

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

November 23, 2009

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

FROM: California Department of Corporations

RE: Nationwide Mortgage Licensing System

The California Department of Corporations will begin using the Nationwide Mortgage Licensing System (NMLS) starting on January 4, 2010. NMLS, developed through the Conference of State Bank Supervisors (CSBS) and the American Association of Residential Mortgage Regulators (AARMR), will allow companies to conveniently manage their mortgage license(s) in an electronic format through a secure website. A copy of the Department of Corporations' transition plan can be found on the Department of Corporations website at www.corp.ca.gov and the NMLS website at www.stateregulatoryregistry.org/NMLS.

California Department of Corporations Transition Plan to NMLS**California Residential Mortgage Lending Act Licensees**

As a part of the implementation of NMLS, each company holding a residential mortgage lender and/or mortgage loan servicer license must create a company record (Form MU1) for itself and a record for each branch (Form MU3) in NMLS and electronically submit it to the California Department of Corporations between January 4, 2010 and May 28, 2010.

NMLS is available immediately for you to complete your record. However, it cannot be filed with the California Department of Corporations until January 4, 2010. Submission of your record to the Department of Corporations by May 28, 2010 will help the Department of Corporations complete the processing and approval of your record by July 31, 2010. Paper forms and applications will not be accepted after December 15, 2009. Please refer to the attached Transition Plan for more details.

California Finance Lenders Law Licensees

As a part of the implementation of NMLS, each company holding a finance lender and/or broker license that makes or brokers residential mortgage loans in California must create a company record (Form MU1) for itself and a record for each branch (Form MU3) in NMLS and

electronically submit it to the California Department of Corporations between January 4, 2010 and May 28, 2010.

NMLS is available immediately for you to complete your record. However, it cannot be filed with the California Department of Corporations until January 4, 2010. Submission of your record to the Department of Corporations by May 28, 2010 will help the Department of Corporations complete the processing and approval of your record by July 31, 2010. Paper forms and applications will not be accepted after December 15, 2009. Please refer to the attached Transition Plan for more details.

How to Access NMLS

In order to gain access to NMLS for the first time you must complete a ***Company Account Request Form*** and identify a *Primary Account Administrator* and a *Secondary Account Administrator*. This form can be submitted electronically through the NMLS website in the “Getting Started” section. This form needs only to be submitted once per company, regardless of the number of NMLS participating states in which you are licensed. **IF YOUR COMPANY ALREADY HAS ACCESS TO NMLS, THEN YOU DO NOT NEED TO DO THIS STEP.**

Once you complete and submit this form, the *Primary Account Administrator* will receive NMLS login information within 3 business days. The *Primary Account Administrator* for your company will have full rights to (1) access the System, (2) submit information to the Department of Corporations and other participating state mortgage regulators, and (3) set up other company users in the System. Instructions and tutorials on how to access and use the System are also available on the NMLS website.

Forms to Complete

Once you are able to access NMLS, you will need to submit the following MU Forms through NMLS to the Department of Corporations by May 28, 2010. Instructions and tutorials on how to complete these forms are available on the NMLS website at www.stateregulatoryregistry.org/nmls.

1. ***Licensed companies*** submit a ***Form MU1***.
2. Companies submit for each ***Control Person***¹ (such as an executive officer, qualified individual and branch manager) a ***Form MU2***, as part of their Form MU1 filing.
3. Companies submit for each ***licensed branch*** a ***Form MU3***.
4. Companies may prepare a ***Form MU4*** for all ***mortgage loan originators***¹ to submit or may request their mortgage loan originators submit a ***Form MU4*** themselves and have the company sponsor their license.

These forms may be completed in the NMLS prior to January 4, 2010, but can not be submitted to the Department of Corporations until that date. If these forms have been submitted in another state, then ***do not re-enter a company, branch or mortgage loan originator record*** into NMLS. Only identify the appropriate license type in California and complete a few state specific fields.

Mortgage Loan Originator Licensing

Senate Bill 36 requires the licensing of all mortgage loan originators employed by the Department’s licensees by July 31, 2010. Companies are required to originate loans using only licensed mortgage loan originators after July 31, 2010. In order to allow adequate time for the

¹ Before a Control Person’s Form MU2 and/or Mortgage Loan Originator’s Form MU4 is submitted to the Department of Corporations, the subject individual must first attest to the information contained in the form.

processing of mortgage loan originator applications and the issuance of the licenses, applications should be filed by May 28, 2010.

Additional communications will be sent out regarding mortgage loan originators that will outline the process and timelines for the new requirements that must be met in order to meet SAFE Act standards for licensure. Mortgage loan originators will receive a license once they have satisfied all requirements and are sponsored by a licensed company.

Requirements for mortgage loan originators include:

- *Completion of pre-licensure education*
- *A passing score on the national and California components of the SAFE Act Mortgage Loan Originator test*
- *Satisfactory criminal background check including fingerprints*
- *Authorization for NMLS to obtain a credit report to be made available to the California Department of Corporations*
- *Sponsorship in NMLS by a licensed company*

Department of Corporations fees and NMLS System Processing Costs

The Department of Corporations will not charge a transition fee for existing licensees to transition onto NMLS or any additional application fees for existing licensees. The Department does not contemplate changing its application fees or annual assessments for companies at this time.

There are no NMLS processing fees other than those listed in the table below. These processing fees pay for NMLS' operations, including licensee system access 362 days per year, ability to maintain, renew and run reports on your licenses, and call center support.

The costs of using NMLS and the Department's costs are reflected in the following table.

	NMLS Processing Fees ²			Department of Corporations Fees				
	Company	Branch	MLO	CFLL		CRMLA		MLO
				Company	Branch	Company	Branch	
Transition Fee	\$100	\$20	N/A	\$0	\$0	\$0	\$0	\$0
Application Fee	100	20	\$30	300	300	1,000	0	TBD
Annual Renewal Fee	100	20	30	0 ³	0 ³	0 ³	0 ³	TBD
Change in Sponsorship	0	0	30	0	0	0	0	TBD

Contact Information

The NMLS website (www.stateregulatoryregistry.org/nmls) provides step-by-step instructions on how to access the system, guides on how to complete the MU Forms, each state's transition plans and requirements, tutorials, current and future participating states, system alerts, system processing fees and general background information. For NMLS processing questions please call the NMLS Call Center at 240-386-4444. For Department of Corporations specific questions contact the Department of Corporations' Call Center at 1-866-ASK-CORP or visit our website at www.corp.ca.gov.

² The NMLS processing fees are charged on a per license per state basis. All NMLS fees will be paid electronically to NMLS upon submission. NMLS processing fees are not refundable.

³ There will be no changes to the current annual assessment calculations.