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# The Changing Face of Education

## Brokers can use strict standards to set themselves apart from bank lenders

IN THE PAST FEW YEARS, THE MORTGAGE industry and mortgage brokers have undergone many changes. Many brokers have left the business, companies have closed, and legislative and regulatory landscapes seem to change daily. For brokers who remain in business, ongoing education represents one of the best ways to stay competitive. By expanding your industry knowledge, you can differentiate yourself and provide superior customer service.

Moving into 2010, education programs will change dramatically with expanded implementation of the Nationwide Mortgage Licensing System (NMLS) registry for brokers and originators. Licensing requirements have changed broadly, and it's imperative that brokers ensure they meet state and federal requirements.

By keeping up, brokers also can establish themselves as more educated and capable of helping homeowners and homebuyers when compared to lending channels held to lower standards.

### Provider requirements

In the past, almost anyone could provide broker education. In many states, however, the rules governing education-providers have become or soon will become stricter. Generally speaking, this is a good thing.

Changes to education-provider guidelines brought about by the NMLS include the following:

1. **Providers must be NMLS-approved** to submit courses for approval and to host education classes for prelicensing or continuing education.

2. **Anyone not approved** as an education-provider cannot submit courses for approval or teach courses and have them count for continuing-education credit.
3. **After providers are approved**, they can teach courses in any state in which NMLS guidelines have been implemented. Their approved courses also are approved for every NMLS state.
4. **Providers are required** to report their course attendees within seven calendar days and pay a fee of \$1.50 per continuing-education hour. For example, providers must pay a \$6 fee per student who attends a four-hour course.

### Loan-originator rules

In addition to the aforementioned guidelines for education-providers, the following rules pertain to originators in NMLS states:

1. **Any originator** who works for a mortgage banker or mortgage broker must take at least eight hours of continuing education annually. The eight hours must consist of three hours of federal law, two hours of nontraditional course material, two hours of ethics and one hour of elective education.
2. **A person cannot** take the same class in consecutive years.
3. **Continuing-education hours** must be taken from an approved NMLS education-provider.
4. **New loan originators** must complete a 20-hour prelicensing course or courses before they will be granted their license. The 20 hours are in addition to passing

national and state tests, submitting fingerprints and paying a \$30 processing fee.

5. **If loan originators** intend to operate in multiple states, they must meet state-required education levels if those levels are greater than national minimums. In addition, loan originators operating in multiple states must pass each state's required test.

The bottom line is that most mortgage brokers will have to meet more-structured and stricter education requirements. Even those brokers working in states that haven't yet conformed to NMLS standards should pay attention. Changes likely will be coming soon to the final holdout states, as well.

On the other hand, originators who work for banks, credit unions and savings banks aren't and won't be required to meet the same standards. As a result, it's possible that originators who can't pass mandatory tests or otherwise meet education requirements will find oases at such institutions.

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Strict and ongoing education standards will not only produce better mortgage brokers, but they also may produce inferior originators outside the broker channel. Chances are that's bad for consumers. It also might be something brokers can take advantage of by marketing themselves as more educated and regulated than other lending avenues. ●

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