



STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

Department of Business Regulation

Division of Banking

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BANKING BULLETIN 2008-1

EDUCATIONAL REQUIREMENTS FOR MORTGAGE LOAN ORIGINATORS

I. Applicability and Scope

The Division of Banking (“Division”) of the Department of Business Regulation (“Department”) is issuing this Banking Bulletin in order to inform interested parties of the education requirements that mortgage loan originator license applications must satisfy in order to apply for a Mortgage Loan Originator License pursuant to R. I. Gen. Laws § 19-14-3. The purpose of the educational requirements as set forth below is to confirm a potential applicant’s understanding of the applicable laws and regulations related to the mortgage loan origination profession.

This Bulletin also sets forth the requirements for application and approval of mortgage loan originator educational courses by the Division. This Bulletin applies to all individuals applying for licensure as mortgage loan originators as well as individuals and companies seeking to provide mortgage loan originator educational courses. All Lenders and Loan Brokers must be aware of the requirements set forth in this Bulletin regarding employment of mortgage loan originators.

II. Policy

Pursuant to R. I. Gen. Laws § 19-14-3, the company or individual seeking to provide mortgage loan originator training must be either an approved Nationally Recognized Training Facility or any other training facility as approved by the Director of Business Regulation (“Director”) or the Director’s designee.

The educational course to be provided by the training facility must include a test and contain, at a minimum, the following:

A. Initial Mortgage Loan Originator Course

Each course must be classroom-based and consist of between twelve (12) and twenty-four (24) credit hours in duration depending on the amount and type of experience of the student. Fifty (50) minutes of classroom instruction will equal one credit hour. Classroom instruction should be supplemented with appropriate textbooks, handouts, and other references.

Those individuals that met the definition of a mortgage loan originator prior to January 1, 2009 who have been employed as a loan officer of a financial institution, credit union, bank for one (1) to less than five (5) years immediately preceding the individual's employment as a mortgage loan originator, must complete the required training within one hundred twenty (120) days of the individual's employment as a mortgage loan originator.

Those individuals that met the definition of a mortgage loan originator prior to January 1, 2009 who have been employed as a loan officer of a financial institution, credit union, bank for five (5) years immediately preceding the individual's employment as a mortgage loan originator, must complete the required training within twelve (12) months of the individual's employment as a mortgage loan originator.

All other individuals applying for a mortgage loan originator license must provide evidence of completion of the required training with the application for the license.

B. Continuing Education Courses

Each course may include or be a combination of audio, classroom, computer-based, correspondence, audio-visual, or textbook instruction. Fifty (50) minutes of course instruction will equal one (1) credit hour. Each mortgage loan originator must complete at least eight (8) credit hours of continuing education annual as a requirement for maintaining the license. Those individuals that successfully complete the pre-licensure required course are not required to complete additional continuing education requirements during the calendar year in which the mortgage loan originator license is obtained.

C. Course Time Allocation Requirements

Each course must abide by the following framework, and minimum classroom time should be allocated as indicated below:

	Topic	24 Hour Initial Course	12 Hour Initial Course	8 Hour Continuing Education Course
a	Applicable Rhode Island Specific Laws and Regulations	20%	25%	25%
b	Applicable Federal Laws and Regulations	40%	40%	40%
c	Ethics	10%	10%	10%
d	Contract Law	10%	10%	10%
e	Any combination of (a) through (c)	20%	15%	15%
		100%	100%	100%

D. Course Content Requirements

Each course must cover the following applicable laws and regulations, at a minimum:

State	Federal
R. I. Gen. Laws § 19-1-1 et seq.	Fair and Accurate Credit Transaction Act 12 USC 1601
R. I. Gen. Laws § 19-9-1 et seq.	Fair Credit Reporting Act 15 USC 1681
Banking Regulation 98-9	Fair Housing Act 42 USC 3601
R. I. Gen. Laws § 19-14-1 et seq.	Federal Trade Commission's Safeguards Rule 16 CFR Part 314
Banking Regulation 98-14	Home Ownership and Equity Act 15 USC 1631
	RESPA 12 USC 2601
R. I. Gen. Laws § 19-14.1-1 et seq.	HUD Regulation 24 CFR Part 3500
Banking Regulation 98-14.1	FRB Regulation B 12 CFR Part 202
R. I. Gen. Laws § 5-20.7-1 et seq.	FRB Regulation C 12 CFR Part 203
R. I. Gen. Laws § 34-23-1 et seq.	FRB Regulation P 12 CFR Part 216
R. I. Gen. Laws § 34-25-1 et seq.	FRB Regulation Z 12 CFR Part 226
R. I. Gen. Laws § 34-25.1-1 et seq.	Alternative Mortgage Transactions 12 USC 3801
R. I. Gen. Laws § 34-25.2-1 et seq.	
Banking Regulation 3	
R. I. Gen. Laws § 34-27.1-1 et seq.	
R. I. Gen. Laws § 34-37-1 et seq.	
R. I. Gen. Laws § 27-5-3.2	
R. I. Gen. Laws § 27-5-3.3	
R. I. Gen. Laws § 27-5-6.1	
R. I. Gen. Laws § 27-5-6.2	
R. I. Gen. Laws § 27-29	
R. I. Gen. Laws § 27-58-1 et seq.	

