

2019 MLO Updates

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Topics

- New Laws
- Examination Findings and Best Practices
- The Future of Things

New law - Temporary Authority to Operate

What is this?

- ▶ S. 2155 Temporary authority is an amendment to the 2008 SAFE Act
- ▶ Act 74, SLH2019
- ▶ Effective November 24, 2019
- ▶ Allows a qualified MLO to continue originating loans while completing any state-specific requirements for licensure (testing and education).
 - MLOs changing employment from a depository institution (bank) to a state licensed MLOC
 - State-licensed MLO seeking licensure in another state

New law - Temporary Authority to Operate

Who is eligible?

- Previously licensed or registered MLO
 - Licensed continuously during the past 30 days
 - Registered continuously for the past year
 - 14 day break for transitioning to a new license
- W-2 employees only
- No disqualifying:
 - Criminal history background
 - Denied license application
 - Revoked or suspended license
 - Cease & desist order

New law - Temporary Authority to Operate

How long does Temporary Authority last?

- ▶ Begins when a qualified MLO submits a complete MLO license application
- ▶ Ends at the earliest of one of the following:
 - ✓ MLO withdraws the application
 - ✓ State denies or issues notice of intent to deny the application
 - ✓ If the application is incomplete after 120 days
 - ✓ MLO licensed by the state

New law - Temporary Authority to Operate

Criminal background check

- ▶ For TAO eligible licenses, the applicant state will have a limited time to complete the CBC review
 - If the applicant has a RAP sheet, the state agency has 2 business days to review CBC
 - The state can request additional info from applicant which will extend the review to 9 business days
 - If the state does not receive an adequate response, the state can issue intent to deny the license application to end TAO eligibility

New law - Temporary Authority to Operate

Hawaii implementation - physical branch requirement

- ▶ MLOC must be in ACTIVE status
- ▶ MLOC must have a branch
- ▶ MLOC must sponsor MLO

New law - Temporary Authority to Operate

Important Dates

- ▶ TAO instructional demo at AARMR Conference
- ▶ State & Industry training - Sept - Nov
- ▶ Go LIVE - Nov 24

New law - TAO FAQs

- ▶ How do you apply for TAO?
 - ▶ A MLO would apply for a state-license. The NMLS system will determine if the applicant is eligible for TAO.
- ▶ How will the system determine TAO eligibility?
 - ▶ NMLS will be programmed to check whether the applicant has a RAP, a license denied, revoked or suspended, the dates of registration or state licensure.
 - ▶ HDFI will have 2 days to review RAP and cease & desist orders

New law - TAO FAQs

- ▶ What is a complete application?
 - ▶ MU4 licensing form
 - ▶ Explanation or supporting documentation for any “YES” response to a disclosure question
 - ▶ Receipt of a CHRI from the FBI
 - ▶ Authorization to obtain a credit report
 - ▶ Any state specific document in the application checklist

New law - TAO FAQs

- ▶ What happens if you are not eligible for TAO?
 - ▶ The NMLS system would not grant TAO and the applicant would have to complete the MLO SAFE Test and pre-licensure education prior to the submission of the license application (like new MLOs)
 - ▶ If the applicant has a disqualifying misdemeanor or felony, TAO is not granted and may be denied by the state. A denial by an application state ends TAO in all states.

New law - TAO FAQs

- ▶ Can a MLO obtain TAO in all states?
 - ▶ Yes, a MLO may obtain TAO in all states.
 - ▶ The MLO must pay fees as allowed in the states.