

Regulatory Bulletin 1.1-105 Educational Requirements for Mortgage Loan Originators

I. APPLICABILITY AND SCOPE

The purpose of this Regulatory Bulletin is to formalize education requirements that mortgage loan originator license applicants must satisfy in order to apply for such a license pursuant to Massachusetts General Laws (G.L.), chapter 255F and Division of Banks Regulation 209 CMR 41.00 *et seq.* These educational requirements will familiarize potential applicants with the necessary lending concepts, processes, applicable laws and regulations related to the mortgage origination profession. This Bulletin also sets forth requirements for the application and approval of mortgage loan originator educational courses of the Commissioner of Banks. This Bulletin applies to all individuals applying for licensure as mortgage loan originators as well as individuals and companies seeking to provide loan originator educational courses. All mortgage lenders and brokers must be aware of the requirements set forth in this Bulletin in regards to employment of mortgage loan originators.

II. POLICY

To obtain a license as a mortgage loan originator in the Commonwealth of Massachusetts, pursuant to G.L., c. 255F and Division's Regulation 209 CMR 41.00 *et seq.*, an applicant must complete a residential mortgage lending course, approved by the Commissioner, within the two-year period prior to the date of application. Additionally, each approved mortgage loan originator licensee must complete at least eight hours of residential mortgage lending continuing education courses annually. Failure of licensed mortgage loan originators to satisfy the continuing education requirement shall render the mortgage loan originator ineligible for renewal and such licensee shall be deemed inactive.

Pursuant to G.L., c. 255F, each residential mortgage lending course and continuing education course must be approved by the Commissioner, as detailed in this Bulletin.

The educational courses must contain, at a minimum, the following:

A. Residential Mortgage Lending Course

Each approved course must be entirely classroom-based and be at least 30 hours in duration. Each classroom hour will equal one credit hour. Classroom instruction should be supplemented with appropriate textbooks, handouts, and other references. Each course must abide by the following framework and classroom time should be allocated percentage timeframes, as indicated:

- Loan Concepts (30%-40%);
- Lending Calculations (10%-15%);
- Applicable Commonwealth of Massachusetts Specific Laws and Regulations (15%-25%);
- Applicable Federal Laws and Regulations (15%-25%); and
- Business Ethics (5%-15%).

Specifically, each course must cover the following applicable laws and regulations:

State

- G.L. c. 93
- G.L. c. 140/D
- G.L. c. 183/C
- G.L. c. 184
- G.L. c. 140
- G.L. c. 167
- G.L. c. 255E
- G.L. c. 255F
- RB 5.3-101
- 209 CMR 32
- 209 CMR 40
- 209 CMR 41
- 209 CMR 42
- 209 CMR 53
- 209 CMR 54
- 940 CMR 8.0

Federal

- Fair and Accurate Transaction Act
- Fair Credit Reporting Act
- Fair Housing Act
- Federal Trade Commission's Safeguards Rule
- Home Ownership and Equity Protection Act
- HUD Regulation 3500
- Regulation B
- Regulation C
- Regulation P
- Regulation X
- Regulation Z

At the conclusion of each course, the instructors shall administer a graded written practice examination to students covering the topics and applicable laws and regulations discussed above. This examination must contain a minimum of three to four questions for every one hour of course instruction, or 100 questions in total. The student must successfully answer at least 70% of the questions on the practice examination correctly to successfully complete the course. Each student will be granted two other additional opportunities to retake and pass the practice examination, if necessary. Failure of the student to pass the practice examination on the third attempt will require the student to complete the course again. At the conclusion of the course, a roster of those students successfully completing the course shall be submitted to the Division of Banks, in a format prescribed by the Commissioner. Additionally, each student successfully completing the requirements of the course shall be provided with a certificate of completion.

B. Continuing Education Courses

Each approved course may include or be a combination of audio, classroom, computer-based, correspondence, video-visual, or textbook instruction. Each course hour will equal one credit hour. Although individual courses will vary in content, format, and length, each loan originator licensee must complete at least eight hours of continuing education annually as a requirement for re-licensure and maintaining current Division certification. Continuing education course subjects may include, but not be limited to:

- Appraisals;
- Business Ethics;
- Credit;
- Finance;
- Legal and Regulatory Updates;
- Loan Origination and Processing; and
- Real Estate Contracts.

At the conclusion of the course, a roster of those students successfully completing the course shall be submitted to the Division of Banks.

C. Application for Approval of Residential Mortgage Lending Course and Continuing Education Courses

As outlined in G.L., c. 255F and this Bulletin, each residential mortgage education course and continuing education course must be approved by the Commissioner. The educational provider must complete the “Application for Approval of Mortgage Loan Originator Educational Courses,” meet all requirements set forth in this Bulletin, as well as provide all the necessary documentation set forth below:

- A completed “Application for Approval of Mortgage Loan Originator Educational Courses.”
- A non-refundable application fee made payable to the Commonwealth of Massachusetts.
- Latest fiscal year-end balance sheet and income statement of educational 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; and
 - Profiles on company principals.