At the conclusion of the course, a roster of those students successfully completing the course shall be submitted to the Division, in a format approved by the Division (go to <http://www.dbr.ri.gov/divisions/banking/license.php> under Mortgage Loan Originator Registration for approved format). Additionally, each student successfully completing the requirements of the course shall be provided with a certificate of completion. Each mortgage loan originator must also, on or before March 31st of each year, file with the Division evidence that said mortgage loan originator licensee has successfully completed, during the twelve (12) months immediately preceding March 31st the required continuing educational courses.

E. Reciprocity of Approved Courses

If a Division-approved educational provider offers a mortgage loan originator course addressing the federal laws and regulations noted above and have been approved in other jurisdictions, there is a presumption the course would be approved by the Division. The Rhode Island-specific requirements for the course must be addressed to receive full credit and may be completed through or in conjunction with a supplement course.

F. Application for Approval of Mortgage Loan Originator Course and Continuing Education Courses

As specified in R. I. Gen. Laws § 19-14-3 and this Bulletin, each mortgage loan originator course provider must be an approved nationally recognized training provider or be approved by the Division. The course provider must complete the “Application for Approval to be a Mortgage Loan Originator Educational Course Provider”, meet all the requirements set forth in this Bulletin, as well as provide the necessary documentation set forth below:

- A completed “Application for Approval to be a Mortgage Loan Originator Educational Course Provider”.
- Required enclosures:
 - Course description with summary outline and objectives;
 - Complete set of materials for curriculum, all teaching aids, books, handouts, pamphlets, and practice examinations with answers.
 - Company outline and history;
 - A description of the evaluation methods to be used (i.e. reviews, testing, etc.) and
 - Profiles on the Course Instructors.

All application materials are to be submitted in an electronic media format, as either a PDF email attachment at DBR.BankInquiry@dbr.ri.gov, a compact disc, or a USB drive.

1. Course Instructor Requirements

Course instructors must, at a minimum, have five (5) years experience teaching the subject matter or mortgage-related topics, or five (5) years in related work experience in mortgage lending, or some combination thereof. Applicants must complete proper due diligence on course instructors and ensure they meet all standards and requirements outlined in this Bulletin, as well as possess the character, requisite knowledge, and experience to serve in that role.

2. Application Submission, Review and Approval Process

If upon review of the application, the Division determines that the application is incomplete or the Division requires additional information or review, the applicant will be notified and supplemental submissions may be required. All approved providers will be posted on the Division’s website at www.dbr.ri.gov. Posting of Division-approved providers does not constitute the Division’s endorsement of these educational providers.

3. Course Provider Approval and Supplemental Submissions

Each course provider that has met all standards and criteria identified in this Bulletin and R. I. Gen. Laws § 19-14-3 to the Division’s satisfaction will be notified as approved. The approval will be valid for five (5) years from the date of approval. The Division reserves the right to modify, revoke, or suspend its approval. The Division reserves the right to conduct random reviews or examinations of courses offered by the providers at any time.

Approved course providers may submit additional courses for approval within the five (5) year approval period by submitting the required course materials as specified in the “Application for Approval to be a Mortgage Loan Originator Educational Course Provider”. A full application is not required for supplemental filings. Applicants will be required to resubmit full applications for approval upon the expiration of the initial approval of the Division.

4. Educational Course Changes

The Division understands that educational courses frequently require changes in content and materials in order to remain current on evolving topics. As such, the Division requires thirty (30) days prior notice to any proposed material or substantive changes to any educational course, that the provider notify the Division of the proposed change. Additionally the Division should be notified of significant events or any changes to answers provided to questions in the “Application for Approval to be a Mortgage Loan Originator Educational Course Provider”. All notices are to be filed electronically as a PDF email attachment at DBR.BankInquiry@dbr.ri.gov.

5. **SECURE AND FAIR ENFORCEMENT FOR MORTGAGE LICENSING ACT OF 2008 OR “S.A.F.E. MORTGAGE LICENSING ACT OF 2008”.**

As a result of passage of the **S.A.F.E. Mortgage Licensing Act of 2008** the following educational requirements will also apply:

(3) **MINIMUM EDUCATIONAL REQUIREMENTS-** In order to meet the pre-licensing education requirement a person shall complete at least 20 hours of education approved in accordance with paragraph (2), which shall include at least--

- A. 3 hours of Federal law and regulations;
- B. 3 hours of ethics, which shall include instruction on fraud, consumer protection, and fair lending issues; and
- C. 2 hours of training related to lending standards for the subprime mortgage marketplace.

(2) **APPROVED EDUCATIONAL COURSES-** For purposes of paragraph (1), pre-licensing education courses shall be reviewed, and approved by the Nationwide Mortgage Licensing System and Registry.

(3) **CONTINUING EDUCATIONAL REQUIREMENTS-** In order to meet the annual continuing education requirements a State-licensed loan originator shall complete at least 8 hours of education approved in accordance with paragraph (2), which shall include at least--

- A. 3 hours of Federal law and regulations;
- B. 2 hours of ethics, which shall include instruction on fraud, consumer protection, and fair lending issues; and
- C. 2 hours of training related to lending standards for the subprime mortgage marketplace.

(4) **APPROVED EDUCATIONAL COURSES-** For purposes of paragraph (1), continuing education courses shall be reviewed, and approved by the Nationwide Mortgage Licensing System and Registry.

(5) The required pre-license test is expected to be available during the second quarter of 2009

III. Historical Notes

This Bulletin was first issued on September 26, 2008.

This Bulletin was amended on October 8, 2008 to specify the need for a testing requirement.

IV. Authority

R. I. Gen. Laws §19-14-3

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