

Nebraska Department of Banking and Finance

Mortgage Loan Originator Professional Requirements under SAFE

The Nebraska Department of Banking and Finance (“Department”) is pleased to announce that it will begin licensing mortgage loan originators (“MLO(s)”) in 2010. LB 328 became effective on April 23, 2009, in order to bring the mortgage licensing laws of the State of Nebraska into compliance with the federal *Secure and Fair Enforcement for Mortgage Licensing Act of 2008* (“SAFE Act”). The SAFE Act requires all states to pass mortgage licensing laws and regulations that meet or exceed certain national standards. More information about the SAFE Act can be found here:

[http://www.csbs.org/AM/Template.cfm?Section=SAFE Act](http://www.csbs.org/AM/Template.cfm?Section=SAFE_Act). Under LB 328, all individuals meeting the definition of a MLO must meet new licensing requirements that are in compliance with the SAFE Act.

The Nationwide Mortgage Licensing System (“NMLS”) has established the NMLS Resource Center website (“NMLS Resource Center”) at <http://www.stateregulatoryregistry.org/NMLS//AM/Template.cfm?Section=Home3>. The NMLS Resource Center contains information concerning pre-license education, testing, and background checks. This information can be easily accessed by clicking on the “Professional Requirements” tab on the left hand side of the webpage.

In order to comply with the new law, all individuals acting as MLOs must do the following:

Create a Base Record on the NMLS

All individuals who wish to apply for a MLO license must create a base record on the NMLS. You can create your base record on the NMLS Resource Center. Click on the “Log into NMLS” tab and then select “Create an Individual Account.”

Once you have created the base record, the NMLS will assign a unique identifier to you. This unique identifier will be your permanent identification in the system. In addition, you will need this unique identifier to register for education and testing as the providers will report the results to the NMLS using the unique identifier.

Pre-License Education Requirements

Mortgage loan originators must complete 20 hours of pre-license education under LB 328. More information about courses can be found at the NMLS Resource Center. The NMLS expects to begin approving courses for pre-license education in late July 2009. Once courses are approved, a catalog of approved courses will be available on the NMLS Resource Center.

The SAFE Mortgage Loan Originator Test

All MLOs must pass the SAFE Mortgage Loan Originator Test, which is comprised of two components: a National Component and a State Component. Mortgage loan originators must pass each Component with a score of 75% or higher. More information about the pre-license test, including a listing of test centers, is available at the NMLS Resource Center.

It is anticipated that the National Component of the SAFE test will be available on or before July 30, 2009. The Nebraska Component of the SAFE test is currently under development and is anticipated to be available in December 2009.

Form MU4 Filing with the Department

All individuals acting as a MLO must submit a Form MU4 to the Department via the NMLS. The Department will begin accepting such applications on January 4, 2010. A MLO may complete the Form MU4 on the system prior to January 4, 2010, save it on the NMLS, and then submit it to the Department on or after January 4, 2010.

Mortgage loan originators can complete and submit the Form MU4 themselves or their company can complete the Form MU4 and have the loan originator log into the NMLS and electronically attest to its accuracy.

Note: If you have submitted a Form MU4 in another state, then you *do not need to re-enter your record* into the NMLS. You will only need to identify the MLO license in Nebraska and complete a few state specific fields.

Criminal Background Check

Starting January 4, 2010, all individuals acting as a MLO must authorize a fingerprint background check through the NMLS for the purpose of conducting a national criminal history background check through the Federal Bureau of Investigation. The NMLS will implement a comprehensive process which includes electronic fingerprint capture with locations throughout the nation, including multiple locations in Nebraska. The details will be sent in a separate correspondence at a later date.

Credit Report

Starting in March 2010, all MLOs must provide authorization to obtain a credit report through the NMLS. The Department will review the credit report provided as part of its determination of financial responsibility for each MLO.

Continuing Education Requirements

Mortgage loan originators who complete their pre-license education requirements in 2010 will need to complete 8 hours of continuing education beginning in 2011. Mortgage loan originators who complete their pre-license education requirement prior to 2010 or whose pre-license education is certified by another state regulator must complete continuing education in 2010.

