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Virginia Mortgage Loan Originator Licensing

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General Information

Chapter 17, Title 6.2 of the Code of Virginia requires an individual to obtain a mortgage loan originator (MLO) license prior to engaging in the business of a MLO, unless such individual is exempt from licensing. It also provides for annual renewal of the license. Commission regulations 10VAC5-161-10 et seq. set forth additional licensing and operational requirements for mortgage loan originators. Applications for MLO licenses and renewal of licenses are filed through the [Nationwide Mortgage Licensing System \(NMLS\)](#).

The MLO application form is referred to as Form MU4. Each individual MLO must submit Form MU4 through NMLS. *If an individual has submitted Form MU4 in another state, the Virginia Mortgage Loan Originator license request should be added in the license wizard in NMLS for submission.*

- In order to qualify for a license, MLOs must meet the additional requirements listed below:
 - Pre-license educational certification administered by NMLS
 - A passing score on the national and uniform state test administered by NMLS
 - A satisfactory criminal background check administered by NMLS
 - A finding of financial responsibility, character and general fitness

Definitions

A MLO is defined as an individual who (i) takes an application for or offers or negotiates the terms of a residential mortgage loan in which the dwelling is, or will be, located in Virginia, or (ii) represents to the public, through advertising or other means of communicating or providing information, including the use of business cards, stationery, brochures, signs, rate lists, or other promotional items, that such individual can or will perform any of the activities described in clause (i).

A residential mortgage loan is defined as any loan primarily for personal, family, or household use that is secured by a mortgage, deed of trust, or other equivalent consensual security interest on a dwelling or residential real estate upon which is constructed or intended to be constructed a dwelling.

A dwelling is a residential structure or mobile home that contains one to four family housing units, or individual units of condominiums or cooperatives.

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1. **Q: What is the NMLS?**

A: The Nationwide Mortgage Licensing System (NMLS) was developed by the Conference of State Bank Supervisors (CSBS) and the American Association of Residential Mortgage Regulators (AARMR) to streamline the licensing process, improve supervision and increase transparency in the mortgage industry. NMLS contains a single record for each mortgage lender, broker, branch, and loan originator. NMLS has been expanded to process applications of other non-depository institutions.

2. **Q: What Virginia statute requires filing of mortgage loan originator applications?**

A: Chapter 17, Title 6.2 of the Code of Virginia, passed by the General Assembly and signed by the Governor in 2009, provides for licensing of mortgage loan originators through NMLS. The State Corporation Commission also passed regulation 10 VAC 5-161 (10-80) for mortgage loan originators implementing Chapter 17 of the Code of Virginia.

3. **Q: What Virginia agency is responsible for processing and issuing mortgage loan originator licenses?**

A: The Virginia State Corporation Commission, through its Bureau of Financial Institutions.

4. **Q: Who is a mortgage loan originator under the Virginia Code?**

A: A mortgage loan originator is defined as an individual who (i) takes an application for or offers or negotiates the terms of a residential mortgage loan, as defined in § 6.2-1700 of the Code of Virginia, or (ii) represents to the public, through advertising or other means of communicating or providing information, including the use of business cards, stationery, brochures, signs, rate lists, or other promotional items, that such individual can or will perform any of the activities described in clause (i).

5. **Q: What are the fees for a MLO License?**

A: The fee is \$180, which includes a Virginia application fee of \$150 and NMLS processing fee of \$30. (This fee does not include the cost of fingerprinting and credit report fees that will be required.) All fees are collected through the NMLS and are NONREFUNDABLE.

6. **Q: Who is required to be licensed as a mortgage loan originator in Virginia?**

A: The following individuals are required to be licensed in Virginia as mortgage loan originators:

- a. Individuals acting as mortgage loan originators who are employees or exclusive agents of licensed mortgage lenders/brokers under Chapter 17 of Title 6.2 of the Code of Virginia.
- b. Individuals, other than registered mortgage loan originators (see Question 7e), acting as mortgage loan originators who are employees or exclusive agents of persons exempt from licensure under Chapter 17 of Title 6.2 of the Code of Virginia.
- c. Individuals acting as mortgage loan originators who are not employees or exclusive agents of either persons licensed or exempt from licensing under Chapter 17, Title 6.2 of the Code of Virginia.

