

**Rhode Island Mortgage Loan Originator  
Professional Requirements under SAFE  
September 11, 2009**

Rhode Island Bill Numbers H 5704 A and S 0461 A were enacted into law on July 16, 2009 in order to bring the mortgage licensing laws of the State of Rhode Island 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 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](http://www.csbs.org/AM/Template.cfm?Section=SAFE_Act).

All individuals meeting the definition in the law of a Mortgage Loan Originator (MLO) must meet new licensing requirements that are in compliance with the SAFE Act.

An individual is acting as a MLO in Rhode Island under the following circumstances:

- The individual originates loans to be secured by real property located in Rhode Island; or
- The individual originates loans to be secured by real property located in any other state and the origination activity occurs in the state of Rhode Island;

In order to comply with the new law, all individuals acting as MLOs in Rhode Island must do the following:

**MU4 filing with the Rhode Island Division of Banking**

All individuals acting as a MLO in Rhode Island should have filed a Form MU4 through NMLS with the Division of Banking.

**The SAFE Mortgage Loan Originator Test**

All MLOs must pass the SAFE Mortgage Loan Originator Test, which is comprised of two components: a National Component and a State Component. MLOs must pass each Component with a score of 75% or higher. This also applies to any MLO who had passed a test given by a course provider approved by the Division of Banking.

**National Component**

All Rhode Island licensed MLOs must pass the National Component prior to renewing their license for 2010.

New entrants to the industry **must pass the National Component before filing Form MU4 through NMLS and before filing the Rhode Island State Specific Requirements with the Division of Banking.**

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**

All Rhode Island licensed MLOs must also pass the State Component prior to renewing their license for 2010.

New entrants to the industry must pass the State Component before filing Form MU4 through NMLS **and before filing the Rhode Island State Specific Requirements with the Division of Banking.**

### **Pre-Licensure Education Requirements**

As of July 31, 2009 MLOs must complete twenty (20) hours of pre-licensure education under R. I. Gen. Laws § 19-14.10-7.

Rhode Island licensed MLOs who have completed 20 or more hours of Rhode Island Division of Banking approved education (pre-licensure and/or continuing education) may be certified by the Division of Banking as having fulfilled the pre-licensure education requirements. Rhode Island licensed MLOs who were subject to the lesser 12 hours requirement will need to take an additional 8 hours of Rhode Island Division of Banking approved courses to have their hours eligible for certification.

In order to participate in the Certification process, a MLO must have an individual account in NMLS with a unique ID number and have completed the required 20 hours or more of pre-licensure education requirements under an education program approved by the Division of Banking. Evidence of completion of 20 hours or more of pre-licensure education must be received by the Division in order for a MLO to renew a license for 2010. The Division encourages MLOs to complete the education requirement by no later than October 31, 2009. Certification details will be sent in a separate correspondence at a later date.

Individuals not eligible for Certification are required to complete twenty (20) hours of NMLS approved pre-licensure education, including three (3) hours of Rhode Island State content in order to act as a Rhode Island MLO.

If you have already satisfied 20 hours of NMLS Approved Education in any state or have had your education certified by another state, you are required only to meet the three (3) Rhode Island State content hours prior to renewing a license for 2010

As of December 1, 2009 the Division of Banking will accept **only** NMLS approved courses to meet MLO education requirements. The Division of Banking will, however, for Rhode Island licensed MLOs who have earned less than 20 hours of education credit hours through Rhode Island approved courses, accept through November 30, 2009 the additional credit hours to be earned for the number of hours needed to obtain the required 20 hours. All new applicants who have never taken Rhode Island approved education courses must take NMLS approved courses starting November 1, 2009. The Division of Banking will no longer approve courses or education providers and MLOs will be required to take NMLS approved courses to satisfy either pre-licensure and/or continuing education requirements.

### **Criminal Background Check**

All individuals acting as MLOs 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 once functionality within the NMLS system is available. 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 MLOs must provide authorization to obtain a credit report through NMLS. The Division of Banking will review the credit report provided as part of its determination of financial responsibility for each MLO.

NMLS 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**

Any MLO who has completed at least 20 hours of NMLS approved, or Rhode Island Division of Banking approved and certified pre-licensing education including at least three (3) hours of RI content will be deemed to have satisfied the requirements for renewing their license for 2010. In order to renew a license for 2011 all MLOs must complete eight (8) hours of NMLS approved Continuing Education during calendar year 2010.

CE 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 Rhode Island law and regulations.

### **Company Sponsorship of MLO Licenses**

The license status of all MLOs will be considered “inactive” until the licensed MLO is sponsored by a licensed or registered company. Sponsorship requests are submitted by the company through NMLS.

### **Surety Bond/Recovery Fund**

Every MLO must be covered under a surety bond that reflects the dollar amount of loans originated on an annual basis.

Satisfaction of this requirement can be met by the following:

State Licensed MLOs or the companies sponsoring state-licensed MLOs must provide evidence of surety bond meeting Rhode Island requirements as part of their company license or registration. The Division will be drafting regulations on the amount of the bond.

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

### **NMLS Call Report For Companies**

R. I. Gen. Laws §§ 19-14-22(a) and 19-14.10-18 requires that every company employing state-licensed MLOs must file a NMLS Mortgage Call Report 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 please visit the [NMLS Resource Center](#) at the following link:

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

Visit the following state link for updates to Rhode Island Professional Requirements:

<http://www.dbr.ri.gov/divisions/banking/license.php>