



# L.O. Licensing The Lowdown

In just a few years, the number of states requiring loan-officer licenses has grown from 3 to 31

By **Herbert H. Thomas**, president, Thomas Law Firm PC

In recent years, more states have implemented loan-officer-licensing legislation in an effort to protect borrowers from abuse by predatory lenders and officers. Although only three states required loan-officer licenses just three years ago, 31 states now have license or registration regulations on the books.

Despite the increased legislation, noncompliance is rampant. Many mortgage companies are ignoring the laws. Some are openly defying them, funneling all loan officers' loans through the company's one licensed loan officer.

The goal of state legislators and predatory-lending groups is to hold loan officers and lenders responsible for predatory-lending behavior.

State-agency enforcement departments are issuing cease-and-desist orders, revoking licenses and levying fines in an effort to promote compliance with these laws.

Ultimately, mortgage companies are responsible for getting all their loan officers registered or licensed. The best way to stay in compliance is to file for loan-officer registration or licenses for each loan officer who brokers or makes mortgage loans in the one of the 31 states. The other option: Risk violations for failure to supervise the licensing of your loan officers.

Here's a state-by-state look at U.S. loan-officer regulations and their impact.

*Continued ...*



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## 4 Ways to Comply

- 1 Apply:** Compliance by filing the appropriate loan-officer license or registration application is always a good strategy. Mortgage-licensing companies also use technology to avoid the high costs and difficulty of loan-officer licensing. Continuing-education providers can help in loan-officer exams and courses.
- 2 Qualify for an exemption:** With a U.S. Department of Housing and Urban Development (HUD) exemption, you can bypass loan-officer requirements in: Colorado, Hawaii, Indiana, Montana, Ohio (limited HUD exemption), Oklahoma and Texas.
- 3 Use an alternate license.** Some states allow alternate licenses, through which you can be exempt from the requirement to register or license loan officers. States that have alternate licenses include: California, Florida, Kansas, Nevada, Oklahoma and West Virginia.
- 4 Be a wholesale lender or lead generator:** Mortgage brokers and retail lenders comprise the primary category of the mortgage industry that must comply with loan-officer laws. Wholesale lenders have sales representatives, but not loan officers. Lead generators also don't use loan officers — they use technology to capture and distribute their leads. **!**

## Does Your Company Break State Law?

### Take this quick test:

- Do you license only one loan officer per license-required state through whom you funnel other loan officers' loan applications?
- Do any of your loan officers interact with borrowers in a state in which they have no individual license (when required)?
- Are your loan officers co-brokering loans in a state in which they have no individual license (when required)?
- Are you accepting referrals from unlicensed loan officers in a license-required state and sending them compensation?

**If you answered yes to any of these questions, you are a violator — and your business is in jeopardy.**

*Note: The information contained in this article is general business advice and should not be construed as legal advice or legal opinion.*

## Loan-Officer Regulations: A Breakdown

Each of the 31 states with loan-officer licenses or registration has its own requirements and fees. (Information current as of press time.)

State	Company type	Fee	Exam	Fingerprint cards	Course/experience	Alternate license	Licensing Web site**
Arkansas	Broker or lender	\$50	N	N	N	None	www.securities.arkansas.gov/flma_forms/asd__loan_officer_forms.htm
California	Department of Real Estate broker	\$165	Y	Y	Y	California finance lender	www.dre.cahwnet.gov
Colorado	Broker	\$200	N	Y	N	HUD exemption	www.dora.state.co.us/real-estate/mb/Index.htm
Connecticut	Broker or lender	\$50	N	N	N	None	www.ct.gov/dob/site/default.asp
Florida	Broker	\$200	Y	Y	Y	Florida correspondent lender	www.flofr.com/licensing/MB-individuals.htm
Hawaii	Broker	\$85/\$145*	N	N	N	HUD exemption	www.hawaii.gov/dcca/areas/pvl/programs/mortgage
Idaho	Broker or lender	\$200	N	N	N	None	finance.idaho.gov/MortgageForm.aspx
Illinois	Broker or lender	\$125	Y	Y	Y	None	www.obre.state.il.us/resfin/loanoriginators.htm
Indiana	Broker	None	N	N	Y	HUD exemption	www.in.gov/sos/securities
Iowa	Broker or lender	\$90	N	Y	N	None	www.idob.state.ia.us/
Kansas	Mortgage company	\$75	N	Y	N	Kansas supervised lender	www.osbckansas.org/DOCML.html
Kentucky	Broker or lender	\$50	N	Y	Y	None	www.kfi.ky.gov/howtoregister/
Louisiana	Broker or lender	\$100	Y	Y	Y	None	www.ofi.state.la.us/newrml.htm
Maine	Broker or lender	\$20	N	N	N	None	www.maine.gov/pfr/consumercredit/index.shtml
Maryland	Broker	\$400	Y	Y	Y	None	www.dlir.state.md.us/finance/
Mississippi	Broker or lender	\$100	N	Y	N	None	www.dbcf.state.ms.us/mortgage_lending.htm
Montana	Broker	\$200	Y	Y	Y	HUD exemption	banking.mt.gov/mortgage.asp
Nevada	Broker	\$185	N	Y	N	Nevada banker	www.mld.nv.gov/
New Hampshire	Broker or lender	\$50	N	N	N	None	www.nh.gov/banking/ApplicationMortgage.html
New Jersey	Broker or banker	\$100	N	N	N	None	www.state.nj.us/dobi
North Carolina	Broker or lender	\$113.50	Y	Y	Y	None	www.nccob.org/nccob/mortgage
Ohio	Broker	\$100	Y	Y	Y	Limited HUD exemption	www.com.state.oh.us/dfi
Oklahoma	Broker	\$200	Y	N	Y	HUD exemption	www.okdocc.state.ok.us/mainMB.php
Oregon	Broker or lender	\$60	Y	N	Y	None	www.cbs.state.or.us/external/dfcs/ml/loan_originator_requirements.html
South Carolina	Broker	\$75	N	Y	Y	None	www.sconsumer.gov/licensing/mortgage_brokers.htm
Tennessee	Broker or lender	\$100	N	N	N	None	state.tn.us/tdfi/compliance/mlo/index.html
Texas	Broker	\$234	Y	Y	Y	HUD exemption as a Texas banker	www.sml.state.tx.us
Utah	Broker	\$275	Y	Y	Y	None	realestate.utah.gov/mortlicensing.html
Washington	Broker	\$125	Y	Y	Y	None	www.dfi.wa.gov/cs/mortgage.htm
West Virginia	Broker	\$194	N	Y	N	West Virginia lender/broker	www.wvdo.org/professionals/n_mortgage.htm
Wisconsin	Broker or lender	\$250	Y	Y	Y	None	www.wdfi.org/fi/mortbank/default.htm

\* \$85 for even-numbered year, \$145 for odd-numbered year

\*\* Web site addresses are case-sensitive