

TO: All Idaho Mortgage Broker, Mortgage Lender and Mortgage Loan Originator Licensees

**FROM: K.C. Schaler, Consumer Finance Supervising Examiner
Idaho Department of Finance**

DATE: July 20, 2009

RE: Idaho Mortgage Loan Originator Professional Requirements under SAFE

The Idaho SAFE Mortgage Licensing Act of 2009 (House Bill No. 169) was enacted into law on July 1, 2009 in order to bring the mortgage licensing laws of the State of Idaho 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 that meet or exceed the federal SAFE Act requirements. More information about the SAFE Act can be found at the following website:

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

Under the Idaho SAFE Act all individuals meeting the definition of a mortgage loan originator (MLO) must meet new licensing requirements that are in compliance with the SAFE Act. The Idaho Department of Finance will issue "conditional" mortgage loan originator licenses following receipt of a completed license application and associated application fees, subject to the completion of the new SAFE Act requirements of pre-license education and testing, fingerprints and credit report checks by the required deadline dates listed below.

In order to comply with the new law, all individuals required to be licensed as mortgage loan originators under the provisions of the Idaho Residential Mortgage Practices Act must do the following:

MU4 filing with the Idaho Department of Finance

Each individual required to be licensed in Idaho as a mortgage loan originator (MLO) must file a Form MU4 through the Nationwide Mortgage Licensing System and Registry (NMLSR) and be approved for licensure by the Idaho Department of Finance prior to commencing residential mortgage loan origination or residential mortgage loan modification activities in Idaho.

The SAFE Mortgage Loan Originator Test

All mortgage loan originators required to be licensed in Idaho must pass the SAFE Mortgage Loan Originator Test, which is comprised of two components: a National Component test and a State Component test. MLOs must pass each test component with a score of 75% or higher.

National Component Test

Mortgage loan originators licensed in Idaho on or before June 30, 2009 must pass the National Component test by December 31, 2010.

Individuals acting as mortgage loan originators who were not licensed in Idaho by June 30, 2009 must pass the National Component test by July 31, 2010.

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

State Component Test

Mortgage Loan Originators licensed in Idaho on or before June 30, 2009 must pass the State Component test by December 31, 2010.

Individuals acting as mortgage loan originators who were not licensed in Idaho by June 30, 2009 must pass the State Component test by July 31, 2010.

Pre-Licensure Education Requirements

Mortgage loan originators required to be licensed under the Idaho Residential Mortgage Practices Act must complete twenty (20) hours of pre-licensure education under the Idaho SAFE Act..

Mortgage loan originators licensed in Idaho as of June 30, 2009 who have completed 20 or more hours of Idaho approved continuing education by December 31, 2009, including the required two (2) hours of continuing education on Idaho law, may be certified by the Idaho Department of Finance as having fulfilled the pre-licensure education requirements.

In order to participate in the pre-licensure certification process, an MLO must have had a license in an approved status by June 30, 2009 with the Idaho Department of Finance.

Individuals not eligible for the pre-license certification process are required to complete twenty (20) hours – including two (2) hours of Idaho state content-- of NMLS approved pre-licensure education by July 31, 2010. This includes any new applicants.

If you have already satisfied 20 hours of NMLSR-approved education in any state or have had your education certified by another state, you are required only to meet the additional two (2) hours of Idaho state law content approved education.

Criminal Background Check

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

When this component is implemented (expected to be on or about January 2010) NMLSR will implement a comprehensive process which includes electronic fingerprint capture with locations throughout the state.

The details will be sent in a separate correspondence at a later date.

Credit Report

Mortgage loan originators required to be licensed under the Idaho Residential Mortgage Practices Act must provide authorization to obtain a credit report through NMLSR. The Idaho Department of Finance will review the credit report provided as part of its determination of financial responsibility for each mortgage loan originator license applicant. However, a license application denial cannot be based solely on an applicant's credit report or credit score.

NMLSR will implement a comprehensive process to obtain the required authorization.

The details will be sent in a separate correspondence at a later date.

Continuing Education Requirements

In order to renew a license for 2011 all mortgage loan originators must complete eight (8) hours of NMLSR approved continuing education during calendar year 2010.

The required continuing education must include:

- 3 hours of Federal law and regulations;
- 2 hours of ethics that shall include instruction on fraud, consumer protection, and fair lending issues;
- 2 hours of training related to lending standards for the nontraditional mortgage product market; and
- 1 hour of Idaho state law.

Company Sponsorship of MLO Licenses

The license status of all mortgage loan originators will be considered "inactive" until the licensed MLO is sponsored by a licensed or registered company, the Form MU4 is updated to reflect the new employer and work location, and any previous sponsorship is removed. Sponsorship requests are submitted by the employing company through NMLSR.

State Mortgage Recovery Fund

Every residential mortgage loan originator required to be licensed under the Idaho Residential Mortgage Practices Act must be covered under the Idaho recovery fund. Satisfaction of this requirement is met by payment into the Idaho administered recovery fund in the amount of one hundred (\$100) dollars at the time of submitting a Form MU4 through NMLSR and annually at submission of a license renewal.

NMLS Call Report For Companies

The Idaho SAFE Act requires that every company employing state-licensed mortgage loan originators must file an annual Mortgage Call Report through the NMLSR. The NMLSR Mortgage Call Report is a statement of condition on the company and its operations including financial statements and production activity volumes reported on a per state basis. Additional information concerning the NMLSR Mortgage Call Report will be provided at a later date.

For information and instructions regarding the Professional Requirements listed below please visit the NMLS Resource Center at: <http://www.stateregulatoryregistry.org/NMLS>

For state specific instruction, please visit <http://finance.idaho.gov>, send an email to mortgage@finance.idaho.gov or call (208) 332-8002.