

May 23, 2016 (Revised)

Notice Regarding Pre-Licensure (PE) State-Specific Education Requirements for Colorado Department of Regulatory Agencies (DORA)

Purpose

The purpose of this notice is to inform NMLS approved course providers of pre-licensure education (PE) requirements that must be met as a condition for obtaining a mortgage loan originator (MLO) license with the Colorado Department of Regulatory Agencies (DORA).

Background and Reason for the Notice

The Colorado Board of Mortgage Loan Originators has retired the Colorado state-specific testing component and adopted the Uniform State Test. Individuals seeking to obtain a MLO license with the Colorado Division of Real Estate will be required to complete two (2) hours of Colorado specific pre-licensing education (“PE”) effective March 1, 2016. This requirement is in addition to the existing PE requirements in Colorado. The total number of PE hours required in Colorado has not increased, but the course content requirements have changed to effectively replace what was required general elective with a state-specific elective. However, the state-specific course may also be completed as a standalone course outside of the 20 hours of required education.

The Colorado pre-licensure education requirements are as follows:

- 3 hours of Federal law;
- 3 hours of Ethics;
- 2 hours of non-traditional mortgage lending;
- 2 hours of Colorado state-specific defined electives; and
- 10 hours of general electives.

Total PE: 20 Hours

PE Course Content, Test Requirement and Reference List

DORA has established the following course content and testing requirements for the 2 hours of state-specific information:

I.	Colorado Department of Regulatory Agencies	6 minutes
II.	Colorado Law and Regulation Definitions	12 minutes
III.	Colorado License Law and Regulation	42 minutes
IV.	Compliance	48 minutes
V.	Disciplinary Action	12 minutes

All approved education providers offering the Colorado state-specific pre-licensing education are required to administer a final examination of no less than 40 questions for a 20-hour comprehensive course of which 25 questions will cover topics from the core sections and 15 will

cover each of the primary Colorado subject areas listed above. A 2 hour PE Elective course will include no less than 15 questions on each of the primary Colorado subject areas listed above. No certificate of completion may be issued to an applicant until they establish competency with Colorado specific law and regulations. This is accomplished through achieving a passing score of 75% or greater on a final examination covering all major topics of federal law and regulations and the Colorado state specific two hour pre-licensing content outline.

The Colorado Real Estate Manual may be accessed at the following:

<https://drive.google.com/file/d/0B1QWwFfpPTbkdDhKMmJ2cHdKelk/view?usp=sharing&pli=1>

I. Colorado Department of Regulatory Agencies

- A. Division of Real Estate
- B. Department/Agency Structure (24-34-101(1)(a) CRS)
 - a. Board of Mortgage Loan Originators (12-61-902.5 & 910.3 CRS)
- C. Responsibilities and Limitations - Type 1 Board (12-61-905 CRS)

II. Colorado Law and Regulatory Definitions

- A. The Mortgage Loan Originator Licensing Act (Title 12, Article 61, Part 9)
- B. Other Colorado Law and Regulation Definitions (12-61-902 CRS & Uniform Consumer Credit Code)

III. Colorado License Law and Regulation

- A. Persons required to be licensed (12-61-903 CRS)
 - a. Exemptions (12-61-904 CRS)
- B. Licensee qualifications and application process
 - a. Financial responsibility - surety bond and error & omissions (12-61-903.5 & 907 CRS, Rules 2.19 & 2.23, Board position statement 1.7)
 - b. Background check and fingerprints (criminal check) (Rule 2.1(A))
 - c. Pre-licensing education (Rule 2.1(D))
 - d. Testing and retesting (Rules 2.1(E) & 2.3)
- C. Grounds for denying a license (12-61-905 CRS)
 - a. Criminal convictions
 - b. Previous revocation
 - i. Licenses other than MLO (12-61-905(1)(c) CRS)
 - c. Prohibition (12-61-905(1.5) CRS)
- D. License Maintenance
 - a. Continuing education (Rules 3.1 & 3.2)
 - b. Maintain personal information updates online (12-61-903.3(c) CRS & rule 5.10)
 - c. Renewal (12-61-903.7 CRS & rules 4.1, 4.2, 4.3 & 4.4)
 - d. Record keeping (Rules 1.3 & 5.21)
 - e. Reinstatement (Rule 4.3)

IV. Compliance

- A. Prohibited conduct and practices (12-61-911, 905.5 & 910.2 CRS)
- B. Required conduct
 - a. Good faith & fair dealings (12-61-904.5 CRS)
 - b. Dual status (12-61-912 CRS & rule 5.22)
 - c. Reasonable Inquiry (12-61-904.5(1)(b) CRS and rule 5.6)
 - d. Tangible net benefit & required form (12-61-904.5(1)(a) CRS and rules 5.7 & 5.8)
 - e. Fee, commission, or compensation (12-61-915 CRS)
 - f. Unique identifier clearly displayed (12-61-918 CRS)
 - g. Loan modifications (Rules 5.3, 5.4 & 5.5)
- C. Fees and costs (12-61-914 CRS & rules 5.13, 5.14 & 5.17)
- D. Written contract (12-61-913 CRS & rules 5.11 & 5.12)
- E. Advertising (Rules 5.1 & 5.2)

V. Disciplinary Action

- A. Notifications, hearings and appeals (12-61-905.6 CRS & rules 6.1, 6.2, 6.3, 6.4 & 6.5)
 - a. Unlicensed activities- Cease and desist orders (12-61-905(7)(a) & 910 CRS)
- B. Suspension , revocation, and rescission of licenses (12-61-905(3)(a) & 905.5 CRS)
- C. Penalties/fines/restitution (12-61-905.5 & 905(7)(b) CRS)
- D. Civil and criminal liability (12-61-909 & 910 CRS)

In accordance with the SAFE Act, NMLS is the approval authority for courses that are intended to satisfy the PE requirement for an MLO to be licensed by a state-agency. Courses intending to satisfy new CO requirements must also meet NMLS course approval standards as detailed in the *Functional Specification for All NMLS Approved Courses*.