Education providers seeking to apply for approval for both the residential mortgage lending course and continuing education courses are encouraged to apply with a single application. It is required that that application materials be submitted in an electronic media format, preferably a compact disk or USB drive.

1. Course Instructor Requirements

Course instructors must, at a minimum, have five years experience teaching the subject matter or mortgage-related topics or five years in related work experience in mortgage lending, or some combination thereof. Applicants must complete the 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

Upon submission of the required application and supplemental materials, the Division will review the application within 30 days of submission. If the application is deemed incomplete or the Division requires additional information or review, the applicant will be notified and supplemental submissions may be required. All courses meeting standards and criteria set forth in this Bulletin and G.L., c. 255F to the Division’s satisfaction will be deemed approved and posted on the Division’s website at www.mass.gov/dob. Posting of Division-approved courses does not constitute the Commissioner of Banks’ endorsement of these or any courses, educational providers, or instructors.

3. Course and Provider Approval and Supplemental Course Submissions

Each course and provider that has met all standards and criteria identified in this Bulletin and G.L., c. 255F to the Division’s satisfaction will be notified as approved. The approval will be valid for five years from the date of approval. The Division reserves the right to modify, revoke, and suspend this approval. The Division reserves the right conduct random reviews or examinations of approved courses at any time.

Approved course providers may submit additional courses for approval within the five year approval period by submitting the required course materials and fee as specified in the “Application for Approval

of Mortgage Loan Originator Educational Courses.” A full application and the latest fiscal year-end balance sheet and income statement are not required for supplemental filings. Applicants will be required to resubmit full applications for approval upon the expiration of the initial approval of the Commissioner of Banks.

4. Educational Course Changes

The Division understands educational courses frequently require changes in content, materials, and instructors in order to remain current on evolving topics. As such, the Division requires prior notification of any proposed material or substantive changes to any educational course within 30 days prior to 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 of Mortgage Loan Originator Educational Courses.”

5. Additional Requirements of Educational Providers

No educational providers or instructors may enroll or grant certificates of completion to employees of said providers. Those employees requiring residential mortgage lending and continuing education courses for Division licensure must obtain education and certification from a Division-approved third party entity.

III. HISTORICAL NOTES

None.

IV. AUTHORITY

G.L., c. 255F, 209 CMR 41.00 *et seq.*

APPLICATION FOR APPROVAL OF MORTGAGE LOAN ORIGINATOR EDUCATIONAL COURSES

INSTRUCTIONS

1. Prior to completing this application, applicants should review Regulatory Bulletin 1.1-105, Educational Requirements for Mortgage Loan Originators. Ensure all conditions and enclosures required by this Bulletin are met prior to application submission. Educational providers seeking to apply for approval for both the residential mortgage lending course and continuing education courses are encouraged to apply with a single application. It is required that that application materials be submitted in an electronic media format, preferably a compact disk or USB drive. Applications shall not be submitted via electronic mail.
2. File this completed application and all required enclosures along with a nonrefundable application fee made payable to the Commonwealth of Massachusetts, One South Station, Boston, Massachusetts 02110. Initial approval for course providers is \$250.00; approval of the residential mortgage lending course is \$250.00; while continuing educational courses are \$125.00 for each course.

APPLICATION SUBMISSION, REVIEW, AND APPROVAL PROCESS

Upon submission of the required application and supplemental materials, the Division will review the application within 30 days of submission. If the application is deemed incomplete or the Division requires additional information or review, the applicant will be notified and supplemental submissions may be required. All courses meeting standards and criteria set forth in this Bulletin and G.L., c. 255F to the Division's satisfaction will be deemed approved and posted on the Division's website at www.mass.gov/dob. The approval will be valid for five years from the date of approval. The Division reserves the right to modify, revoke, and suspend this approval. Posting of Division-approved courses does not constitute the Commissioner of Banks' endorsement of these or any courses, educational providers, or instructors. The Division reserves the right to conduct random reviews or examinations of approved courses at any time.

ADDITIONAL COURSE APPROVALS

Approved course providers may submit additional courses for approval within the five -year approval period by submitting the required course materials and fee as specified above. A full application and the latest fiscal year-end balance sheet and income statement are not required for supplemental filings.

EDUCATIONAL COURSE CHANGES

Educational courses frequently require changes in content, materials, and instructors in order to remain current on evolving topics. As such, the Division requires prior notification of any proposed material or substantive changes to any educational course within 30 days prior to the proposed change. Additionally, the Division should be notified of significant events or any changes to answers provided to questions in the application.

