

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://mortgage.nationwidelicencingsystem.org/safe/Pages/default.aspx>

When does licensing of Loan Originators go into effect?

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

Who is a Loan Originator?

This is taken from A.R.S Chapter 9, Article 4. 6-991.

Definitions

In this article, unless the context otherwise requires:

1. "Administrative or clerical tasks" means the receipt, collection and distribution of information common for the processing of a loan in the mortgage industry or communication with a borrower to obtain information necessary for the processing of a loan. Administrative or clerical tasks do not include holding oneself out to the public as able to obtain a loan.
2. "Affiliate" means an entity that directly or indirectly, through intermediaries, controls, is controlled by or is under common control with the entity specified.
3. "Continuing education unit" means a fifty minute period of time in a continuing education course that relates to the mortgage industry or to mortgage transactions, including courses taken to maintain recognized industry designations.
4. "License" means a license issued under this article.
5. "Licensee" means a person licensed under this article.
6. "Loan originator":
 - (a) Means a natural person employed by a mortgage broker or mortgage banker who either takes a residential mortgage loan application for a mortgage broker or mortgage banker to obtain a third party lender or offers or negotiates terms of a mortgage loan for direct or indirect compensation or gain or in the expectation of direct or indirect compensation or gain.
 - (b) Includes a person who holds himself out to the public as able to perform any of these activities.
 - (c) Does not mean a person who performs purely administrative or clerical tasks and who is employed by a mortgage broker or mortgage banker.
7. "Mortgage banker" means a person who is licensed pursuant to article 2 of this chapter.
8. "Mortgage broker" means a person who is licensed pursuant to article 1 of this chapter.
9. "Mortgage loan" means a loan secured by a mortgage or deed of trust or any lien interest on real estate located in this state established with the consent of the owner of the real estate.

To read the entire statute visit <http://www.azleg.state.az.us/ArizonaRevisedStatutes.asp?Title=6>

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://mortgage.nationwidelicencingsystem.org/Pages/default.aspx>

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 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.

When registering for your Unique Identifier Number, be sure to use your name as it appears on your Government issued, pictured, identification. If your name does not match, you may not be allowed to take the examination.

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.

What will it cost for the license?

Application Fee (Non-refundable)	\$350.00
Initial License Fee (Prorated based on issue date)	\$150.00
Annual Renewal Fee or Fee to inactive status (not applicable 1 st year)	\$150.00
Transfer license to a new employer	\$50.00
Change residence address	\$25.00

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. Our courses have also been approved by NMLS.

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 Exam be available?

The exam is available now. The exam is administered by Prometric <http://www.prometric.com/NMLS/default.htm>

How do I sign up to take the SAFE Mortgage Loan Originator Exam?

1. Have or create an account in NMLS. All individuals seeking an MLO license are required to have or create an account in NMLS prior to enrolling for a test.
2. Enroll for the appropriate MLO National and/or Unique State test component in NMLS. A test enrollment may be requested by the individual directly or by any company with access to the individual's NMLS record.

NOTE: The individual or company requesting the test enrollment must wait for an email confirmation before attempting to proceed with step 3 (scheduling an appointment at a test center).

3. Schedule an appointment at a test center.

An appointment can be scheduled online or by telephone. Tests are administered at nearly three hundred locations operated by Prometric. Access the NMLS Resource Center to find a test center nearest you.

4. Arrive at the test center.

Individuals should arrive thirty (30) minutes prior to the scheduled appointment with a current (non-expired) government-issued identification that includes the candidate's photo and signature.

NOTE: While the S.A.F.E. Act does not require MLOs to complete their pre-licensure education prior to scheduling and taking a test, pre-licensure education classes can be helpful. Access the NMLS Education Page for more information regarding approved course providers and classes.

What does it cost to take the SAFE Mortgage Loan Originator Test?

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

National Component with UST - \$110

Each Unique State Component - \$69

Payments are NOT accepted at the test center. Test fees must be paid in NMLS when enrolling for a test. For a listing of current test fees, please visit the NMLS Testing Page. Test enrollment fees are non-refundable and non-transferable. If a test enrollment window is closed for any reason prior to the candidate taking the related test, a new test enrollment window must be requested and paid for prior to the candidate scheduling and taking the test.

How many times can I take the SAFE 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.

NOTE: The waiting period applies to each specific test. Failing one test, such as the National Component, does not impose a waiting period on a different test, such as a Unique State Component.

CANDIDATES WHO PASS A TEST COMPONENT ARE NOT PERMITTED TO RETAKE THE SAME TEST COMPONENT AGAIN.

