originators through the Nationwide Mortgage Licensing System (NMLS).

A mortgage loan originator is an individual who, for compensation or gain, or in the expectation of compensation or gain, takes a residential mortgage loan application or offers or negotiates terms of a residential mortgage loan.

A residential mortgage loan means any loan primarily for personal, family or household use that is secured by a mortgage, deed of trust, or other equivalent consensual security interest on a dwelling which contains 1 to 4 residential units. Dwelling includes an individual condominium unit, cooperative unit, mobile home and trailer if it is used as a residence.

Who is required to have this license?

Any person who provides services as a mortgage loan originator in California must apply for and receive a mortgage loan originator license by July 31, 2010. The mortgage loan originator must also be employed by and sponsored by a Department of Corporations licensee under the California Residential Mortgage Lending Act or the California Finance Lenders Law. The mortgage loan originator license must be renewed annually by December 31.

Pre-requisites for license applications

- All applicants must apply for a license through the NMLS by filing a Form MU4 and receiving a sponsorship by a Department of Corporations licensed company holding a valid unique identifier with NMLS.
- Background checks including FBI fingerprint checks and civil and administrative records checks.
- Authorization to obtain an independent credit report obtained by NMLS from a consumer credit reporting agency.
- Demonstrate financial responsibility, character and general fitness such as to command the confidence of the community and to warrant a determination that the mortgage loan originator will operate honestly, fairly and efficiently.
- 20 hours of pre-licensing education including 3 hours of federal law and regulations, 3 hours of ethics and 2 hours of training related to nontraditional mortgage products. Pre-license education must be courses which have been approved by NMLS.
- A passing score on the national and California components of the SAFE Act Mortgage Loan Originator tests. The written tests must be taken through test providers approved by NMLS.
- Coverage by a surety bond provided by the mortgage loan originator's employer.

The following conditions would preclude an applicant from obtaining a license as a mortgage loan originator or from annually renewing a license:

- An applicant has had a mortgage loan originator license revoked in any governmental jurisdiction unless there was a subsequent formal vacation of the revocation.
- The applicant has been convicted of, or pled guilty or nolo contendere to a felony in a domestic, foreign or military court during the 7 year period preceding the date of the application; or at any time preceding the date of application if such felony involved an act of fraud, dishonesty or a breach of trust or money laundering.
- A showing that the individual is not financially responsible by showing a disregard in the management of his or her own financial condition

Pre-license and continuing education requirements

Applicants must complete 20 hours of pre-license education. The courses must be NMLS approved and include 20 hours of pre-licensing education including 3 hours of federal law and regulations, 3 hours of ethics and 2 hours of training related to nontraditional mortgage products.

Mortgage loan originator applicants may begin taking their pre-license education courses at any time. NMLS provides pre-license education course information to individuals who create their NMLS record and obtain their unique identifier through the system. Select course providers through NMLS, complete the training and have the course provider report the completion directly to NMLS.

Mortgage loan originator licensees must complete 8 hours of continuing education each year in order to renew their licenses during the November 1 through December 31 renewal period. The continuing education must include 3 hours of federal law and regulations, 3 hours of ethics and 2 hours of training related to nontraditional mortgage products. Pre-license education completed after January 1, 2010 which meets the continuing education requirements will be accepted as continuing education for renewing the license for 2011.

Federal and State Tests

Applicants must receive a passing score on both a national and California test. The national test is currently available and may be taken anytime. The California test will be available February 22, 2010. Enrollment opens for the California test on January 22, 2010.

Test information will be available to mortgage loan originator applicants who create their NMLS record and obtain a unique identifier through the NMLS system. Applicants must schedule the tests through the NMLS website.

How to apply for a license

1. Each mortgage loan originator must be separately licensed which requires the submission of Form MU4 through NMLS to the California Department of Corporations. The Form MU4 must be submitted electronically through the NMLS website at <http://mortgage.nationwidelicensingsystem.org>. For NMLS system questions, call the NMLS Call Center at 240-386-4444.
2. The mortgage loan originator's license will not be approved until a sponsorship request is submitted by the mortgage loan originator's employer. A quick guide titled "Create a Company Sponsorship" at the following link will help walk your company through this process: [NMLS Quick Guides](#)
3. License approval will be issued in an "Approved-Conditional" status once the MU4 filing is reviewed by the Department of Corporations and all other license requirements are met. To receive full "Approval" status the mortgage loan originator must meet the following requirements by July 31, 2010. Applicants are encouraged to submit their mortgage loan originator applications to the Department of Corporations by May 28, 2010 to allow for processing and completion of the application and license issuance by July 31, 2010.
 - Certification that 20 hours of pre-license education courses have been completed
 - Passing grade on a national and California Mortgage Loan Originator test
 - Fingerprints for an FBI criminal history background check
 - Authorization for a credit report to be provided to the Department of Corporations
 - License must be sponsored by a company licensed by the Department of Corporations.
4. Total license costs: [\[\\$TBD\]](#) plus the NMLS processing fee of \$30.00.
5. All fees are collected through the NMLS and ARE NOT REFUNDABLE.

WHO TO CONTACT – For NMLS system questions, call the NMLS Call Center at 240-386-4444. For Department of Corporations specific questions call the Department of Corporations Call Center at 866-ASK-CORP.