



Pre-Licensure Education Expiration Policy **Adopted by the NMLS Policy Committee - January 12, 2016**

Proposed Pre-Licensure Education Expiration Policy

“An individual who completed 20 hours pre-licensure education pursuant to 12 U.S.C. 5104(c) must retake 20 hours of pre-licensure education in order to be eligible for state mortgage loan originator licensure if they:

- (1) fail to acquire a valid state license or federal registration as a mortgage loan originator within three years from the date of federal compliance with 12 U.S.C. 5104(c) ; or**
- (2) fail to acquire a valid state license or federal registration as a mortgage loan originator within three years from the last date of licensure or registration as a mortgage loan originator.”**

Mortgage Testing and Education Board and NMLS Policy Committee Recommendations

The Mortgage Testing and Education Board (MTEB)¹ and the NMLS Policy Committee (NMLSPC)² recommend that a uniform policy be implemented related to expiration of pre-licensure education (PE). The SAFE-mandated PE requirements are a national minimum standard accepted in any state and the rules surrounding eligibility of those requirements should be uniform among the states. The annual requirements for continuing education (CE) that active MLOs must complete help to ensure that MLOs are kept current on state and federal mortgage and consumer protection laws, but individuals who are not subject to annual updates should be required to “redo” the initial course requirements. This policy also provides consistency with current state law and SRR policy on continuing education (CE), which requires MLOs who relinquish a state license to satisfy education requirements for the last year in which they were licensed prior to obtaining another license. Additionally, adoption would limit the number of years SRR would be required to maintain the Late CE catalog that is used to make-up CE (e.g. the 2013 Late CE catalog must address missed CE for 2010, 2011 and 2012).

¹ In order for SRR to carry out MLO testing and education requirements mandated under the SAFE Act, the SRR Board of Managers created the Mortgage Testing and Education Board (MTEB). The MTEB is comprised of nine state regulators. It has administrative responsibility regarding test security issues which apply to the administration of the SAFE MLO Test. It also serves in an advisory role by providing guidance and recommendations to the SRR Board of Managers and staff about issues affecting the implementation and operations of SAFE Act testing and education requirements. The roster of the MTEB can be found at <http://mortgage.nationwidelicencingsystem.org/courseprovider/Documents/MTEB%20Members.pdf>

² To assist it in making decisions and handling operational matters, the SRR Board of Managers created the NMLS Policy Committee (NMLSPC) which is comprised of 11 state regulators. The NMLS Policy Committee provides SRR a mechanism to make policy decisions for NMLS with regards to its impact on meeting state licensing regulations. Decisions are made after considering input from NMLS Participating State Agencies, licensees and industry. The roster of the NMLSPC can be found at <http://mortgage.nationwidelicencingsystem.org/about/Documents/MLPC%20Committee%20List.pdf>

Proposed PE Course and Compliance Expiration Rules

The following rules are required to implement the proposed pre-licensure education policy outlined above:

PE Compliance Expiration Rules (when licensure is not yet achieved)

1. When the individual becomes PE Compliant³, the PE Expiration clock begins. The clock begins from the course completion date when the last course that results in federal PE compliance is banked to the individual's record in NMLS.
2. When the PE Compliance Expiration clock reaches three (3) years, *and if the individual has not achieved licensure or become a federal registrant*, all course(s) associated with compliance expire and may not be counted toward PE Compliance in the future.

PE Compliance Expiration Rules (for after licensure has been achieved)

3. A PE Compliance Expiration clock starts when an individual no longer holds:
 - a) a renewable state license requiring SAFE compliance or
 - b) a valid federal registration⁴.
4. If within three (3) years after the clock starts, the individual is granted a state license requiring PE compliance or obtains a valid federal registration, the PE Compliance Expiration clock stops and resets to zero.
5. When the PE Compliance Expiration clock reaches three (3) years, PE Compliance expires for the individual.
6. When PE Compliance expires, any PE course(s) taken more than three years before the date of expiration will also expire and cannot be counted toward PE Compliance in the future (remaining courses would be subject to Rule #3 above).

Sample Scenarios

Red Scenario – Course(s) and Compliance Expiration

Jane Red took a PE course or courses and became PE compliant on January 20, 2010. Jane did not become state-licensed or federally registered. On January 21, 2013, the PE compliance "expires," and the course(s) associated with achieving federal compliance are no longer valid and may not be applied toward PE education requirements. Jane Red is required to complete a new PE course or courses if she wanted to pursue getting licensed.

→Course Completion Record will be updated on January 21, 2013 as follows: i) the course(s) will appear as expired, and ii) credit hours for the course(s) will not be applied to PE requirement types (federal law, non-traditional lending, ethics, or electives) for PE Compliance.

³ As mandated by the federal SAFE Act, an individual becomes PE Compliant by satisfactorily completing 20 hours of NMLS approved education consisting of at least 3 hours of federal law, 3 hours of ethics, 2 hours of non-traditional mortgage lending, and 12 hours of undefined education (electives).

⁴ An individual is a valid federal registrant when he is registered with NMLS and maintains a unique identifier through NMLS.

Yellow Scenario – Expiration Clock Start After Licensure

Brad Yellow became PE compliant on January 24, 2010. Brad submitted a filing to request a license in State A and the license was approved on February 5, 2010. He later surrendered his license in State A. The surrender was accepted by the regulator in State A on March 27, 2012. PE Compliance for Brad expires on March 28, 2015.

→ Course Completion Record will be updated on March 28, 2015 as follows: i) PE Compliance will be retracted; ii) PE courses taken more than three years before March 28, 2015 will appear as expired; and ii) credit hours for the expired courses will not be applied to PE requirement types or count toward PE Compliance.

Blue Scenario – Federal Registrant

Jeremy Blue became PE compliant on April 1, 2012. Instead of filing for a state license, he submitted a federal registration which was set to Active (employment was confirmed by their employing Institution) on April 10, 2012. Jeremy's PE compliance will not expire on April 2, 2015, three years after PE compliance was achieved, since he holds a valid federal registration.

→ No change to Course Completion Record.