

News and Views

Andy Gray Schools of Real Estate, Inc.

July 2010

Florida Moves Closer to Joining the Nationwide Mortgage Licensing System

Everyone involved in residential mortgage lending will agree that change is a regular part of the business these days. Program requirements, underwriting guidelines and regulations seem to be in a constant state of adjustment. The licensing process is also changing.

For the first time, individuals and companies will apply for licensure through the Nationwide Mortgage Licensing System and Registry (NMLS) and not directly to each state's regulatory agency. The NMLS provides structure and replaces a licensing process that differed from state to state and offered no consistency in the granting of licenses. All fifty states have passed legislation adopting the use of the NMLS. Thirty-nine states will have completed the transition to the NMLS by the end of July 2010. Individuals and companies currently licensed in Florida will apply for a new license through the NMLS beginning October 1, 2010.

To view Florida's transition plan visit: <http://mortgage.nationwidelicencingsystem.org/slr/transitions/Pages/FLTTransPlan.aspx>

Applicants for licensure face new minimum licensing requirements. These requirements include pre-licensing education, a national test on basic lending knowledge, state test components specific to each state where the licensee will originate loans, state and federal background checks with requirements that are more stringent, credit report submission and annual renewals that include 8-hours of continuing education.

Mandated by the Secure and Fair enforcement for Mortgage Licensing Act of 2008 (SAFE), this is not a process to receive a "national" license. The regulatory agency of each state will still make the licensing decisions. The legislature in each state may increase the licensing requirements above those enacted by the SAFE Act. Florida has more stringent requirements than some other states. Those obtaining licensure will be "state-licensed loan originators."

Employees of depository institutions (including credit unions), subsidiaries owned and controlled by the depository or that are regulated by the Farm Credit Administration are required to register with the NMLS before December 31, 2010. These individuals will be "registered-loan originators." The details of the registration process are not yet available. The registration process will have fewer requirements than the licensing process.

The NMLS serves as both a collector and provider of information about those in the mortgage lending industry. This will allow consumers, employers and regulators to share information quickly.

Everyone must pass through the doorway of the NMLS. However, licensing decisions will be made by each state's appropriate regulatory agency. Florida's Office of Financial Regulation will continue to approve or decline individuals and companies for licensure.



**Don't wait!
Start Now!**

Estimates show that at least 135,000 MLOs will be state licensed through NMLS by the end of 2010. To date only 64,000 individuals have passed the National Component of the SAFE MLO test.

MLOs who do not pass the national and state component of the test before their state deadline risk having their license terminated.

Start preparing for the tests NOW! If an MLO does not pass the test on the first attempt the SAFE Act requires them to wait 30 days before they can take it again. The passing rate for first-time test takers on the national component is about 71%.

Steps:

- Create an account in NMLS
- Prepare for the national test
- Pay testing fee (in NMLS)
- Schedule test date

Florida state test component available Oct. 1, 2010.

Andy Gray Schools of Real Estate, Inc, will have a state test "prep" course available in October.