DEPARTMENT OF CORPORATIONS

Business Services and Consumer and Investor Protection

Preston DuFauchard
California Corporations Commissioner
Los Angeles, California

IN REPLY REFER TO:
FILE NO: ALPHA

May 4, 2010

TO: All Licensees under the California Residential Mortgage Lending Act and the California Finance Lenders Law

FROM: California Department of Corporations

RE: Mortgage Loan Originator Licensing and Pre-License Education Certification

This letter is to inform you that the Department of Corporations (DOC) has been approved to certify compliance with the pre-license education requirements for certain mortgage loan originators (MLO) as authorized by the SAFE Act. Department of Real Estate (DRE) licensees who wish to obtain an MLO license only from DOC may request to have compliance with the pre-license education requirements certified by the DOC. Current and former DRE licensees may request certification from the DOC. MLO applicants who apply for an MLO endorsement with DRE will have their pre-license education requirements certified by DRE.

As you know, the SAFE Act requires all MLO license applicants to complete 20 hours of pre-license education. Pre-license education must be completed through a Nationwide Mortgage Licensing System (NMLS) approved provider. For further information please refer to the NMLS website: http://mortgage.nationwidelicensingsystem.org/profreq/education/Pages/default.aspx. Specific areas of education are required, including:

a. Three hours of federal law and regulations,

b. Three hours of ethics, including fraud, consumer protection, and fair lending issues and

c. Two hours of training related to lending standards for the nontraditional mortgage product marketplace.

Individuals who apply only to the DOC for an MLO license, and are DRE licensees, or who have held a DRE license in the past, are able to obtain certification through the DOC. DOC will not certify compliance with pre-license education requirements if the individual also applies for a DRE endorsement. After a request is received, the DOC will verify whether the individual has met his or her pre-license education requirements based on the education completed to obtain the DRE license. To be eligible for this process the MLO applicant must:

- Currently be licensed or have held in the past an active California Real Estate License;

- Do not have an MLO endorsement application pending with DRE;

- File an MLO license application (Form MU4) to DOC through NMLS no later than June 15, 2010;

- Submit a Request for Certification of Pre-License Education no later than June 15, 2010. The request is available on the NMLS website at http://mortgage.nationwidelicensingsystem.org/slr/PublishedStateDocuments/CA-DOC-MLO-New-Application-Checklist.pdf;

- Pay a system processing fee of $15.00 to NMLS on or before November 30, 2010.

Mortgage loan originators who fail to file an MLO license application with the DOC or fail to submit the Request for Certification of Pre-License Education by June 15, 2010 will not have their pre-license education certified by DOC.

Upon receipt of the Request for Certification of Pre-License Education and verification of the license with DRE, DOC will submit a list of the real estate licensees who meet the pre-license education certification requirements to NMLS on a continuing basis. NMLS will then send the MLO applicant an e-mail requesting that they log into the system and pay a system processing fee of $15.00. Shortly after payment of the system processing fee to NMLS, the applicant's record will be updated to reflect compliance with the pre-license education requirements. **The pre-license education certification will not be made until the certification processing fee of $15.00 is paid to NMLS. Please note that the MLO license will not be issued unless the pre-license education requirements are completed or certified in NMLS. Also, MLOs employed by DOC licensees must be licensed by July 31, 2010.** If the certification processing fee is not paid on or before **November 30, 2010**, the state education courses will not be certified and the NMLS record will not be updated. In that case, the applicant will need to complete 20 hours of NMLS approved education in order to satisfy the SAFE requirements.

Mortgage loan originators who have their pre-license education certified by DOC will be required to complete 8 hours of continuing education in order to renew their MLO license during the November 1, 2010 to December 31, 2010 renewal period.

If you have any questions, please contact the Consumer Services Representatives at 1-866-ASK-CORP.