CE must include:

- 3 hours of Federal law and regulations;
- 2 hours of ethics that shall include instruction on fraud, consumer protection, and fair lending issues;
- 2 hours of training related to lending standards for the nontraditional mortgage product market; and
- 1 hour of elective.

NMLS Call Report

Each mortgage banker must file a Mortgage Call Report through the NMLS. The NMLS Mortgage Call Report is a statement of condition on the company and its operations including financial statements and production activity volumes reported on a per state basis. It is anticipated that the first call report will be collected in early 2011 based upon 2010 data. Additional information concerning the NMLS Mortgage Call Report will be provided at a later date.

Transition Timeframe

Mortgage loan originators are encouraged to begin completing the pre-license requirements at their earliest convenience. The Department will begin to accept applications via the NMLS on January 4, 2010, and will commence its review of applications in January 2010. If the Department notes deficiencies in the application, such deficiencies will be added to your record on the NMLS and an email notification will be sent. Applicants should log in to the NMLS to review the deficiencies and take all required actions to correct the deficiencies.

In March of 2010, the credit report functionality will be added to the NMLS; MLOs will need to log in to provide authorization to the NMLS to obtain a credit report and provide it to the Department.

Upon receipt of all of the required documentation, the Department will issue a decision on the license application. The Department anticipates that it will begin issuing such decisions in March 2010. The NMLS will be updated to reflect that the license is approved and an email notification will be sent. In addition, the public portion of the NMLS website will be updated to show that your license has been approved. Should the Department deny an application; a written notice will be sent to the MLO who would have the opportunity to appeal the decision by requesting a hearing.

Mortgage loan originators are strongly encouraged to complete these requirements by **June 1, 2010**, to ensure that the Department has sufficient time to review the completed application. **While the Department will use its best efforts to timely review applications submitted after June 1, 2010, the Department will not guarantee that it will be able to review such applications prior to July 30, 2010, due to the anticipated high volume of applications.**

To assist MLOs in planning for licensure, the Department has prepared the attached table which outlines the various requirements and a date on which the required functionality will be available on the NMLS.

Questions

If you have any questions, please refer to the NMLS Resource Center website listed above. In addition, the Department's website, www.ndbf.ne.gov will be updated with additional information as it becomes available.

<u>Item</u>	<u>Date Available</u>	<u>Description</u>
1	Currently Available	MLO can create base record on the NMLS and obtain a unique identifier.
2	Currently Available	MLO can complete and save the Form MU4 on the NMLS.
3	July 30, 2009	MLO can register for and begin taking approved pre-license education. MLO must complete Item #1 prior to taking pre-license education to allow the course provider to properly report completion of pre-license education to the NMLS.
4	July 30, 2009	MLO can take the National Component of the pre-license test. MLO must complete Item #1 prior to taking test to allow the test administrator to properly report the test results to the NMLS.
5	December 2009	MLO can take the Nebraska-specific Component of the pre-license test. MLO must complete Item #1 prior to taking test to allow the test administrator to properly report the test results to the NMLS.
6	January 4, 2010	MLO can electronically submit the Form MU4 to Nebraska by checking the appropriate box on the NMLS and paying the required filing fee.
7	January 4, 2010	MLO can submit required material to the Department outside the system as outlined in the Nebraska checklist which will be added to the NMLS website. Such material should be submitted no later than five (5) business days after submitting the Form MU4 to the Department.
8	January 2010	MLO can request that the NMLS obtain a criminal history report and provide the report to the Department by submitting fingerprints to the NMLS or authorizing the NMLS to use fingerprints already submitted to the NMLS for licensure in another state.
9	January 2010	Department begins review of applications and identifies deficiencies in the applications. MLO should correct the Form MU4 and provide additional information as outlined in the deficiencies.
10	March 2010	MLO can authorize the NMLS to obtain a credit report and provide to the Department.
11	March 2010	Department begins issuing license decisions on completed applications.
12	June 1, 2010	MLO should have all items submitted to the Department. MLO should continue to check the NMLS and correct any deficiencies.
13	July 31, 2010	All MLOs who originate residential mortgage loans in Nebraska must be licensed with the Department.