

## NOTICE PUBLICATION/REGULATORY ACTION SUBMISSION

S SUBMISSION

(See instructions on reverse)

For use by Secretary of State only

STD. 400 (REV. 01-2013)

OAL FILE NUMBERS	NOTICE FILE NUMBER Z-2015-0304-01	REGULATORY ACTION NUMBER 2015-0709-02S	EMERGENCY NUMBER
For use by Office of Administrative Law (OAL) only			
NOTICE		REGULATIONS	

**ENDORSED - FILED**  
in the office of the Secretary of State  
of the State of California

AUG 19 2015

2:22 PM

AGENCY WITH RULEMAKING AUTHORITY Department of Business Oversight (Business, Consumer Services and Housing Agency)	AGENCY FILE NUMBER (if any) PRO 06/14
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**A. PUBLICATION OF NOTICE (Complete for publication in Notice Register)**

1. SUBJECT OF NOTICE MLO Education and Testing Requirements		TITLE(S) 10	FIRST SECTION AFFECTED 1422.6.1	2. REQUESTED PUBLICATION DATE 3/20/15
3. NOTICE TYPE <input checked="" type="checkbox"/> Notice re Proposed Regulatory Action <input type="checkbox"/> Other		4. AGENCY CONTACT PERSON Dan Warren	TELEPHONE NUMBER (916) 324-6912	FAX NUMBER (Optional)
OAL USE ONLY	ACTION ON PROPOSED NOTICE <input type="checkbox"/> Approved as Submitted <input type="checkbox"/> Approved as Modified <input type="checkbox"/> Disapproved/Withdrawn		NOTICE REGISTER NUMBER 2015, 122	PUBLICATION DATE 3/20/2015

**B. SUBMISSION OF REGULATIONS (Complete when submitting regulations)**

1a. SUBJECT OF REGULATION(S) MLO Education and Testing Requirements		1b. ALL PREVIOUS RELATED OAL REGULATORY ACTION NUMBER(S) Z-2015-0304-01	
2. SPECIFY CALIFORNIA CODE OF REGULATIONS TITLE(S) AND SECTION(S) (Including title 26, if toxics related)			
SECTION(S) AFFECTED (List all section number(s) individually. Attach additional sheet if needed.)		ADOPT	
TITLE(S) 10		AMEND 1422.6.1, 1422.6.3, 1950.122.5.1, 1950.122.5.3	
3. TYPE OF FILING		REPEAL	
<input checked="" type="checkbox"/> Regular Rulemaking (Gov. Code §11346) <input type="checkbox"/> Resubmittal of disapproved or withdrawn nonemergency filing (Gov. Code §11349.3, 11349.4) <input type="checkbox"/> Emergency (Gov. Code, §11346.1(b)) <input type="checkbox"/> Certificate of Compliance: The agency officer named below certifies that this agency complied with the provisions of Gov. Code §§11346.2-11347.3 either before the emergency regulation was adopted or within the time period required by statute. <input type="checkbox"/> Resubmittal of disapproved or withdrawn emergency filing (Gov. Code, §11346.1) <input type="checkbox"/> Emergency Readopt (Gov. Code, §11346.1(h)) <input type="checkbox"/> File & Print <input type="checkbox"/> Other (Specify) _____ <input type="checkbox"/> Changes Without Regulatory Effect (Cal. Code Regs., title 1, §100) <input type="checkbox"/> Print Only			
4. ALL BEGINNING AND ENDING DATES OF AVAILABILITY OF MODIFIED REGULATIONS AND/OR MATERIAL ADDED TO THE RULEMAKING FILE (Cal. Code Regs. title 1, §44 and Gov. Code §11347.1)			
5. EFFECTIVE DATE OF CHANGES (Gov. Code, §§ 11343.4, 11346.1(d); Cal. Code Regs., title 1, §100)			
<input type="checkbox"/> Effective January 1, April 1, July 1, or October 1 (Gov. Code §11343.4(a)) <input checked="" type="checkbox"/> Effective on filing with Secretary of State <input type="checkbox"/> §100 Changes Without Regulatory Effect <input type="checkbox"/> Effective other (Specify) _____			
6. CHECK IF THESE REGULATIONS REQUIRE NOTICE TO, OR REVIEW, CONSULTATION, APPROVAL OR CONCURRENCE BY, ANOTHER AGENCY OR ENTITY			
<input type="checkbox"/> Department of Finance (Form STD. 399) (SAM §6660) <input type="checkbox"/> Fair Political Practices Commission <input type="checkbox"/> State Fire Marshal <input type="checkbox"/> Other (Specify) _____			
7. CONTACT PERSON Dan Warren		TELEPHONE NUMBER (916) 324-6912	FAX NUMBER (Optional) E-MAIL ADDRESS (Optional) Dan.Warren@dbo.ca.gov

8. I certify that the attached copy of the regulation(s) is a true and correct copy of the regulation(s) identified on this form, that the information specified on this form is true and correct, and that I am the head of the agency taking this action, or a designee of the head of the agency, and am authorized to make this certification.

SIGNATURE OF AGENCY HEAD OR DESIGNEE

DATE

TYPED NAME AND TITLE OF SIGNATORY

Jan Lynn Owen, Commissioner

For use by Office of Administrative Law (OAL) only

ENDORSED APPROVED

AUG 19 2015

Office of Administrative Law

PROPOSED CHANGES UNDER THE  
CALIFORNIA FINANCE LENDERS LAW  
CALIFORNIA RESIDENTIAL MORTGAGE LENDING ACT  
(Additions shown by underline and deletions shown by strikethrough.)

1. Section 1422.6.1 is amended to read:

§ 1422.6.1. Qualifications of Mortgage Loan Originator Applicants.

