TEXAS DEPARTMENT OF SAVINGS & MORTGAGE LENDING

HOW TO GET STARTED ON THE NMLSR

Implementation of the
Secure and Fair Enforcement for Mortgage Licensing Act
(SAFE Act)

&

Transition to the
Nationwide Mortgage Licensing System
(NMLS)

2601 North Lamar, Suite 201 • Austin, Texas 78705 • (512) 475-1350
FAX (512) 475-1360 EMAIL: licensing@sml.state.tx.us WEBSITE: www.sml.state.tx.us

The department understands that you need information as quickly as possible in order to position yourself for changes in residential mortgage loan origination licensing requirements. We are working diligently to provide you that information but many details are still being development. Our first enrollment onto the Nationwide Mortgage Licensing System (NMLS) will begin April 2, 2010. We are committed to providing you ample time to plan for your enrollment. While we cannot provide you as much detail as you would probably like to see, we can offer the following:

- If you have not already done so, our first suggestion is for you to sign up on our ListServ to receive important information directly to your desktop through your email system. This is easy to do by going to our website homepage and clicking Join RMLO ListServ in our Quick Links box. If you are a current licensee you would want to be sure that we have the best email address for you listed in your licensing record with us.

- The entire process begins with you creating an individual account with the NMLS. We've provided a copy of the instructions created by the NMLS staff on how to do this. It is necessary to create your individual account so that any testing or education you take through the NMLS can be "banked" into your account and ready for you when you actually file for your license. There is no money exchanged to create your individual account – that comes later. But you will receive a User Name and password for when you do decide it is time to file for a license.

- Next, we would recommend that you review the professional requirements of a residential mortgage loan originator provided in this packet, along with more details copied from the NMLS website on Testing, Education, and Background Check. Also included in this packet is information on background reviews and a new process the department is implementing beginning September 1, 2009, on the ability of a prospective or current licensee to have a review of their criminal history made prior to applying or scheduling any pre-licensing education or testing. Keep in mind that even if you have had a complete criminal history review for the issuance of a license with the department, you will need to resubmit a new set of fingerprints to the NMLS and be reviewed under the new Secure and Fair Enforcement for Mortgage Licensing Act of 2008 (SAFE) requirements. In some instances you may not be eligible to receive a license through NMLS depending on your background.

- We've also provided website addresses that you should bookmark on your desktop for ready access to the NMLS and the SML.

We appreciate your patience as we begin this process and work through it to a successful transition. If you have any questions or have comments you would like to make, the most efficient method is to send an email to LICENSING@sml.state.tus.us. But certainly don't hesitate to call us at 512-475-1350 or 877-276-5550.

NATIONWIDE MORTGAGE LICENSING SYSTEM

CREATE AN INDIVIDUAL ACCOUNT

If you are a Control Person, Qualifying Individual, Branch Manager or Mortgage Loan Originator that needs to obtain an individual account in NMLS you must create your own account through following the simple steps below.

Creating an individual account establishes a permanent record in NMLS that can be used by the individual to apply for and maintain licenses. Individual accounts are NOT to be created for training purposes. For training materials, please access the *Using NMLS* Section of the NMLS Resource Center that provides links to Quick Guides, Tutorials, Navigation Guides and the User Guidebook. These resources can assist you in using NMLS to maintain individual records to meet the licensing requirements in all participating states.

Getting an account

1. Go to the NMLS website at www.stateregulatoryregistry.org/NMLS and click on the Log into NMLS button in the upper right corner.
2. Click on *Create an Individual Account* link.
3. Retype the security letters & numbers shown on the screen in the space provided and click **Next**.
4. In the *Create an Individual User Account* screen complete **ALL** of the fields with your information and click **Next**.
5. Review the Individual Account information that will be established. If correct click **Finish**. If not correct, click **Previous** and correct any information. Please note that you cannot edit your date-of-birth and social security number once your record is created.
6. After completing this process, you will receive two emails from NMLS_Notifications@statemortgageregistry.com. The first contains your User Name and the second contains your temporary password.
7. Upon receiving your User Name and temporary password, log into NMLS by typing in your user name and cutting and pasting your temporary password from the email into the login page of NMLS.

