

## MEMORANDUM

TO: All Licensees

FROM: NC Commissioner of Banks Office

DATE: August 31, 2009

SUBJECT: North Carolina Mortgage Loan Originator Professional Requirements under the NC Secure and Fair Enforcement (S.A.F.E.) Mortgage Licensing Act, for all currently licensed originators

The Federal *Secure and Fair Enforcement for Mortgage Licensing Act of 2008* ("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). On July 31, 2009, the [North Carolina Secure and Fair Enforcement \(S.A.F.E.\) Mortgage Licensing Act](#) (NC SAFE Act) was enacted into law in order to bring North Carolina in compliance with the federal requirement.

Under the NC SAFE Act, all individuals meeting the definition of a Mortgage Loan Originator (MLO), by law, must meet new licensing requirements that are in compliance with the SAFE Act.

**In order to comply with these new laws, there are four requirements all individuals acting as MLOs must complete:**

### **1. Testing**

All MLOs licensed in North Carolina must pass the National Test Component by July 31, 2010.

MLOs licensed in North Carolina on or before July 31, 2009, who have passed the North Carolina test since January 1, 2004, as part of their application process are **not required** to take the North Carolina State Component. The North Carolina Commissioner of Banks Office (NCCOB) will develop a process by which to certify to the Nationwide Mortgage Licensing System and Registry (NMLS&R) that MLOs

meeting the criteria above have satisfied the State Test Component requirement.

In order to pass the Mortgage Loan Originator Test, which is comprised of two components: a National Component and a State Component, MLOs must pass each component with a score of 75% or higher.

**Note:** MLOs currently licensed that were either grandfathered or obtained their license before January 1, 2004, that have not subsequently taken the NC state test, must pass both the National and State test components.

**Certified Individuals are still required to pass the National Component before July 31, 2010.**

## **2. Education**

The NCCOB will develop a process by which to certify to the NMLS&R that MLOs, which meet the education criteria, have satisfied the minimum 20 hours of education and are SAFE Act compliant.

MLOs licensed prior to July 31, 2009, who have completed, cumulatively, 20 or more hours of North Carolina approved education (pre-licensure and/or continuing education) by July 31, 2009, may be certified by the NCCOB as having fulfilled this SAFE Act requirement.

Individuals not eligible for certification are required to complete 20 hours of pre-licensure education by July 31, 2010, as mandated by the SAFE Act.

If you have already satisfied 20 hours of NMLS&R Approved Education in any one state or have had your prior education certified by another state, you are not responsible for the above education requirements.

**Note:** Education from multiple states is not cumulative.

The details will be sent in a separate correspondence at a later date.

## **3. Criminal Background Check / Fingerprinting**

All individuals acting as MLOs must authorize a fingerprint background check through NMLS&R for the purpose of conducting a national criminal history background check through the Federal Bureau of Investigation on or before July 31, 2010. This requirement applies to all individuals, regardless of whether you are currently licensed in the state or if you have previously submitted fingerprints for licensure.

NMLS&R will implement a comprehensive process which includes electronic fingerprint capture with locations throughout the state.

The details will be sent in a separate correspondence at a later date.

## **4. Credit Report**

All mortgage loan originators must provide authorization to obtain a credit report through NMLS&R on or before July 31, 2010. NCCOB will review the credit report provided as part of its determination of financial responsibility for each MLO.

NMLS&R will implement a comprehensive process to obtain the required authorization.

The details will be sent in a separate correspondence at a later date.

## **Other Requirements**

## **2009 Continuing Education Requirements**

In order to renew a license for 2009, (November 1, 2009 through December 31, 2009 renewal period) all MLOs must complete 8 hours of Continuing Education currently approved by the NCCOB during the current calendar year (January 1 through December 31, 2009). **There is no longer a grace period for education. There will not be an opportunity to take Continuing Education courses after December 31, 2009 and have those hours count for your 2009 renewal.**

## **Company Sponsorship of MLO Licenses**

The license status of all MLOs will be considered “inactive” until the licensed MLO is sponsored by a licensed company. Sponsorship requests are submitted by the company through NMLS&R.

**Note:** All licensed, inactive MLOs are required to meet all the above requirements and will be able to maintain their license under these new NC SAFE Act standards.

## **New Surety Bond Requirements for Companies**

All MLO origination volume must be covered under a company surety bond which reflects the total dollar amount of loans originated on an annual basis by a company’s sponsored MLOs.

In North Carolina, satisfaction of this requirement will be met by companies sponsoring state-licensed MLOs. Bond requirements will be based on the total loan origination volume reported to the NCCOB each year via the Annual Report Questionnaire due no later than March 31<sup>st</sup> of every year.

We urge you to thoroughly review the new [NC SAFE Act](#) to become familiar with these new or amended statutes and date sensitive requirements, since they affect you as a licensee.

If you have any questions, please contact our office at [mortgage@nccob.gov](mailto:mortgage@nccob.gov) for further guidance.