

December 14, 2015

## **Notice Regarding New State-Specific Pre-Licensure Education Requirements for New York Department of Financial Services Beginning February 1, 2016**

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### **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 Department of Financial Services (DFS) beginning February 1, 2016.

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

The New York Department of Financial Services (DFS) has informed NMLS that effective February 1, 2016, it will continue to require individuals seeking a mortgage loan originator license to complete three (3) hours of NY-specific pre-licensure (PE) education but these hours will now have the specific content requirements detailed below.

### **DFS Agency-Specific Education Requirements and Reference List**

Beginning February 1, 2016, DFS 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 DFS Defined Electives;
- 9 hours of General Electives

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

DFS has established the following course content standards that must be met as a condition for NMLS course approval:

1 hour covering New York State laws and regulations pertaining to High Cost and Subprime Loans, Fair Lending, Distressed Property and Home Equity Theft Prevention broken down as follows:

- Section 6-L of the New York Banking Law and Part 41 of the General Regulations of the Superintendent (30%)
- Section 6-M of the New York Banking Law and Part 42 and Part 43 of the General Regulations of the Superintendent (30%)
- Executive Law 296-a and Part 408 of the Superintendent's Regulations (30%)
- Section 265-A and Section 265-B of the New York Real Property Law (10%)

1 hour covering New York State laws and regulations governing mortgage disclosure, advertisement, fees and charges, appraisals and reporting of crimes, broken down as follows:

- Part 38 of the General Regulations of the Superintendent (40%)
- Part 80 of the General Regulations of the Superintendent (20%)
- Part 82 of the General Regulations of the Superintendent (25%)
- Sections 254-B, 254-C, and 254-D of the Real Property Law (10%)
- Part 300 of the Superintendent's Regulations (5%)

1 hour covering New York State laws and regulations pertaining to prohibited conduct and practices, required conduct, licensing requirements, regulatory reporting, disciplinary action, books and records and the Department regulatory authority, broken down as follows:

- Part 420 of the Superintendent's Regulations and Article 12-E of the Banking Law (60%)
- Part 38 subsection 38.7 of the General Regulations of the Superintendent (15%)
- Section 44 and 44-a of the New York Banking Law (5%)
- Article 12-D of the New York Banking Law (15%)
- Article 2 of the New York Banking Law (5%)

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