

May 7, 2015

## **Notice Regarding New State-Specific Pre-Licensure Education Requirements for District of Columbia Department of Insurance, Securities and Banking (DISB) Beginning July 1, 2015**

---

### **Purpose**

The purpose of this notice is to inform NMLS approved course providers of new pre-licensure education (PE) requirements that must be met as a condition for obtaining a mortgage loan originator (MLO) license with the District of Columbia Department of Insurance, Securities and Banking (DISB) beginning July 1, 2015. NMLS will begin accepting courses for approval to meet the education requirements May 1, 2015.

### **Background and Reason for the Notice**

The District of Columbia Department of Insurance, Securities and Banking (DISB) has informed NMLS that effective July 1, 2015, it will continue to require individuals seeking a mortgage loan originator license to complete three (3) hours of DC-specific pre-licensure (PE) education but these hours will now have the specific content requirements detailed below.

### **District of Columbia-Specific Education Requirements and Reference List**

DISB pre-licensure education requirements will be as follows:

- 3 hours of Federal Law;
- 3 hours of Ethics (must include fraud, consumer protection, and fair lending issues);
- 2 hours lending standards for Non-Traditional mortgage products;
- 3 hours of DC Law;
- 9 hours of General Electives

### **Total PE: 20 Hours**

DISB has established the following course content standards that must be met as a condition for NMLS course approval of a 3 hour DC law PE course which must cover the following statutes:

- I. District of Columbia Department of Insurance, Securities and Banking (DISB) (5%)**
  - A. Regulatory authority
  - B. Department and agency structure
  - C. Responsibilities and limitations
  
- II. District Law and Regulation Definitions (10%)**
  - A. Mortgage Lender and Broker Act of 1996 as amended by Mortgage Lender and Broker Amendment Act of 2009 (DC Law 18-38; 56 DC Reg 4290)
  - B. Mortgage Lender and Broker Regulations (26C-DCMR-1100)
  - C. Other State Definitions
  
- III. License Law and Regulation (20%)**

- A. Persons required to be licensed
  - 1. Exemptions
- B. Licensee qualifications and application process
  - 1. Financial responsibility (surety bond)
  - 2. Background check and fingerprints (criminal check; credit report)
  - 3. Pre-licensing education and experience
  - 4. Testing and retesting
  - 5. Sponsorship
- C. Grounds for denying a license
  - 1. Criminal convictions
  - 2. Previous revocation
  - 3. Prohibition
- D. License maintenance
  - 1. Continuing education
  - 2. Personal information updates and required notifications
  - 3. Renewal
  - 4. Record keeping and reporting
  - 5. Suspension and reinstatement
- E. Examination Authority

**IV. Compliance (50%)**

- A. Prohibited conduct and practices
- B. Required conduct
- C. Fees and charges
- D. Disclosures and agreements
  - 1. District of Columbia Financing Agreement
  - 2. Non-conventional Mortgage Disclosure
- E. Advertising

**V. Disciplinary Action (10%)**

- A. Notifications, hearings, and appeals
- B. Suspension, revocation, and rescission of licenses
- C. Penalties and fines
- D. Civil liability

**VI. District Test Areas (5%)**

- A. Escrow Account
- B. Home Loan Protection Act

To assist in course development, the following reference list applies:

- District of Columbia Official Code Title 26, Section 551
- District of Columbia Official Code Title 26, Sections 1101 - 1104
- District of Columbia Official Code Title 26, Sections 1107 - 1109
- District of Columbia Official Code Title 26, Sections 1112 - 1116
- District of Columbia Official Code Title 26, Sections 1117 - 1121

- District of Columbia Official Code Title 26, Section 1152
- District of Columbia Official Code Title 28, Section 3904
- Title 26A of the District of Columbia Municipal Regulations, Chapter 11, Section 1125
- Title 26C of the District of Columbia Municipal Regulations, Chapter 11, Sections 1100 - 1109
- Title 26C of the District of Columbia Municipal Regulations, Chapter 11, Section 1106
- Title 26C of the District of Columbia Municipal Regulations, Chapter 11, Section 1111 - 1113
- Title 26C of the District of Columbia Municipal Regulations, Chapter 11, Section 1116 - 1120
- Title 26C of the District of Columbia Municipal Regulations, Chapter 11, Section 1122
- Title 26C of the District of Columbia Municipal Regulations, Chapter 11, Section 1125 - 1126.

D.C. Official Code:

<http://www.lexisnexis.com/hottopics/dccode/>

D.C. Municipal Regulations:

<http://dcregs.dc.gov/Search/DCMRSearchByChapter.aspx?SearchType=DCMRChaptNum&KeyValue=26-C>

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 DISB requirements must also meet NMLS course approval standards as detailed in the *Functional Specification for All NMLS Approved Courses*. NMLS will begin accepting courses for approval to meet this education requirement beginning May 1, 2015 with the intent of having them approved in time to meet the state agency's requirements on July 1, 2015.