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8. Once you have gained access to NMLS the first time you will be prompted to change your password.

   Maintain your User Name and password in a safe location. You will use these in the future when you need to access your record in NMLS to attest to your record, give a company access to your record, renew your record, or terminate a relationship with a company.

For further assistance, please contact the NMLS Call Center at 240-386-4444.

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TEXAS DEPARTMENT OF SAVINGS & MORTGAGE LENDING

Douglas B. Foster
Commissioner

September 10, 2009

RESIDENTIAL MORTGAGE LOAN ORIGINATOR

Professional Requirements Under SAFE[1]

Texas House Bill 10 ("HB10"), the Texas Secure and Fair Enforcement for Mortgage Licensing Act of 2009, was enacted into law on June 19, 2009, in order to bring the mortgage licensing laws of the State of Texas into compliance with the federal *Secure and Fair Enforcement for Mortgage Lending 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 at:

http://www.csbs.org/AM/Template.cfm?Section=SAFE_Act.

Under HB10, all individuals meeting the definition in the law of a residential mortgage loan originator (RMLO) must meet new licensing requirements that are in compliance with the SAFE Act.

In order to comply with the new law, all individuals acting as residential mortgage loan originators must do the following:

MU4 filing with the Department of Savings and Mortgage Lending ("Texas SML")

All individuals acting as a residential mortgage loan originator (RMLO) must have filed or file a Form MU4[2] through NMLS with the Texas SML. Filing deadlines depend on the type of license required:

License Type[3]	Filing Deadline
• Mortgage Banker RMLOs	April 2 – May 31, 2010
• Financial Service Company Exclusive Agents	April 2 – May 31, 2010
• Credit Union Subsidiary Organization RMLOs	April 2 – May 31, 2010
• Auxiliary Mortgage Loan Activity RMLOs (includes Non-Profits Organizations)	April 2 – May 31, 2010
• Independent/Contracted RMLOs, Processors, & Underwriters	April 2 – May 31, 2010
• Mortgage Company RMLOs (formerly known as Mortgage Brokers and Loan Officers)	July 1 – August 31, 2010

[1] Requirements may be refined and dates adjusted as planning for transitioning to the NMLS advances.
[2] MU4 records cannot be activated until they are sponsored by and/or affiliated with a company through MU1/MU2/MU3 filings.
[3] License types have not been finalized. The list provided is strictly a working model of categories that will require licensure under the SAFE Act. License types may be rolled up into fewer categories or further expansion may occur.

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The SAFE Mortgage Loan Originator Test

All mortgage loan originators must pass the SAFE 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.

National Component

Residential mortgage loan originators licensed by Texas SML on or before July 31, 2009, must pass the National Component prior to renewing a license through the NMLS for calendar year 2011.

Individuals acting as residential mortgage loan originators who were not licensed by Texas SML by July 31, 2009, as well as new entrants to the industry must pass the National Component before filing Form MU4 through NMLS.

If you have already passed the National Component of the SAFE Mortgage Loan Originator Test and your passing score is part of your RMLO record in NMLS, you do not need to take it again.

State Component

It is anticipated that the Texas SML State Component Test will be available to test takers mid-May 2010. Until its release, the current Texas SML Pre-licensing Mortgage Broker/Loan Officer Examination, offered by Pearson VUE, will be acceptable for fulfilling this requirement. Upon availability of the Texas SML State Component Test, the current examination will no longer be offered and will not be acceptable for meeting the testing requirement under the NMLS.

The SML will develop a process by which to certify to NMLS that the RMLO has completed the current Texas SML Pre-licensing Mortgage Broker/Loan Officer Examination. In order to participate in the certification process, an RMLO must have a Form MU4 filed through NMLS with Texas SML. A $5 fee will be paid by the applicant to the NMLS for this certification. Such individuals <u>are still required</u> to pass the National Component.

