

**Rhode Island Mortgage Loan Originator
Professional Requirements under SAFE Update
January 5, 2010**

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.

All individuals meeting the definition in the law of a Mortgage Loan Originator 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 residential mortgage loans with respect to a dwelling located in Rhode Island; or
- The individual originates residential mortgage loans with respect to a dwelling located in any other state and the origination activity occurs in the state of Rhode Island.

A Mortgage Loan Originator (MLO) is an individual who, for compensation or gain or in the expectation of compensation or gain: (1) takes a residential mortgage loan application; or (2) offers or negotiates terms of a residential mortgage loan.

A residential mortgage loan is any loan primarily for personal, family, or household use that is secured by a mortgage, deed of trust, or other equivalent consensual security interest on a dwelling or residential real estate upon which is constructed or intended to be constructed a dwelling.

A dwelling is a residential structure, including a mobile home, which contains one to four family housing units, or individual units of condominiums or cooperatives

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

Application for Rhode Island MLO License

In order to act as a MLO in Rhode Island an individual must:

- File a Form MU4 through NMLS with the Division of Banking, with related Rhode Island State Specific Requirements and have been approved by the Division of Banking.
- Prior to submitting the Rhode Island State Specific Requirements the individual 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.

- Complete twenty (20) hours of pre-licensure education under as prescribed in R. I. Gen. Laws § 19-14.10-7.
- Authorize a fingerprint background check for the purpose of conducting a national criminal history background check through the Federal Bureau of Investigation. This will be done through local state and municipal law enforcement agencies until such time as functionality is available through the NMLS to perform the background check. All individuals, regardless of whether you are currently licensed in the state or if you have previously submitted fingerprints for licensure, will be required to authorize the background check through the NMLS.
- Authorize the Division 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.
- 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.

Continuing Education Requirements

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.

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

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

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