

# Transition Plan: California Department of Corporations California Finance Lenders Law

## Current Company Licensees that make or broker residential mortgage loans:

Companies holding a California Finance Lenders Law (CFLL) license **that make or broker loans secured by residential real estate**, have until **May 28, 2010** to complete and submit through the Nationwide Mortgage Licensing System (NMLS) a Form MU1 for their company and a Form MU2 for each of their control persons. Additionally, for each branch holding a CFLL license, a company must complete and submit through NMLS a Form MU3 by **May 28, 2010**.

It is important that current licensees have all of their California license numbers available when completing and submitting their Form MU1 and Form MU3(s). You will be charged an application fee if you do not include your existing license numbers when submitting your Form MU1 and Form MU3s. Your license information including license numbers can be found on the Department of Corporations' website at: <http://www.corp.ca.gov/fsd/licensees/>.

**It is important that all filings be completed by May 28, 2010 so that all changes or corrections can be made and mortgage loan originator sponsorships can be completed by July 31, 2010.**

Any licensee that needs to apply for a branch license, amend or surrender a license, or conduct any other action previously completed in paper form, from December 15, 2009 onward must complete these actions through NMLS. Paper forms and applications will not be accepted after **December 15, 2009**. We encourage you to update your information with our office by **November 30, 2009**, so at the time of transition there will be no pending changes to submit.

*Note:* If you have submitted these forms in another state, then you *do not need to re-enter your company record* into NMLS. You will only need to identify the appropriate license in California and complete a few state specific fields.

## New net worth requirements

AB 36 amended section 22104 (FC) effective October 11, 2009. A CFLL licensee employing one or more mortgage loan originators shall maintain a minimum net worth of at least two hundred fifty thousand dollars (\$250,000).

## New Mortgage Loan Originator Requirement:

All mortgage loan originators must have a California Mortgage Loan Originator license by July 31, 2010. Mortgage loan originators should consult with their employer before logging into the NMLS and completing a Form MU4.

Mortgage loan originators in California must complete and submit a Form MU4 to the Department through the NMLS. Submission of a Form MU4 begins the processing of

the mortgage loan originator's license application with the Department of Corporations. **Submission of a completed Form MU4 by May 28, 2010 will provide the Department of Corporations with sufficient time to review and follow up on the application so that a licensing determination can be made by July 31, 2010.**

Companies employing mortgage loan originators are required to sponsor their licenses in NMLS. The company MU1, the branch location MU3 (when the mortgage loan originator works from a branch) and the mortgage loan originator MU4 must all be submitted prior to the company sponsoring the mortgage loan originator's license. **Please submit the MU1, MU3 and MU4 to the Department of Corporations by May 28, 2010 to allow sufficient time for the processing of the mortgage loan originator license application so that a licensing determination can be made by July 31, 2010.**

*Note:* If the mortgage loan originator has submitted a Form MU4 in another state, then the mortgage loan originator *does not need to re-enter his/her record* into NMLS. The mortgage loan originator will only need to identify the appropriate license in California and complete a few state specific fields.

Mortgage loan originators can complete and submit Form MU4 themselves or their sponsoring company can complete the Form MU4 and have the mortgage loan originator log into the NMLS and electronically attest to its accuracy.

Mortgage loan originators must meet all the requirements for licensing and be issued a Mortgage Loan Originator License by **July 31, 2010.**

Requirements include;

- *Completion of pre-licensure education*
- *A passing score on the national and California components of the SAFE Act Mortgage Loan Originator test*
- *Satisfactory criminal background check including fingerprints*
- *Authorization for NMLS to obtain a credit report to be made available to the California Department of Corporations*
- *Sponsorship in NMLS by the employing company*