New Streamlined Licensing Process for Mortgage Loan Originators Takes Effect November 24

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Washington, DC – Mortgage loan originators (MLOs) will be able to continue doing business while moving between states or moving from a bank to a nonbank employer under a new provision of the SAFE Act of 2008 known as Temporary Authority to Operate, effective November 24. This change in federal law allows states to streamline the licensing process for state-licensed MLOs and federal registrants.

Under Temporary Authority, eligible federally registered MLOs seeking state licensure and eligible state-licensed MLOs seeking licensure in another state can continue originating loans for up to 120 days, while completing any state-specific requirements.

“Implementation of Temporary Authority is the most recent effort by the states to streamline MLO licensing, which we have done in the past with initiatives such as the uniform state test,” said Kelly O’Sullivan, deputy commissioner of the Montana Division of Banking and chair of the NMLS Policy Committee.

O’Sullivan continued, “Loan originators should expect reduced turn times for MLO license approvals. Applicants can get the maximum benefit from the Temporary Authority process by ensuring their NMLS record is fully documented with no outstanding issues. Companies are encouraged to review their onboarding process, due to the shorter turn-around times.”

After an MLO applies and a company sponsors the application, the NMLS will make an immediate determination of eligibility for Temporary Authority.

Up to 87% of all MLO applications in 2018 would have been eligible for Temporary
Authority if it had been in place last year.

CSBS operates the Nationwide Multistate Licensing System (NMLS) on behalf of state regulators.

More information at mortgage.nationwidelicensingsystem.org.