7. **Q: Who does not need this license?**

A: Pursuant to § 6.2-1701 B of the Code of Virginia, the following are not required to be licensed:

- a. Any individual engaged solely as a loan processor or underwriter; however, an individual acting as an independent contractor may not engage in residential mortgage loan originator activities as a loan processor or underwriter unless such individual has first obtained and maintains annually a mortgage loan originator license;
- b. Any individual who only performs administrative or clerical tasks on behalf of a person licensed or exempt pursuant to Chapter 16 (§ 6.2-1600 et seq.) or on behalf of any individual licensed as a Virginia mortgage loan originator;
- c. Any individual who only performs real estate brokerage activities and is licensed or registered in accordance with applicable law, unless the individual is compensated by the lender, a mortgage broker, or other mortgage loan originator or by any agent of such lender, mortgage broker, or other mortgage loan originator;
- d. Any individual solely involved in extensions of credit relating to timeshare plans, as that term is defined in 11 U.S.C. § 101(53D);
- e. A registered mortgage loan originator. "Registered mortgage loan originator" means any individual who (i) takes an application for or offers or negotiates the terms of a residential mortgage loan in which the dwelling is or will be located in the Commonwealth, (ii) is an employee of a covered financial institution as defined in 12 C.F.R § 1007.102, and (iii) is registered with, and maintains a unique identifier through, the Registry;
- f. Any individual who offers or negotiates terms of a residential mortgage loan with or on behalf of an immediate family member of the individual;
- g. Any individual who acts as loan originator in providing financing for the sale of that individual's own residence;
- h. A licensed attorney, provided that the attorney's mortgage loan origination activities are: (i) considered by the Supreme Court of Virginia to be part of the authorized practice of law within the Commonwealth, (ii) carried out within an attorney-client relationship, and

(iii) accomplished by the attorney in compliance with all applicable laws, rules, ethics, and standards;

- i. Any employee of federal, state, or local government, or a housing finance agency, who acts as a mortgage loan originator only pursuant to his official duties of employment. "Local government" means any county, city, or town or other local or regional political subdivision; and
- j. Any employee of a bona fide nonprofit organization, as determined by the Commission in accordance with § 6.2-1701.1, who acts as a mortgage loan originator only (i) pursuant to his official duties of employment and (ii) with respect to residential mortgage loans with terms that are favorable to a borrower.

8. Q: If my employer is exempt from obtaining a mortgage lender/broker license in Virginia, do I need to obtain a mortgage loan originator license?

A: Yes, if you meet the definition of a mortgage loan originator, and you are not an employee of:

- a. A covered financial institution as defined in 12 C.F.R § 1007.102 and operating subsidiaries;
- b. a federal, state, or local government, or a housing finance agency, and act as a mortgage loan originator only pursuant to your official duties of employment. "Local government" means any county, city, or town or other local or regional political subdivision; or
- c. a bona fide nonprofit organization, as determined by the Commission in accordance with § 6.2-1701.1, and you act as a mortgage loan originator only (i) pursuant to your official duties of employment and (ii) with respect to residential mortgage loans with terms that are favorable to a borrower.

9. Q: What is a covered financial institution?

A: Any national bank, member bank, insured state nonmember bank, savings association, Farm Credit System institution or federally insured credit union as any such term is defined in § 1007.101(c) (1) and their operating subsidiaries. Covered financial institution also includes a non-federally insured credit union that registers subject to the conditions of § 1007.101(c) (3).

10. Q: If I am employed by a bank, credit union or savings institution, do I need to be licensed as a mortgage loan originator?

A: No, but you will need to become a "registered mortgage loan originator" and obtain a unique identifier from the Registry through NMLS.

11. Q: Do I need a mortgage loan originator license if I am an owner of a licensed mortgage company, but I do not originate or negotiate the terms of a loan?

A: No, only those persons that meet the definition of a mortgage loan originator need to be licensed.

12. Q: What if I am an independent contractor?

A: If you are originating Virginia residential mortgage loans as an independent contractor, you will need to be licensed as a mortgage broker as well as a mortgage loan originator.

13. Q: What NMLS form must be submitted for a mortgage loan originator license?

A: Form MU4

14. Q: Who must submit application Form MU4 through NMLS?

A: If your employer is already registered in NMLS (i.e. it has previously submitted an MU1 filing for another state in the NMLS system), then either you or your employer can complete the MU4 form in NMLS. However, if your employer is not registered in NMLS, then the individual mortgage loan originator must submit Form MU4 through NMLS. Please visit the [NMLS Resource Center](#) for more information on submitting a MU4 form.

15. Q: What are the license prerequisites?

A: The license prerequisites are:

- a. Surety bond
- b. Satisfactory criminal background check through NMLS
- c. Pre-license education certification administered by NMLS
- d. A passing score on the national and uniform state test administered by NMLS
- e. A finding of financial responsibility, character and general fitness, as defined in 10VAC5-161-45.

16. Q: What are the bonding requirements for mortgage loan originators?

A: There are two types of surety bond forms in Virginia, form CCB-8813 and form CCB-8814.

Individuals wishing to obtain a mortgage loan originator's license who are employees or exclusive agents of mortgage lender/brokers licensed or exempt from licensing pursuant to Chapter 16 of Title 6.2 of the Code of Virginia will be covered by surety bond form CCB-8813. Each employer, including a sole proprietor whether or not he employs other loan originators, must obtain surety bond CCB-8813, as prescribed by Virginia regulation and submit it to Virginia within 5 days from the filing of a mortgage loan originator's application through NMLS. If an employer has submitted the surety bond CCB-8813 on a previous filing and the bond remains in force, it is not necessary to file a new bond.

