

Application and Fee Requirements

MLO license endorsement applications and fees are filed electronically on NMLS. The type of applications filed depend on the existing real estate license type.

- MU 4 - All salespersons, brokers, or broker-officers performing MLO activities must file this form.
 - This includes brokers or designated corporations broker-officers who only supervise other MLO licensees.
- MU 1 - All licensed brokers who run their own company must file this form as a sole proprietor.
- MU 1 - All corporations which employ licensees performing MLO activities must file this form as a corporation.
- MU 2 - This form is filed in combination with any MU 1 filing; this is a no fee filing which sets forth details on owners, officers, and control persons.
- MU 3 - This form must be filed by any broker or corporation to establish a branch office location where MLO activities are performed.

Application fees vary depending on the type of license held and include a DRE and NMLS portion. Consult the DRE website for further details.

RESOURCES

DRE Website
http://www.dre.ca.gov/lic_safe.html

DRE Licensing Section - (877) 373-4542

NMLS Resource Center - Quick guides, tutorials, navigation guides, sample forms, policy guide-book
www.mortgage.nationwidelicencingsystem.org



Real Estate MATTERS

Department of Real Estate Office Locations

Sacramento — Principal Office

2201 Broadway
Sacramento, CA 95818-2500
(916) 227-0864

Fresno

2550 Mariposa Mall, Suite 3070
Fresno, CA 93721-2273
(559) 445-5009

Los Angeles

320 W. 4th Street, Suite 350
Los Angeles, CA 90013-1105
(213) 620-2072
Spanish Language Consumers (Español)
(213) 576-6878

Oakland

1515 Clay Street, Suite 702
Oakland, CA 94612-1462
(510) 622-2552

San Diego

1350 Front Street, Suite 1063
San Diego, CA 92101-3687
(619) 525-4192



Department of Real Estate How to Obtain a Mortgage Loan Originator License Endorsement



Real Estate MATTERS

INTRODUCTION

In order to perform residential mortgage loan activities in California, real estate licensees must obtain a Mortgage Loan Originator (MLO) license endorsement. Mandated requirements are based on the Secure and Fair Enforcement for Mortgage Licensing Act (SAFE), a federal law signed into law in 2008. The SAFE Act requirements were added to California state law through Senate Bill 36, enacted in 2009.

A MLO is required to take residential mortgage loan applications or negotiate terms of a residential loan, and to be compensated for arranging the loan. A residential loan is secured by real property with a residential structure of 1-4 units. Note: Individuals who conduct business as an independent loan processor or underwriter must hold a real estate broker license with an MLO endorsement.

REQUIREMENTS

Registration - MLO license endorsement applicants must register and establish a base record on the Nationwide Mortgage Licensing System and Registry (NMLS). MLO license endorsement filing requirements are then completed through NMLS.

MLO Examination - Applicants must successfully complete a National examination and a California State specific examination, which are both administered through NMLS.

MLO Education - Applicants must complete 20-hours of pre-license education in the following areas through a NMLS-approved provider:

1. Three hours of federal law and regulations.
2. Three hours of ethics, including fraud, consumer protection and fair lending issues.
3. Two hours of training related to lending standards for the nontraditional mortgage product marketplace.
4. Twelve hours of undefined instruction on mortgage origination.

The pre-license education does not need to be completed prior to taking either component of the NMLS examination.

BACKGROUND REQUIREMENT

The SAFE Act requires that each MLO applicant submit a set of fingerprints through NMLS. This step will be initiated at the time the MLO license endorsement application is filed. Although DRE licensees were required to submit fingerprints before their license was issued, a new set of fingerprints must be obtained when applying for a MLO license endorsement.

Special Information Regarding Prior Violations:

The SAFE Act provides for the denial of an MLO under any of the following conditions:

- If the applicant has ever been convicted of a felony involving an act of fraud, dishonesty, breach of trust, or money laundering, or convicted of **any** felony in the seven year period before filing an application for an endorsement.
- If an applicant has ever had a loan originator license revoked in any governmental jurisdiction.
- If an applicant has demonstrated a lack of financial responsibility by showing disregard in the management of his or her own financial condition.

FINANCIAL RESPONSIBILITY-CREDIT REPORT REQUIREMENT

The SAFE Act requires that mortgage loan originator applicants have demonstrated financial responsibility, character, and general fitness such as to command the confidence of the community and to warrant a determination that the applicant will operate honestly, fairly, and effectively. To as-

sist in the review process, applicants are required to authorize NMLS to obtain a credit report. This step will be initiated at the time the MLO license endorsement application is filed.

Commissioner's Regulation 2758.3 - Evidence of Financial Responsibility addresses how DRE will evaluate the financial responsibility requirement for MLO license endorsement applicants.

ADDITIONAL FILING INFORMATION

For salespersons or broker associates:

Employing brokers or corporations must hold an MLO license endorsement. After the licensee files a Form MU 4, the employing party must create a company relationship and establish sponsorship with the licensee on NMLS.

For brokers or corporations:

DBA's (trade or fictitious names), and branch-office locations used for mortgage loan origination activities must be established on DRE records before adding to their NMLS record. Corporation Designated Broker Officers must have an approved MU4 before the corporation will be approved.

ADDITIONAL INFORMATION

A MLO license endorsement may only be issued to currently licensed individuals or corporations.

All DRE license requirements remain intact after a MLO license endorsement is issued. MLO license endorsements are renewed on an annual basis. Licensees are required to complete eight hours of MLO continuing education through a NMLS approved course provider in the year the license endorsement is renewed.