Every applicant for a mortgage loan originator license shall meet the requirements of this section.

(a) QUALIFIED WRITTEN TEST: Every applicant for a mortgage loan originator license shall pass a qualified written test developed or otherwise deemed acceptable by the Nationwide Mortgage Licensing System and Registry and administered by a test provider approved by the Nationwide Mortgage Licensing System and Registry ~~within one year prior to the date of filing the application for, or the issuance of, a mortgage loan originator license.~~ The qualified written test shall consist of ~~a national component and a California component. An applicant shall abide by the rules, policies and procedures of the Nationwide Mortgage Licensing System and Registry in the administration of the test.;~~

(1) the national component and the California state component; or

(2) the national component and the uniform state test; or

(3) the national component with uniform state content.

An applicant shall abide by the rules, policies and procedures of the Nationwide Mortgage Licensing System and Registry in the administration of the test.

(b) EDUCATION: Every applicant for a residential mortgage loan originator license shall complete at least 20 hours of NMLS approved education including:

(1) Three hours of instruction on federal law and regulations,

(2) Three hours of ethics, which shall include instruction on fraud, consumer protection, and fair lending issues, ~~and~~

(3) Two hours of training related to lending standards for the nontraditional mortgage product marketplace, and

(4) Two hours of training related to relevant California law and regulations.

Note: Authority cited: Section 22150, Financial Code. Reference: Sections 22109.1, 22109.2 and 22109.3, Financial Code.

2. Section 1422.6.3 is amended to read:

§ 1422.6.3. Continuing Education and Renewal Procedures for Mortgage Loan Originators.

(a) A mortgage loan originator license shall be renewed on an annual basis between November 1 and December 31. A license not renewed during the specified time period shall be deemed a lapsed or expired license. A mortgage loan originator with a lapsed or expired license may not engage in business as a mortgage loan originator until the mortgage loan originator's license is reinstated pursuant to Section 1422.11 of Subchapter 6 of these rules.

(b) To renew a license under subsection (a) of this rule, a licensed mortgage loan originator shall pay a renewal fee (\$300), comply with all submission requests by the Commissioner, and complete at least eight hours of NMLS approved continuing education on or before December 31st of every year, which shall include the following:

(1) Three hours of instruction on federal law and regulations,

(2) Two hours of ethics, which shall include instruction on fraud, consumer protection and fair lending issues, ~~and~~

(3) Two hours of training related to lending standards for the nontraditional mortgage product marketplace, and

(4) One hour of training related to relevant California law and regulations.

~~(c) As of January 1, 2011, to renew a license under subsection (a) of this rule, a licensed mortgage loan originator shall pay a renewal fee (\$300), and comply with (b).~~

Note: Authority cited: Section 22150, Financial Code. Reference: Sections 22107, 22109.4, 22109.5 and 22172, Financial Code.

3. Section 1950.122.5.1 is amended to read:

§ 1950.122.5.1. Qualifications of Mortgage Loan Originator Applicants.

Every applicant for a mortgage loan originator license shall meet the requirements of this section.

(a) QUALIFIED WRITTEN TEST: Every applicant for a mortgage loan originator license shall pass a qualified written test developed or otherwise deemed acceptable by the Nationwide Mortgage Licensing System and Registry and administered by a test provider approved by the Nationwide Mortgage Licensing System and Registry ~~within one year prior to the date of filing the application for, or the issuance of, a mortgage loan originator license.~~ The qualified written test shall consist of ~~a national component and a California component.~~ An applicant shall abide by the rules, policies and procedures of the ~~Nationwide Mortgage Licensing System and Registry in the administration of the test.~~

(1) the national component and the California state component; or

(2) the national component and the uniform state test; or

(3) the national component with uniform state content.



An applicant shall abide by the rules, policies and procedures of the Nationwide Mortgage Licensing System and Registry in the administration of the test.

(b) EDUCATION: Every applicant for a residential mortgage loan originator license shall complete at least 20 hours of NMLS approved education including:

- (1) Three hours of instruction on federal law and regulations,
- (2) Three hours of ethics, which shall include instruction on fraud, consumer protection, and fair lending issues, and
- (3) Two hours of training related to lending standards for the nontraditional mortgage product marketplace, and

(4) Two hours of training related to relevant California law and regulations.

Note: Authority cited: Section 50304, Financial Code. Reference: Sections 50142 and 50143, Financial Code.

4. Section 1950.122.5.3 is amended to read:

§ 1950.122.5.3. Continuing Education and Renewal Procedures for Mortgage Loan Originators.

(a) A mortgage loan originator license shall be renewed on an annual basis between November 1 and December 31. A license not renewed during the specified time period shall be deemed a lapsed or expired license. A mortgage loan originator with a lapsed or expired license may not engage in business as a mortgage loan originator until the mortgage loan originator's license is reinstated pursuant to Section 1950.122.5.4 of Subchapter 11.5 of these rules.

(b) To renew a license under subsection (a) of this rule, a licensed mortgage loan originator shall pay a renewal fee (\$300), comply with all submission requests by the

Commissioner, and complete at least eight hours of NMLS approved continuing education on or before December 31st of every year, which shall include the following:

- (1) Three hours of instruction on federal law and regulations,
- (2) Two hours of ethics, which shall include instruction on fraud, consumer protection and fair lending issues, and
- (3) Two hours of training related to lending standards for the nontraditional mortgage product marketplace, and

(4) One hour of training related to relevant California law and regulations.

~~(e) As of January 1, 2011, to renew a license under subsection (a) of this rule, a licensed mortgage loan originator shall pay a renewal fee (\$300), and comply with (b).~~

Note: Authority cited: Section 50140 and 50304, Financial Code. Reference: Sections 50141, 50144 and 50145, Financial Code.