



ARIZONA DEPARTMENT OF FINANCIAL INSTITUTIONS

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Loan Originator Professional Requirements under SAFE

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On October 1, 2008, SB1028 was enacted into law requiring loan originators to be licensed. In July 2009, the Governor signed HB2143, which brings the loan originator licensing laws of Arizona into compliance with the federal *Secure and Fair Enforcement for Lending Act of 2008* ("SAFE Act"). The amended law becomes effective October 1, 2009. The SAFE Act requires all states to pass licensing laws and regulations that meet or exceed certain national standards. More information about the SAFE Act can be found here: http://www.csbs.org/AM/Template.cfm?Section=SAFE_Act.

Under Arizona's loan originator statutes, Arizona Revised Statutes Title 6, Chapter 9, Article 4, all individuals meeting the definition of a loan originator (LO) must meet licensing requirements that are in compliance with the SAFE Act.

In order to comply with the new law, all individuals acting as loan originators must do the following:

MU4 filing with the Arizona Department of Financial Institutions

All individuals acting as a (LO) must file a Form MU4 through NMLS with this agency. This agency will begin accepting LO applications on October 1, 2009.

The Loan Originator Test

All loan originators must pass the Loan Originator Test, which is comprised of two components: a National and a State Component. LOs must pass each Component with a score of 75% or higher.

The National Component and Arizona State Component are now ready for enrollment and scheduling. Please go to the Testing Page of the NMLS Resource Center web site for additional information:

<http://www.stateregulatoryregistry.org/AM/Template.cfm?Section=Testing>

For test information, please download the LO Testing Handbook at <http://www.stateregulatoryregistry.org/AM/Template.cfm?Section=Testing>.

Pre-Licensure Education Requirements

Loan originators must complete 20 hours of pre-licensure education, which includes 4 hours of Arizona law. NOTE: all 20 pre-licensure education hours must be from NMLS approved courses or all 20 pre-licensure education hours must be from AzDFI approved courses (all of the Arizona 20 pre-licensure education hours must be completed by December 31, 2009).

If you have already satisfied 20 hours of NMLS Approved Education in any state or have had your education certified by another state, you will need to take an additional 4 hours of Arizona law.

After December 31, 2009, only NMLS approved courses will be accepted to meet Arizona LO pre-licensing education requirements. No other courses after this date will be accepted as meeting the LO pre-licensing education requirements.

Criminal Background Check

All individuals acting as Loan Originators must authorize a fingerprint background check through NMLS for the purpose of conducting a national criminal history background check through the Federal Bureau of Investigation beginning by the end of January 2010. 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.

NMLS 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

All loan originators must provide a tri-merge credit report to the Arizona Department of Financial Institutions.

NMLS will implement a comprehensive process to obtain authorization to obtain a credit report through NMLS (details will be sent in a separate correspondence at a later date). The Arizona Department of Financial Institutions will review the credit report provided as part of its determination of financial responsibility for each loan originator.

Continuing Education Requirements

Continuing education will not be required the same year in which your original license is issued. In order to renew a license for 2012 all loan originators must complete 8 units of NMLS approved Continuing Education during calendar year 2011.

CE must include:

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

Company Sponsorship of LO Licenses

The license status of all Loan Originators will be considered “inactive” until the licensed LO is Sponsored by a licensed company. Sponsorship requests are submitted by the company through NMLS.

Surety Bond/Recovery Fund

Every Loan Originator (LO) must be covered under a surety bond or pay into the mortgage recovery fund.

Satisfaction of this requirement can be met by one of the following:

The loan originator may either pay into the mortgage recovery fund or their employer may provide evidence of a surety bond in an amount of not less than \$200,000.00.

NMLS Call Report For Companies

HB2143 requires that every company employing state-licensed LOs must file a NMLS Mortgage Call Report , report of condition, through the NMLS. The NMLS 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 NMLS Mortgage Call Report will be provided at a later date.

For information and instructions regarding the Professional Requirements listed above, please visit the [NMLS Resource Center](#).

[http://www.stateregulatoryregistry.org/NMLS/AM/Template.cfm?Section=Professional Requirements](http://www.stateregulatoryregistry.org/NMLS/AM/Template.cfm?Section=Professional_Requirements)

For Arizona information on loan originator licensing, please visit:

<http://www.azdfi.gov/Licensing/NMLSLO/nmlslo.html>

If you have any questions, please contact Chris Dunshee at cdunshee@azdfi.gov or (602) 771-2800.