



State of North Carolina

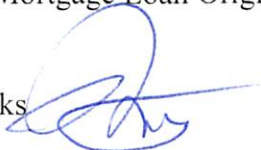
OFFICE OF THE COMMISSIONER OF BANKS

PAT MCCRORY
GOVERNOR

RAY GRACE
COMMISSIONER OF BANKS

MEMORANDUM

To: Federally Registered Mortgage Loan Originators

FROM: Ray Grace
Commissioner of Banks 

DATE: January 20, 2016

RE: Prelicensing Education and Testing Requirements to Become Licensed Under the NC SAFE Act

As a follow up to our previous memoranda dated December 3 and December 8, 2015, I wanted to provide additional background and clarification that I hope will ease some concerns that have been shared with my office.

In the fall of 2015, the North Carolina Office of the Commissioner of Banks ("NCCOB") became aware that approximately 50 federally registered mortgage loan originators ("MLOs") were seeking licensure with our office. Upon further research, we discovered that we had 534 active federal registrants who also held an approved-inactive North Carolina MLO license, out of 9,838 North Carolina MLO licensees. However, the NCCOB determined that the NC SAFE Act does not authorize an individual MLO to simultaneously hold an active federal registration and an approved-inactive MLO state license.

We understand that the North Carolina transitional MLO license option referenced in our December 3 and December 8, 2015 memoranda is not currently available for federal registrants. There is, however, legislation pending in Congress that would modify the Federal SAFE Act in a way that would allow North Carolina's transitional MLO license option to become effective for federal registrants. (H.R. 2121 – SAFE Transitional Licensing Act of 2015). However, unless and until that legislation passes, this office recognizes that certain previously licensed individuals may be adversely affected.

Under the NC SAFE Act, applicants must have completed prelicensing education within the three years immediately preceding the date of application and passed the national test within the five years immediately preceding the date of application. N.C. Gen. Stat. § 53-244.050(b). Consequently, a federally registered MLO may be obligated to retake prelicensing education and the national test in order to qualify for a North Carolina MLO license.

After careful consideration and in order to mitigate the potential consequences of the December memoranda, the NCCOB is committed to the following for the 534 currently registered MLOs:

- Through December 31, 2020, we will accept a passing national test score taken at any time prior to January 1, 2016, in satisfaction of the testing requirement for state licensure, regardless of when the test was completed; and
- Through December 31, 2018, we will accept prelicensing education credits completed at any time prior to January 1, 2016, in satisfaction of the prelicensing education requirement, regardless of when the prelicensing education was completed.

The NCCOB is also providing a fast track for processing these applications that can be completed in one to seven business days in order to minimize any non-working time for the applicant.

We encourage all participants in the mortgage industry, including federally registered MLOs, to continue their educational efforts in order to ensure a secure and fair mortgage industry.

On February 4, 2016, at 9:00 a.m. (EST), our office will hold a conference call to answer any questions you may have regarding this matter (conference access number: 888-808-6929; access code: 6255033#). In the meantime, please feel free to contact our office with any further questions.

Thank you.