**The Commonwealth of Massachusetts
Office of the Commissioner of Banks**

**One South Station, Third Floor
Boston, Massachusetts 02110**

APPLICATION FOR APPROVAL OF MORTGAGE LOAN ORIGINATOR EDUCATIONAL COURSES

Pursuant to Massachusetts General Laws Chapter 225F, Division of Banks Regulation 209 CMR 41 *et seq*, and Regulatory Bulletin 1.1-105

Legal Name of Applicant Provider _____

Main Office Address: _____

Telephone: _____

Website Address: _____

Contact Person E-mail Address: _____

Applicant Provider Principals and Positions: _____

Title of Course (s)	Residential Mortgage Lending Course or Continuing Education	Total Hours	Classroom-Based (Yes/No)

Evaluation Methods (reviews, testing, etc.): _____

Description of Course Materials: _____

Enclosures Required

Per Regulatory Bulletin 1.1-105, “Educational Requirements for Mortgage Loan Originators,” the following additional enclosures are required:

- A completed “Application for Approval of Mortgage Loan Originator Educational Courses.”
- A non-refundable application fee made payable to the Commonwealth of Massachusetts.
- Latest fiscal year-end balance sheet and income statement of educational 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; and
 - Profiles on company principals.

Education providers seeking to apply for approval for both the residential mortgage lending course and continuing education courses are encouraged to apply with a single application. It is required that that application materials be submitted in an electronic media format, preferably a compact disk or USB drive. Applications shall not be submitted via electronic mail.

Approved course providers may submit additional courses for approval within the five-year approval period by submitting the required course materials and fee as specified in the Application Instructions. A full application and the latest fiscal year-end balance sheet and income statement are not required for supplemental filings. Applicants will be required to re-submit full applications for approval upon the expiration of the initial approval of the Commissioner of Banks.

Additional Application Questions

Instructions: The term “applicant” below shall apply to the educational provider and its principals. If the answer to any of the following is “yes,” provide complete details of all events or proceedings in an attachment, including as applicable: name and location of court, docket or case number, and status and summary of event or proceeding; copies of applicable charges(s), orders(s), and/or consent agreements.

Criminal Disclosure	YES	NO
(A) Has the applicant ever:	<input type="checkbox"/>	<input type="checkbox"/>
(1) been convicted of or pled guilty or nolo contendere ("no contest") in a domestic, foreign, or military court to any felony?	<input type="checkbox"/>	<input type="checkbox"/>
(2) been charged with any felony?	<input type="checkbox"/>	<input type="checkbox"/>
Regulatory Action Disclosure		
(C) In the past ten years, has any state or federal regulatory agency or foreign financial regulatory authority ever:	<input type="checkbox"/>	<input type="checkbox"/>
(1) found the applicant to have made a false statement or omission or been dishonest, unfair or unethical?	<input type="checkbox"/>	<input type="checkbox"/>
(2) found the applicant to have been involved in a violation of a financial services-related regulation(s) or statute(s)?	<input type="checkbox"/>	<input type="checkbox"/>
(3) found the applicant to have been a cause of a financial services-related business having its authorization to do business denied, suspended, revoked or restricted?	<input type="checkbox"/>	<input type="checkbox"/>

(4) entered an order against the applicant in connection with a financial services-related activity?	<input type="checkbox"/>	<input type="checkbox"/>
(5) denied, suspended, or revoked the applicant's registration or license or otherwise, by order, prevented it from associating with a financial services-related business or restricted its activities?	<input type="checkbox"/>	<input type="checkbox"/>
(D) Has the applicant's authorization to act as an attorney, accountant, or state or federal contractor ever been revoked or suspended?	<input type="checkbox"/>	<input type="checkbox"/>
(E) Is the applicant now the subject of any regulatory proceeding that could result in a "yes" answer to any part of this section?	<input type="checkbox"/>	<input type="checkbox"/>
Civil Judicial Disclosure		
(F) (1) Has any domestic or foreign court: (a) in the past ten years enjoined the applicant in connection with any financial services-related activity?	<input type="checkbox"/>	<input type="checkbox"/>
(b) in the past ten years found the applicant to be in violation of any financial services-related statute(s) or regulation(s)?	<input type="checkbox"/>	<input type="checkbox"/>
(c) in the past ten years dismissed, pursuant to a settlement agreement, a financial services-related civil action brought against the applicant by a state or foreign financial regulatory authority?	<input type="checkbox"/>	<input type="checkbox"/>
(2) Is the applicant named in any pending financial services-related civil action that could result in a "yes" answer to any part of this section?	<input type="checkbox"/>	<input type="checkbox"/>
Financial Disclosure		
(G) In the past ten years has the applicant been the subject of a bankruptcy petition?	<input type="checkbox"/>	<input type="checkbox"/>
(H) Has a bonding company ever denied, paid out on, or revoked a bond for the applicant?	<input type="checkbox"/>	<input type="checkbox"/>
(I) Does the applicant have any unsatisfied judgments or liens against it?	<input type="checkbox"/>	<input type="checkbox"/>

SIGNATURES

All educational provider applicant principals have reviewed and answered the “Additional Application Questions.” Provided additional documentation when necessary, and hereby certify that all answers are true and correct under the penalty of perjury.

SIGNATURE & DATE _____ TITLE _____

SIGNATURE & DATE _____ TITLE _____

SIGNATURE & DATE _____ TITLE _____

SIGNATURE & DATE _____ TITLE _____