



TEXAS DEPARTMENT OF SAVINGS & MORTGAGE LENDING

Douglas B. Foster
Commissioner

NOTICE FROM THE COMMISSIONER

H.R. 3221, Title V—Secure & Fair Enforcement Mortgage Licensing Act (SAFE)

President Bush signed into law on July 30, 2008, the Housing & Economic Recovery Act which includes the [SAFE Mortgage Licensing Act](#). SAFE includes changes to our current licensing requirements and environment, some of which are effective immediately.

The following provides an overview of the changes:

- Provides for a nationwide mortgage licensing system and registry (the [National Mortgage Licensing System](#)) that issues unique identifier number that permanently identifies a loan originator nationwide.
- Individuals may not engage in the business of loan origination without obtaining and maintaining annually either a license or a registration, with a unique identifier number assigned by the nationwide mortgage licensing system and registry.
- Applies the same minimum licensing and registration standards for mortgage brokers, loan officers, mortgage banker loan originators, financial services companies and agents, and depository institution loan officers when defining a loan originator.
- Provides minimum standards for licensing and registration as a state-licensed loan originator that includes:
 - Not having a loan originator license revoked in any governmental jurisdiction;
 - Not having been convicted of, or pled guilty or nolo contendere to, a felony in domestic, foreign or military course during the 7-year period preceding the date of the application for licensing and registration, or at any time preceding the date of the application if the felony involved an act of fraud, dishonesty, or a breach of trust, or money laundering;
 - Demonstrating financial responsibility, character, and general fitness to command the confidence of the community and to warrant a determination that the loan originator will operate honestly, fairly, and efficiently;
 - At least 20 hours of pre-licensing education which would include at least three hours of Federal law and regulations, three hours of ethics, and two hours of training related to lending standards for the nontraditional mortgage product marketplace;
 - Passing a written pre-licensing test; and
 - Meeting either a net worth or surety bond requirement, or paying into a State fund.

(continues on page 2)



TEXAS DEPARTMENT OF SAVINGS & MORTGAGE LENDING

Douglas B. Foster
Commissioner

NOTICE FROM THE COMMISSIONER

H.R. 3221, Title V—Secure & Fair Enforcement Mortgage Licensing Act (SAFE)
(continued from page 1)

- Licensees and registrants must continue to meet the minimum standards of a loan originator to annually renew the license or registration, including completing at least eight hours of continuing education which would include three hours of Federal law and regulations, two hours of ethics, and two hours of training related to lending standards for the nontraditional mortgage product marketplace.

We are developing strategies to address the [SAFE Mortgage Licensing Act](#) and will continue to post to our website information to keep our current and future licensees up-to-date on implementation efforts. In addition, we will send emails to our licensees and other interested parties as new information becomes available.

Douglas B. Foster
Commissioner
July 31, 2008