Individuals acting as residential mortgage loan originators who are not licensed by the date of the Texas SML State Component Test availability, as well as new entrants to the industry must pass the Texas SML State Component <u>before</u> filing Form MU4 through NMLS.

Pre-Licensure Education Requirements

Residential mortgage loan originators must complete a minimum of 20 hours of pre-licensure education under HB10. Additional hours may be required depending on the MU4 being filed.

Residential mortgage loan originators who hold an unexpired Texas SML license and who have completed 20 or more hours of Texas SML approved education (Core, Ethics, and/or Continuing Education) at the time they transition to the NMLS may be certified by Texas SML as having fulfilled the pre-licensure requirements depending on the information that is available on their Texas SML licensing record. A $15 fee will be paid by the applicant to the NMLS for this certification. In order to participate in the certification process, an RMLO must have created a record in NMLS and obtained a unique ID number.

Individuals not eligible for certification are required to complete a minimum of 20 hours of NMLS approved pre-licensure education before filing Form MU4 through NMLS. This includes any new applicants.

If the RMLO has already satisfied 20 hours of NMLS approved education in any state or have had education certified by another state, you are not responsible for the above.

It is anticipated that the Texas SML will continue to accept SML approved education course credits for licensure through June 15, 2010, if the applicant applies directly to Texas SML. (With limited exceptions, Texas SML will stop accepting new application on June 15, 2010.) Beginning July 1, 2010, when all new applicants must apply using the NMLSR, all educational requirements for a Texas SML-issued license must be met by completing NMLS approved education courses.

The Texas SML will no longer accept original or renewing course material from education providers beginning January 1, 2010.

Background Check

Criminal History

All individuals acting as residential mortgage loan originators must authorize a fingerprint background check through NMLS for the purpose of conducting a national criminal history background check through the Federal Bureau of Investigation when filing Form MU4 through NMLS. This requirement applies to all individuals, regardless whether you are currently licensed in the state or if you have previously submitted fingerprints for licensure.

NMLS will implement a comprehensive process which includes electronic fingerprint capture with locations throughout the state. NMLS anticipates this functionality to be available in January 2010.

Credit Report

All residential mortgage loan originators must provide authorization to obtain a credit report through NMLS. Texas SML will review the credit report provided through the NMLS as part of its determination of financial responsibility for each residential mortgage loan originator.

Additional information and details relating to background checks will be sent in a separate correspondence at a later date.

Continuing Education Requirements

In order to renew their license for calendar year 2012 all residential mortgage loan originators must complete 8 hours of NMLS approved Continuing Education during calendar year 2011.

Company Sponsorship of RMLO Licensees

The license status of all RMLOs will be considered "inactive" until the licensed RMLO is Sponsored by a licensed or registered company. Sponsorship requests are submitted by the company through NMLS.

Financial Requirements

Every licensed RMLO must be covered under the state-managed Mortgage Broker Recovery Fund. Each RMLO must participate in the Recovery Fund and do so through fees collected during the licensing process.

NMLS Call Report For Companies

It is statutorily required that every company employing state-licensed RMLOs must file an NMLS Mortgage Call Report through the NMLS. The NMLS Mortgage Call Report is a statement of condition of the company and its operations including financial statements and production activity volumes reported on a per state basis. Additional information concerning the NMLS Mortgage Call Report will be provided at a later date.

Additional Information Resources

For information and instructions regarding the Professional Requirements listed above visit the NMLS Resource Center:

http://www.stateregulatoryregistry.org/NMLS//AM/Template.cfm?Section=Home3

In addition, the Texas SML website offers state-specific information as it becomes available. Visit the Texas SML Website:

http://www.sml.state.tx.us/tdsml_important_information.html#safe_nmlsr

If you have specific questions, contact:

Division of Licensing
licensing@sml.state.tx.us
512-475-1350
866-276-5550 (toll free)

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Overview

The Secure and Fair Enforcement for Mortgage Lending Act of 2008 (SAFE Act) established requirements for the licensing and registration of all Mortgage Loan Originators (MLOs). MLOs who work for an insured depository or its owned or controlled subsidiary, are registered. All other MLOs are to be licensed by the states.

