



JENNIFER M. GRANHOLM
GOVERNOR

STATE OF MICHIGAN
OFFICE OF FINANCIAL AND INSURANCE REGULATION
DEPARTMENT OF LABOR & ECONOMIC GROWTH
KEITH W. COOLEY, DIRECTOR

KEN ROSS
COMMISSIONER

Memorandum

DATE: August 20, 2008

TO: All Mortgage Broker, Lender, and Servicer Licensees and Registrants

FROM: Mark W. Weigold, Director
Consumer Finance Section

SUBJECT: Loan Officer Education, Testing, and Registration

In April 2008, Governor Granholm signed several Bills that amend the Mortgage Brokers, Lenders, and Servicers Licensing Act, 1987 PA 173, (MBLSLA), to require the registration of loan officers that originate mortgage loans in Michigan. The new Acts either took immediate effect on April 3, 2008, or will take effect January 1, 2009. Loan officer registration is required effective January 1, 2009. The Michigan Office of Financial and Insurance Regulation (OFIR) is responsible to administer the MBLSLA. The following is important information that every mortgage broker, lender, and servicer needs to review with their loan officers/originators, staff, and counsel.

Loan Officer Legislation

- The new Public Acts include Act 59, Act 60, Act 61, Act 62, Act 63, Act 64, Act 65, Act 66, Act 67, Act 68, Act 69, Act 70, and Act 71 are effective April 3, 2008; Act 72 is effective January 1, 2009. The updated MBLSLA can be viewed at the OFIR website.

Nationwide Mortgage Licensing System (NMLS)

- The NMLS was developed by state regulators through the Conference of State Bank Supervisors (CSBS) and the American Association of Residential Mortgage Regulators (AARMR). The NMLS will enhance consumer protection and streamline the licensing process for regulators and the industry. Michigan loan officer registration applications will be completed and submitted through the NMLS along with a Michigan specific application and attestation.
- The NMLS website may be accessed at www.stateregulatoryregistry.org/nmls. To view the future loan officer registration forms, click on "Licensees," then "MU Forms."

Loan Officer Notification

- Effective January 1, 2009, an employing licensee or registrant is required to notify OFIR within 20 days of hiring or engaging an individual as a loan officer or terminating the employment of or agency relationship with a loan officer.
- Additional information will be posted on the OFIR website as it becomes available.

Loan Officer Registration

- Loan officer registration is required beginning January 1, 2009.
- Any individual that is not a loan officer registrant beginning January 1, 2009, will not be authorized to originate mortgage loans unless the licensee or registrant that the individual is an employee or agent of has completed an acceptable criminal background investigation and has provided appropriate electronic notification to the OFIR.
- Loan officer notification, fingerprints with criminal background investigation, pre-registration education, testing, application, registration fee, and continuing education will be required.
- Individuals currently licensed as a mortgage broker will also require loan officer registration, if they are originating loans.
- Individuals that have originated mortgage loans 4½ out of the last 5 years effective April 3, 2008 are not required to complete pre-registration education if the individual meets all other application, testing, and criminal background investigation requirements on or before December 3, 2008.
- Loan officer registration is required effective January 1, 2009; however, a loan officer registration paper certificate will not be issued.

Loan Officer Registration Application

- Applying for loan officer registration will begin October 1, 2008.
- Applications will be completed electronically through the NMLS.
- Applications will be submitted by mortgage broker, lender, or servicer licensee/registrant.
- The mortgage broker, lender, or servicer licensee/registrant and the loan officer are both required to attest to the application responses.
- There will be a Michigan specific section on the loan officer application.

Loan Officer Registration Fees

- A \$350 non-refundable loan officer registration fee must be paid at application.
- A \$30 non-refundable NMLS one time set up fee must be paid at application. (*revised 9/18/08*)
- A \$30 non-refundable NMLS annual fee must be paid at application. (*revised 9/18/08*)

Denial of Loan Officer Registration

- A loan officer registration **shall not** be issued if any of the following is met by a loan officer registrant applicant:
 1. The individual has been convicted of, or pled no contest to, a felony or misdemeanor involving embezzlement, forgery, fraud, a financial transaction, or securities.
 2. Within the 10-year period preceding the date of the application the individual has been convicted of, or pled no contest to, a felony involving any felony other than a felony involving embezzlement, forgery, fraud, a financial transaction, or securities.

3. An individual against whom the commissioner has issued a prohibition order.
4. An individual for whom the commissioner has not received the results of the criminal record check.

Fingerprints and Criminal Background Review

- Fingerprints are to be taken for all loan officers and all loan officer registrant applicants.
- Fingerprints will be submitted to the Michigan State Police for a criminal record check.
- Additional information about how to obtain a criminal record check will be posted on the OFIR website as it becomes available.

Pre-Registration Education Requirements

- 24-hours of pre-registration education are required.
- The only exception to the 24-hour pre-registration education requirement is for individuals that have originated mortgage loans 4½ out of the last 5 years effective April 3, 2008, that complete the all application, testing, and criminal background investigation requirements on or before December 3, 2008.
- Approved Michigan pre-education providers will be available on the OFIR website.

Loan Officer Testing

- Testing will be provided by an approved testing vendor.
- Testing for loan officer registration will begin October 1, 2008.
- Each individual must pass the required loan officer registration test with a score of at least 75%.
- Additional information will be posted on the OFIR website as it becomes available.

Mortgage Industry Advisory Board

- The OFIR approved seven Mortgage Industry Advisory Board (MIAB) members effective May 19, 2008. The approved MIAB members are Allan Daniels, Mark Janssen, Michael A. Kus, Pava J. Leyrer, Bruce Rosenblat, Tim Ross, and Mike Winks.
- The MIAB is responsible for communicating to the commissioner issues of concern to the residential mortgage industry and shall review and make recommendations to the commissioner concerning: course sponsors or providers, course instructors, and the content of and materials for courses provided to loan officers and loan officer applicants; content and procedures for examinations given to loan officers; rules proposed under the Mortgage Brokers, Lenders, and Servicers Licensing Act; procedures to verify attendance at and participation in courses conducted electronically; procedures for maintaining the confidentiality of personal identifying information and other information concerning mortgage licensees, registrants, and applicants for license or registration; and, any other issue referred to the MIAB by the commissioner.
- The MIAB meeting minutes may be viewed on the OFIR website by clicking on “Industry Services,” then “Mortgage and Consumer Finance.”

OFIR Website

- The general OFIR website address is www.michigan.gov/ofir.
- For the latest information pertaining to loan officer registration, click on “Industry Services,” then “Mortgage and Consumer Finance.”
- “Frequently Asked Questions” may be viewed on the OFIR website.

Timelines

- August 15, 2008 Pre-registration education provider application is available on the OFIR website for all entities that intend to provide pre-registration education courses and instructors.
- September 1, 2008 Pre-registration education courses will be available through approved education providers and instructors.
- October 1, 2008 Loan officer registration tests will be available to potential loan officer registrants through an approved testing vendor.
- October 1, 2008 Loan officer registration application will be available through NMLS.
- January 1, 2009 Loan officers must be registered.

Future correspondence will be available on the OFIR website www.michigan.gov/ofir. Please continue to check the OFIR website to verify requirements to register Michigan loan officers.