

If you conduct residential or commercial mortgage loan activity, new license requirements went into effect on January 1, 2010.

You must:

1. By January 31, 2010 or within 30 days of commencing the activity whichever is later, report to the Department of Real Estate if you make, arrange or service loans secured by real property. This applies to both residential and commercial activities. The report must be completed online by using [Form RE 866](#) <https://secure.dre.ca.gov/elicensing/nmls.asp>, *Mortgage Loan Activity Notification*. Look for the Mortgage Loan Activities icon under "Highlights". Future business activity reporting will also be required.

If you conduct licensed activities as a residential mortgage loan originator, an endorsement is required on your real estate license.

You must also:

2. Register on the Nationwide Mortgage Licensing System and Registry (NMLS&R). The NMLS&R will contain a single license record for each mortgage loan lender, broker, branch and mortgage loan originator (MLO). No fee is required to create an initial NMLS&R base record.
3. Satisfy the federal requirements for MLO licensure. Requirements include new qualification assessments, federal and state examinations, and background checks. There are no exceptions to or exemptions from these requirements for existing licensees.
4. By January 1, 2011, be issued an MLO endorsement on your real estate license. **Endorsement applications for qualified MLO registrants must be submitted by September 15, 2010 to be issued by January 1, 2011.** The initial MLO license endorsements will expire on December 31, 2011. MLO endorsements are issued annually. The endorsement will carry a nationwide identification number known as a "unique identifier" which will be assigned by the NMLS&R. The term and license identification number of the "base" real estate license will not change. Real estate licensees will continue to be responsible for filing the necessary renewal and record update requirements to maintain their four year real estate license separate from the MLO endorsement.

Failure to submit the required RE 866 report timely or obtain the required MLO endorsement can result in the assessment of penalty fees of fifty dollars (\$50) per day for the first 30 days the report is not filed, or if the MLO license endorsement is not issued, and one hundred dollars (\$100) per day for every day thereafter for a maximum of \$10,000.

Mortgage Loan Activity Notification Requirement Senate Bill 36

Senate Bill 36 (SB 36), which was signed into law in October 2009, was enacted to identify real estate licensees conducting mortgage activities and to bring California into compliance with the federal Secure and Fair Enforcement Mortgage License Act (SAFE Act) of the Housing and Economic Recovery Act of 2008 (Public Law 110-289).

Federal SAFE ACT for Residential Mortgage Loan Originators

The SAFE Act requires all states to adhere to minimum residential mortgage loan originator license requirements. The Conference of State Bank Supervisors (CSBS) and the American Association of Residential Mortgage Regulators (AARMR) created, and will maintain, the Nationwide Mortgage Licensing System and Registry (NMLS&R) as the basis for state licensing. The NMLS&R will contain a single license record for each mortgage loan lender, broker, branch and mortgage loan originator (MLO) that can be used to apply for, amend, and renew a license in any state. For further information, please see the NMLS&R Resource Center at www.mortgage.nationwidelicencingsystem.org.

IMPORTANT-The SAFE Act prohibits the licensing of an MLO if:

- an 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
- an applicant has ever had a loan originator license revoked in any governmental jurisdiction, or
- an applicant has demonstrated a lack of financial responsibility by showing disregard in the management of his or her own financial condition

SB 36 requires all DRE real estate licensees who conduct residential MLO activities, as outlined in the SAFE Act, to meet the following requirements to qualify for the MLO real estate license endorsement. Qualification processing fees are non-refundable.

- 1) You must take and pass both the National and California Unique State component of the SAFE written examination, administered by a NMLS&R vendor. The **National component of the examination is currently available to be taken by all applicants**. The California State component is under development and expected to be available in late February. Additional details are at the NMLS&R web site under the Professional Requirements tab.
- 2) You must complete 20 hours of pre-license education. This requirement may already be satisfied by current DRE licensees and the determination of such by CSBS remains pending. Further information will be made available on the DRE web site as soon as it is known.

- 3) After DRE officially becomes part of the NMLS&R system in March 2010, you must file an online MLO license endorsement application and license endorsement fee on the NMLS&R.
- 4) You must submit a new set of fingerprints using a NMLS&R live scan vendor. Appointment information and vendor locations will be provided during the license endorsement application process.
- 5) You will be required to authorize the NMLS&R to obtain a credit report from a consumer reporting agency either as part of the on-line application process or by within the first term of the license endorsement as this functionality becomes available in the system.