

# Arizona Loan Originator Licenses: Frequently Asked Questions

## **What is the SAFE Mortgage Licensing Act?**

On July 30, 2008, the President of the United States signed into law the Housing and Economic Recovery Act of 2008. Title V of the Act, entitled The Secure and Fair Enforcement for Mortgage Licensing Act of 2008 (S.A.F.E. Mortgage Licensing Act), recognizes and builds on states efforts to enhance consumer protection, and reduce fraud, by requiring ALL mortgage loan originators to be either state-licensed or federally registered. Under the S.A.F.E. Mortgage Licensing Act, all states must implement a Mortgage Loan Originator (MLO) licensing process that meets certain standards through the Nationwide Mortgage Licensing System & Registry (NMLS). The Act requires all MLO's seeking state-licensure, or currently holding a state license, to pass the NMLS-developed S.A.F.E. Mortgage Loan Originator Test, including both national and state components. To view a copy of the S.A.F.E. Act visit [http://www.csbs.org/Content/NavigationMenu/LegislativeAffairs/RecentLegislationEnacted/SAFE\\_President.doc](http://www.csbs.org/Content/NavigationMenu/LegislativeAffairs/RecentLegislationEnacted/SAFE_President.doc)

## **What is NMLS?**

The Nationwide Mortgage Licensing System & Registry (NMLS) has an NMLS Resource Center available to companies, regulators and individuals to provide information and guidance on state participation, testing, pre-licensing and continuing education, and system-related updates. Each applicant is required to submit applicant information, including fingerprints, personal history and experience. This information is stored in a national database of mortgage originators, developed and maintained by the Conference of State Bank Supervisors. To obtain the application process through NMLS [http://www.stateregulatoryregistry.org/AM/Template.cfm?Section=Navigation\\_Guide](http://www.stateregulatoryregistry.org/AM/Template.cfm?Section=Navigation_Guide)

## **When does licensing of Loan Originators go into effect?**

Beginning July 1, 2010, all loan originators must be licensed.

## **What are the requirements to be a licensed Loan Originator in Arizona?**

To become a loan originator you must have completed at least 20 hours of education during the two years prior immediately preceding the time of application. The 20 hour course must include at least all of the following: 3 hours Federal Law, 3 hours Ethics, 2 hours related to lending standards of the non-traditional mortgage product marketplace. Pass a loan originator exam on Federal and State laws and rules not more than one year before the granting of the license.

Obtain a unique identifier through the [National Mortgage Licensing Registry](#) (NMLS). Submit fingerprints to DFI – Department of Financial Institutions - for the purpose of a background investigation.

Pay the fees as outlined by DFI.

## **What exactly is an NLMS "unique identifier"?**

Each loan originator registered in the NMLS, National Registry, will be permanently assigned a number that will help electronically track them. A loan originator's unique identifier will not change as he or she moves from state to state. In fact, the process of being licensed in additional states is streamlined by just adding the new state's license to the current record.

### **What are the minimum state license standards as a result of the SAFE Act?**

The minimum standards for licensing and registration as a State-licensed loan originator shall include the following:

1. The applicant has never had a loan originator license revoked in any government jurisdiction.
2. The applicant has not been convicted of, or pled guilty or nolo contendere (no contest) to, a felony in a domestic, foreign, or military court
  - a. During the 7-year period preceding the date of the application for licensing and registration; or
  - b. At any time preceding such date of application, if such felony involved an act of fraud, dishonesty, or a breach of trust, or money laundering.
3. The applicant has demonstrated financial responsibility, character, and general fitness such as to command the confidence of the community and to warrant a determination that the loan originator will operate honestly, fairly, and efficiently within the purposes of this title.
4. The applicant has completed the pre-license education requirement.
5. The applicant has passed a written test that meets the test requirement.
6. The applicant has met either a net worthy or surety bond requirement, or paid into a State fund, as required by the State.

### **When will the approved 20 hour prelicensing course be available?**

Hogan School of Real Estate Inc., became an approved provider through NMLS on July 22, 2009. We are in the process of submitting our courses for approval and will notify you as soon as they are available.

### **Do I have to take the course before taking the Exam?**

No, You may take the state exam before taking the 20 hour licensing program.

### **When will the State Exam be available?**

July 31, 2009. The exam will be administered by Pearson VUE  
<http://www.pearsonvue.com/nmls/>

### **How many times can I take the State Exam?**

An applicant may take the exam three (3) consecutive times. Each consecutive taking occurring at least 30 days after the preceding exam. An applicant who fails the exam on three (3) attempts must wait at least six (6) months before taking the exam again.

### **How do I sign up to take the State Exam?**

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

### **What does it cost to take the State Exam?**

The following test administration fees are in effect for the SAFE Act Mortgage Loan Originator Test for 2009:

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

### **How do I get my fingerprints?**

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.

### **How do I submit my 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.

### **What will it cost for the license?**

Application Fee (Non-refundable)	\$350.00
Initial License Fee (Prorated)	\$150.00
Annual Renewal Fee or Fee to inactive status (not applicable 1 <sup>st</sup> year)	\$150.00
Transfer license to a new employer	\$50.00
Change residence address	\$25.00
Late fee – per day after the filing deadline	\$25.00

### **Will Loan Originators need to take continuing education classes?**

Yes, before submitting a renewal application, an applicant shall have satisfied 8 hours of continuing education. The hours must include at least 3 hours of federal laws and rules; 2 hours of ethics, including fraud, consumer protection, and fair lending issues; and 2 hours of training relating to lending standards for nontraditional mortgage products marketplace. Loan originators may only receive credit for a continuing education course in the year in which the course is taken. Loan Originators may not take the same approved course in the same year or successive years to meet the annual requirements for continuing education.

### **What happens if I don't complete my continuing education requirement?**

Any person who fails to meet the continuing education requirement may not function as a loan originator.

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