Individuals wishing to obtain a mortgage loan originator's license that are not employees or exclusive agents of mortgage lender/brokers licensed or exempt from licensing pursuant to Chapter 16 of Title 6.2 of the Code of Virginia and are themselves exempt from licensing under Chapter 16 of Title 6.2 of the Code of Virginia, must obtain and submit surety bond CCB-8814 within 5 days from filing the application through NMLS.

Independent contractors taking loan applications or offering or negotiating terms of a residential mortgage must obtain a mortgage broker's license and a mortgage loan originator's license. These individuals will file surety bond CCB-8813 which will cover the bonding requirement for both licenses.

The surety must be an insurance company authorized to execute such bond in Virginia and must be accompanied by a power of attorney authorizing an agent to execute such bond. The surety bond forms can be downloaded from the Checklist (Individual New Application).

The following table establishes the amount of the surety bond required to be filed on behalf of mortgage loan originator applicants. In most instances the amount of the surety bond will be based on the volume of loans brokered, made or originated during the preceding calendar year by the entity or individual filing the bond.

o **Required Surety Bond Amount**

Schedule showing surety bond amounts by loan volume

Loan Volume	Bond Amount
\$0 - \$5,000,000	\$25,000
\$5,000,001 - \$20,000,000	\$50,000
\$20,000,001 - \$50,000,000	\$75,000
\$50,000,001 - \$100,000,000	\$100,000
over \$100,000,000	\$150,000

The surety bond amount for a person, filing a bond on behalf of a mortgage loan originator applicant, that was not conducting a mortgage lending or brokering business or performing business as a mortgage loan originator during the previous calendar year is \$25,000.

For persons licensed under Chapter 16 of Title 6.2 of the Code of Virginia as a mortgage lender, or a mortgage lender and broker, the minimum amount for the surety bond is \$50,000. Submitting surety bond CCB-8813 in the appropriate amount will meet Chapter 16 requirements as well as mortgage loan originator bond requirements.

17. **Q: Is a surety bond required prior to obtaining a MLO license?**
A: Yes, a surety bond is required before one is granted an MLO license and is placed in an Approved status.
18. **Q: What is expected of a MLO whose employment status changes?**
A: An MLO is required to give notice to the Bureau through the registry within five days after commencement of, or termination of, or separation from employment.
19. **Q: How many hours of education are required in order to get a license?**
A: 20 total hours (which includes 3 hours of federal laws and regulations, 3 hours of ethics and 2 hours of training related to lending standards for the nontraditional mortgage products).
20. **Q: Where can I take the required test or find out about the educational courses and course providers?**
A: For additional information and enrollment to take the tests, visit the NMLS Resource Center at <http://mortgage.nationwidelicencingsystem.org/profreq/testing/>.
21. **Q: What information do the National and Uniform State MLO tests cover?**
A: Content outlines for the National and Uniform State Mortgage Loan Originator tests are available at (<http://mortgage.nationwidelicencingsystem.org/profreq/testing/Pages/TestContentOutline.aspx>).
22. **Q: Do I need a physical location in Virginia to be a licensed mortgage loan originator?**
A: No.
23. **Q: When do I have to renew my mortgage loan originator license?**
A: MLO licenses approved prior to November 1 must be renewed through NMLS between November 1 and December 31 of each calendar year.
24. **Q: What are the requirements for renewal of a mortgage loan originator license?**
A: A mortgage loan originator license will be renewed only if the licensee meets the following conditions:
a. the licensee submits the renewal application, all required information and documentation through NMLS and pays the required fees.
b. the licensee continues to meet the conditions for initial licensure, including bonding coverage; and
c. the licensee has obtained the continuing education prescribed in § 6.2-1710 of the Code of Virginia. Credit for continuing educational courses can only be given in the year the courses are taken.
If a licensee fails to timely meet the renewal conditions, but meets such conditions before March 1 of a renewal year and pays a reinstatement fee of \$30, his license will be reinstated.
25. **Q. What are the continuing education (CE) requirements?**
A: The CE requirements are listed in Section 6.2-1710 of the Code of Virginia. You must take and complete annually at least eight hours of CE courses approved by NMLS through approved providers. The courses shall include at least (i) three hours related to federal law and regulations; (ii) two hours related to ethics, which must include instruction about fraud, consumer protection, and fair lending issues; and (iii) two hours related to lending standards for the nontraditional mortgage product market.

A licensed mortgage loan originator may only receive credit for a CE course in the year taken and may not take the same course in the same or successive years to meet the annual requirements for CE.

26. Q: Who shall I call or write for further assistance?

A: NMLS has customer service operators who can help you with any technical questions in connection with the completion and electronic submission of Form MU4. The telephone number for NMLS is 855-665-7123. The [NMLS Resource Center](#)® is also very helpful. For other questions, you may call the Licensing Section of the Bureau of Financial Institutions at (804) 371-0484 or e-mail mortgagelicensing@scc.virginia.gov.

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