

**South Carolina State Board of Financial Institutions (SC-BFI)
South Carolina Department of Consumer Affairs (SC-DCA)
Continuing Education (CE) Notice**

Purpose

The purpose of this notice is to inform NMLS approved course providers of the required topics to be covered in the 1-hour state specific Continuing Education (CE) requirement which must be met as a condition for maintaining a mortgage loan originator (MLO) license with either the South Carolina State Board of Financial Institutions or the South Carolina Department of Consumer Affairs.

CE requirements are as follows:

- 3 hours of Federal law;
- 2 hours of Ethics;
- 2 hours of non-traditional mortgage lending;
- 1 hour of South Carolina state-specific defined electives

Total CE: 8 Hours

BFI and DCA have established the following required learning objectives and topics list for the 1 hour of state-specific CE:

Required Learning Objectives:

- Know when to provide the attorney insurance preference form to consumers and ascertain the consumer's preference as required by S.C. Code Ann. § 37-10-102
- Identify where NMLS ID numbers are required on documentation as required by S.C. Code Ann. § 37-22-110, et seq. and S.C. Code Ann. § 40-58-10, et seq.
- Understand how to comply with required provisions of section S.C. Code Ann. § 37-22-140(K) when licensed mortgage lenders act as a mortgage broker.
- Explain how to disclose fees properly on mortgage broker fee agreement and the timeline in which the mortgage broker fee agreement must be provided (S.C. Code Ann. § 40-58-75).
- Failure to properly sign application forms
- Articulate the requirements associated with the disclosure that identifies the agency designated to receive complaints or inquiries from the consumer (S.C. Code Ann. § 37-23-70).
- Describe how state law is different from federal law regarding prohibited activities and mortgage broker fee agreement (S.C. Code Ann. § 40-58-70, 75 & 78; S.C. Code Ann. § 37-22-190).
- Understand the mortgage log requirement (S.C. Code Ann. § 37-22-210; S.C. Code Ann. § 40-58-65).

Required Topics:

Cover the changes in Mortgage Broker Act and Mortgage Lending Act effective September 16, 2017:

- **Definitions:**
 - Added definition of “loan correspondent”: The federal regulation referenced in definition of “act as a mortgage broker” was repealed. Currently, DCA defines “loan correspondent” in its regulation, but industry wanted in statute to make sure all on same page.
 - Exemptions: Deleted exemption determined noncompliant with Federal Law, and added provision relating back to exemptions permitted by SAFE Act.
- **Deleted State Criminal Background Check Requirement:** NMLS became an approved channeler of national background checks for companies and individuals. The criminal background check includes state and federal data. State background check data is reported within 24 hours of processing.
- **Adoption of Uniform State Test:** Currently applicants are required to take a test on national, uniform requirements as well as a state specific test. S366 adopts the uniform test, deletes the state test and accomplishes the objective of ensuring knowledge of state law by adding state specific education for prelicensing (PLE) and continuing education (CE). Federal law requires, and SC adopted, at least 20 hours of PLE. The bill requires 3 hours be on SC state laws. Federal law requires, and SC adopted, at least 8 hours of CPE. The bill requires 1 hour be on SC laws.
- **Residence as Licensed Location.** Clarifies when a residence may be licensed as a branch location. Regulating agencies are already permitting it, just want codified.
- **Updating Exemption in Mortgage Lending Law.** Currently a licensed mortgage lender can broker loans without having to obtain a mortgage broker license. No threshold of business volume exists. This has resulted in brokers getting a lender’s license while the majority of business is brokering. The bill puts a threshold in place for majority of activity being lending as reported on Mortgage Call Report.
- **Broker Brick and Mortar Removal.** Deleting requirement for mortgage broker to have physical location in SC. Not in the lender’s statute. Holdover from prior mortgage broker regulation.

References:

Main Industry Statutes

- Mortgage Lending Act
 - S.C. Code Ann. § 37-22-110, et seq.
- Licensing of Mortgage Brokers Act
 - S.C. Code Ann. § 40-58-10, et seq.

- High-Cost and Consumer Home Loans Act
 - S.C. Code Ann. § 37-23-10, et seq.
- Mortgages and Deeds of Trust Generally
 - S.C. Code Ann. § 29-3-10, et seq.
- Reverse Mortgages
 - S.C. Code Ann. § 29-4-10, et seq.
- Attorney-Preference Statute
 - S.C. Code Ann. § 37-10-102
- Remedies and Penalties
 - S.C. Code Ann. § 37-5-101, et seq.

Peripheral Industry Statutes

- Financial Identity Theft Protection Act
 - S.C. Code Ann. § 37-20-110
 - S.C. Code Ann. § 39-1-90
- Credit Counseling Statute
 - S.C. Code Ann. § 37-7-101 et seq.

Regulations

- Licensing of Mortgage Brokers
 - S.C. Code Regs. 28-400
- Mortgage Lending Act Regulations
 - S.C. Code Regs. 15-64

ALERT: Each agency is required to have its own course approval. Course must be approved for DFI and DCA separately.

NMLS Approving Authority

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

Legislative Updates

Course providers are responsible for keeping abreast of changes made to the applicable statutes, regulations and rules.