Test Retake Cycle Table

Test Attempt	Test Result	Retake Waiting Period
Initial	Fail	30 days
2nd	Fail	30 days
3rd	Fail	180 days
Initial (New retake cycle starts)	Fail	30 days
2nd	Fail	30 days
3rd	Fail	180 days
Initial (New retake cycle repeats the previous cycles)		

How many questions are on the SAFE exam?

The national portion of the SAFE exam will contain 100 questions. There are 90 questions that you will be tested on and 10 pretest/unscored questions. You will be unable to identify which are the pretest/unscored questions.

You need to have 75% right to pass the exam.

Each State-Specific Component of the S.A.F.E. Mortgage Loan Originator Test consists of forty-five (45) to fifty-five (55) operational test questions (scored) with an additional ten (10) pre-test (not scored) test questions. The exact number of scored test questions for each unique state test component is listed on the state's content outline. The test time will be ninety (90) minutes with an additional thirty (30) minutes for completing a tutorial and an optional candidate survey.

How much time is allowed to take the exam?

You have 3 hours to take the national portion of the exam. However, the first 15 minutes is a tutorial and the last 15 minutes is an optional survey. You actually have 2 ½ hours for the test itself.

You have 2 hours to take the state portion of the exam. However, the first 15 minutes is a tutorial and the last 15 minutes is an optional survey. You actually have 1 ½ hours for the test itself.

Please arrive 30 minutes early on the day of the test.

What should I take to the Exam center?

You should take your Government Issued identification that contains a picture and signature. Your ID must be current. Other than your ID, take nothing. Everything will be provided including a calculator. Financial calculators are not allowed. You may even be asked to empty your pockets!

Posting Official Test Results to NMLS Composite View

NMLS will post the official version of the test results for the MLO, comprised of the test result (pass/fail) and score (percentage correct) to the Testing Information section under the Compo-site View tab of NMLS. NMLS will send a notification email to the candidate and any company with access to the candidate's record in NMLS when official results are posted.

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.

Every mortgage loan originator (whether state-licensed or federally registered) is required to complete a CBC in NMLS. The Criminal Background Check Authorization Request is required for submission of the application form (Form MU4 for state licensing, Form MU4R for federal registration).

Either an individual mortgage loan originator (MLO) or their employer may create the CBC Authorization Request through NMLS.

Scheduling a fingerprint appointment

Once an individual or employer has paid for the CBC request through NMLS, the MLO will be able to schedule a fingerprint appointment. Go to [Schedule a Fingerprint](#) on your NMLS account.

NOTE: After authorizing a new Criminal Background Check and selecting to submit new fingerprints, fingerprints must be taken within 180 days. If fingerprints are not submitted within 180 days, the background check window will expire and a new Criminal Background Check will need to be authorized and paid for.

How do I submit my Credit Report?

Each applicant must provide a credit report through NMLS. Use the NMLS Resource center for detailed instructions:

The instructions will walk a company through the process of submitting a credit report request in NMLS on behalf of a MLO(s). Upon requesting a credit report for the first time, the MLO will be required to complete an identity verification (IDV) process in which a series of questions will be asked regarding to the individuals credit history and attest to the filing prior to company being able to pay for the credit report request.

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 by 12/31, except in the year the original license is issued. 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. For more information and updates visit www.hoganschool.com

What if I am also a Mortgage Broker or Mortgage Banker?

If you are a Mortgage Broker or Mortgage Banker or the Responsible Individual (RI) you are required to complete 12 hours of continuing education by December 31 of each year, for license renewal.

Why take courses from Hogan School?

Hogan School has been a leader in real estate, appraisal and mortgage education in Tucson for 40 years. We offer flexible schedules and ongoing classes. Our instructors are prominent mortgage brokers in Tucson who know our local market. If you are a Mortgage Broker, Loan Originator and Real Estate practitioner, you can get credit for all three by taking a Hogan class. Ask us!!

Contact Information

For questions concerning NMLS and tests being administered, please contact the NMLS Call Center at (240) 386-4444 or visit the NMLS Testing Page of the NMLS Resource Center.

For information on the S.A.F.E. Mortgage Licensing Act, visit the NMLS Resource Center.

For information regarding participating states, including state-specific S.A.F.E. testing and education requirements, please refer to the jurisdiction specific pages in the State Licensing Resources section of the NMLS Resource Center.

After enrolling for a test component, please contact Prometric, for test scheduling information:

Prometric www.prometric.com/nmls 1-877-671-6657