The SAFE Act requires state-licensed MLOs to pass a written qualified test, to complete pre-licensure education courses, and to take annual continuing education courses. The SAFE Act also requires all MLOs submit fingerprints to the Nationwide Mortgage Licensing System and Registry (NMLS) for submission to the FBI for a criminal background check and state-licensed MLOs to provide authorization for NMLS to obtain an independent credit report. The Test, Education, and Background Checks links from this page explain how state-licensed MLOs can satisfy each of these professional requirements.

Please note that while the SAFE Act requires NMLS to fulfill certain responsibilities associated with providing educational services or ensuring background checks are completed, *it is individual state law that determines when a state-licensed MLO is required to take the SAFE Mortgage Test*, complete pre-licensure or continuing education training, and when state-licensed MLOs are required to complete their background checks. State-licensed MLOs should refer to the **State Licensing Resource Page** regarding schedules for completing each of the professional requirements.

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Testing

The Massachusetts State Component of the SAFE MLO Test has been temporarily withdrawn. For more information please refer to Testing News on this page.

Getting Started

To learn more about taking a SAFE test, download the **MLO Testing Handbook**. It is a guide to the entire testing process and aids candidates through the following steps:

1. Selecting and paying for a test enrollment window
2. Finding a test center and scheduling a testing appointment
3. Preparing for a test and taking a test
4. Viewing official test scores in NMLS

See also **Frequently Asked Questions**

Background

The Secure and Fair Enforcement for Mortgage Licensing Act (SAFE Act) requires that state-licensed loan originators pass a qualified written test developed by the Nationwide Mortgage Licensing System and Registry (NMLS) and administered by an approved test provider. The SAFE Test includes two components: a National Component and a Unique State Component. (**Read more**)

2009 Fee Schedule

The following test administration fees are in effect for the SAFE Act Mortgage Loan Originator Test:

National Component - $92
Each Unique State Component - $69

Complete Fee Schedule

Candidate Tools

MLO Testing Handbook

Find a Test Center

Test Availability Schedule and Content Outlines
Test Enrollment Quick Guide - for MLOs
Test Enrollment Quick Guide - for Companies

Special Test Accommodations
Test Retake Policy

Testing News

New State Content Outlines Released. *posted September 1, 2009*
New content outlines have been posted for the following state specific test components: Georgia, Maryland, Kentucky, District of Columbia, Wyoming, New Jersey, and Virginia. Test enrollment for these states will open on September 22nd and the first test appointments will be available beginning October 22nd. See also **Content Outlines**.

MA Test Temporarily Withdrawn. *posted August 24, 2009*
Effective Friday, August 21st, the MA State Component of the SAFE MLO Test has been temporarily withdrawn. The test is undergoing revision and a new version of the test will be released on or about September 30th. For more information, see **MA Test Suspension Notice**.

SAFE Mortgage Loan Originator Tests. *posted July 30, 2009*
The first group of SAFE Mortgage Loan Originator Test Components (National and State) are now available. Candidates may now enroll and take any of the following components: National, Arizona, Idaho, Iowa, Louisiana, Massachusetts, New Hampshire, North Carolina, Pennsylvania, Rhode Island, Vermont, and Washington. To learn more about taking a test, please see the **MLO Testing Handbook**.

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Education

Background
The Secure and Fair Enforcement for Mortgage Licensing Act of 2008 (SAFE Act) requires that state-licensed mortgage loan originators (MLOs) complete Pre-licensure Education (PE) and annual Continuing Education (CE). (Read more)

Master Course Catalog
The Master Course Catalog is a list of NMLS approved courses available from approved course providers. The catalog is updated regularly.

