

# Lender license law for checks, balances

New rule designed to aid safeguards for loan applicants, industry.

By **Cal Haupt**  
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Maybe you won't notice. Maybe your mortgage lender will pay it no mind. But a date of utmost importance to homebuyers and mortgage professionals is coming July 31.

That's when every mortgage lending officer in the state must be licensed by the Georgia Department of Banking and Finance – or violate state law.

The Secure and Fair Enforcement for Mortgage Licensing Act of 2008 (the SAFE Act) passed in July 2008, giving states one year to pass legislation requiring the licensure of mortgage loan officers in accordance with national standards. Georgia passed its legislation in July 2009 as an amendment to the Georgia Residential Mortgage Act.

The idea behind the licensing is simple: Enhance consumer protection and reduce fraud by setting minimum standards for the licensing and registration of mortgage loan officers, and put the industry in the hands of mortgage professionals and companies that have extensive certification and experience.

This is more important now than ever. Given the recent mortgage lending crisis that sent the U.S. economy into a tailspin, it's crucial that consumers connect with mortgage lenders whom they can trust and who have been properly trained, vetted and licensed



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by the state. And it's important for good, trustworthy mortgage lenders to get licensed in time.

The deadline for submitting a licensing application was initially set for March 31 but was extended to April 16. Then it was pushed to July 31 – and now requires not just the application but full licensing by that date – after it appeared that many businesses in the mortgage industry were ill-prepared, unaware about or unclear on the specific requirements for licensing and the associated deadlines.

To be licensed, all mortgage officers who are not registered as employees for an insured depository, federal banking agency or institution regulated by the Farm Credit Administration must pass a written qualified test, complete pre-licensure education courses and take annual continuing education courses. The SAFE Act also

requires mortgage professionals to submit fingerprints to the Nationwide Mortgage Licensing System so that the FBI can conduct a criminal background check, and to provide permission for an independent credit check.

The test is tough, and mortgage officers must score 75 percent or better. They get three chances to pass, with 30 days between each attempt. If they fail the third time, they must wait six months to retest. And each test-taker must be individually bonded or covered under a company bond.

Any mortgage loan officer who is not licensed by July 31 is subject to a fine of up to \$1,000 per offense and a cease and desist order issued by the Georgia Department of Banking and Finance. Each day that the violation continues will constitute a separate offense. In addition, willfully transacting mortgage business without a license is a felony under Georgia law (Code Section 7-1-845.)

All of this takes place away from the consumer's eye, but there is a way to check on the licensing status of any mortgage loan officer. At [nmlsconsumeraccess.org](http://nmlsconsumeraccess.org), consumers can plug in the name, company, state or other identifying information for the lender and learn whether that person or company is properly registered and licensed.

It's important for consumers to take this kind of proactive step, just as it's important for mortgage loan officers to take the proactive step of getting licensed. This will allow for a better, stronger and safer mortgage loan industry in Georgia.