> ***Note:*** NMLS is currently prioritizing approving Pre-licensure Education (PE) courses for the states of AZ, IA, ID, LA, MA, MD, NH, NC, PA, RI, VT, WA, VA. *If you do not see a course available in your geographic area please continue to check back often as new courses are being added regularly. It will be several months before NMLS has courses approved in all States and Territories.* MLOs should consider taking an online course if they have an immediate need for pre-licensure education and a classroom course is not currently available.
>
> Continuing Education (CE) is not currently being approved by NMLS. Refer to your state agency for a list of CE courses to satisfy 2010 renewal requirements.

How to register for a course
Review the **Master Course Catalog**, choose the courses you want to take, write down the course numbers and then call the course provider or visit their web site to schedule the courses. Payment will be made directly to the course provider.

Resources

List of NMLS Approved Course Providers
Attached is the list of education providers who are authorized to offer NMLS approved courses. This list is updated regularly.

List of State Specific Education Requirements
Listing of state specific content and/or hours above the SAFE PE and CE minimum requirements.

Frequently Asked Questions

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Education Overview

The Secure and Fair Enforcement for Mortgage Licensing Act of 2008 (SAFE Act) requires that state-licensed mortgage loan originators (MLOs) complete pre-licensure and annual continuing education. In order to meet pre-licensure continuing education requirements state-licensed MLOs must complete 20 hours of NMLS approved education which include the following:

a. 3 hours of Federal law and regulations;
b. 3 hours of ethics, this shall include instruction on fraud, consumer protection, and fair lending issues;
c. 2 hours of training related to lending standards for the nontraditional mortgage product marketplace; and
d. 12 hours of undefined instruction on mortgage origination.

For annual continuing education, the SAFE Act requires state-licensed MLOs to complete:

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

While the SAFE Act requires NMLS to approve pre-licensure and continuing education courses, it is individual state law that compels mortgage loan originators to take the pre-licensure and continuing education as a requirement for state licensure. NMLS provides information concerning education requirements and administers the process for completing it, but state-licensed MLO's should refer to their state agencies regarding the specific details associated with meeting the education requirements.

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Background Check

Criminal Background Check

NMLS intends to provide functionality within the system to process fingerprints for the purpose of obtaining a national criminal history background check through the Federal Bureau of Investigation. Under this functionality, mortgage loan originators will be able to authorize a single background check as part of license application to one or more states. The criminal history records information check response from the FBI will be attached to the mortgage loan originator's NMLS record and will be viewable only by the appropriate state regulator(s).

Mortgage loan originators will be directed by their regulator concerning when they will be required to provide fingerprints for a criminal background check after this functionality is available in NMLS.

More on fingerprinting

Credit Report

Starting in 2010, NMLS intends to provide functionality within the system to process independent credit reports from a consumer reporting agency for the purpose of obtaining or maintaining a license in one or more states.

Please consult this page for future updates.

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Fingerprinting and NMLS

Under the **SAFE Act**, all mortgage loan originators must provide fingerprints to the Nationwide Mortgage Licensing System and Registry (NMLS) for the purpose of receiving a criminal history background check.

NMLS is working toward implementing a comprehensive process which includes electronic fingerprint capture, fingerprint routing to law enforcement, receipt of criminal history background checks, attachment of the background check to the mortgage loan originator's record in NMLS and retention of the mortgage loan originator's fingerprint images for future use if needed.

As part of this comprehensive process, NMLS intends to implement an electronic fingerprint capture network to provide mortgage loan originators with numerous locations to satisfy the fingerprint requirement.

Where possible, NMLS will utilize existing electronic fingerprint capture locations to add ease of use and flexibility to this comprehensive network.

NMLS will provide further details on the fingerprinting process as they become available.

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TEXAS DEPARTMENT OF SAVINGS & MORTGAGE LENDING

Douglas B. Foster
Commissioner

IMPORTANT WEBSITES

NMLS Resource Center

http://www.stateregulatoryregistry.org/NMLS

Texas Department of Savings and Mortgage Lending

http://www.sml.state.tx.us/

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