



Change in Approval Criteria for State-Specific Online PE

Effective November 1, 2019 | Posted June 14, 2019

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Purpose

The purpose of this notice is to inform NMLS approved courses providers that NMLS is making a change to the course approval requirements for online state-specific prelicensure (PE) courses. Effective November 1, 2019, all state-specific PE courses ten (10) hours or less will no longer be approved to be instructor-led. With exceptions detailed below, state-specific PE courses ten or fewer hours will be required to meet the same course approval standards as online self-study continuing education courses.

Background and Reason for the Policy

In preparation of the implementation of The Economic Growth, Regulatory Relief, and Consumer Protection Act (S. 2155 or the amendments) also referred to as Temporary Authority to Operate (Temporary Authority) for Mortgage Loan Originators, and to further ensure the integrity of the mortgage education program, NMLS is making a change to the approval standards for state-specific PE courses that are ten hours or less and are intended to be offered online.

This change in course approval policy does not apply to PE courses in excess of ten (10) hours nor does it apply to the following:

- 3HR Federal Law courses
- 3HR Ethics courses
- 2HR Non-Traditional Mortgage Lending Courses
- General Elective Courses

The policy change is being made in cooperation with the Course Provider Working Group. The policy change was approved by the Mortgage Testing & Education Board (MTEB) on May 30, 2019 and approved by the NMLS Policy Committee on June 16, 2019.

Requirements for Course Approval

Beginning November 1, 2019, NMLS will begin approving state-specific prelicensure education courses as self-study courses under the following criteria:

- 1) The course is ten (10) hours or less
- 2) The course must meet all the requirements as detailed in Section 1 and section 5 of the Functional Specification for NMLS Approved Courses (Functional Spec)
- 3) The course must meet the requirement for end-of-course assessment for prelicensure education as detailed in Section 1.13 of the Functional Spec. Note the increased number of final exam questions required:
1.13.1.a.i: PE courses in the online self-study format that are state specific and ten (10) hours or less: The final exam may not be less than 25 questions for a course

that is two (2) or fewer hours, and no less than 35 questions for a course that is three (3) or more hours.

Effective Dates

NMLS will begin accepting applications for state-specific PE courses ten (10) hours or less that meet the above criteria beginning on July 1, 2019.

Currently approved PE state-specific courses will no longer be approved for delivery on or after November 1, 2019. NMLS will waive the new application fee associated with submitting a new state specific PE course to replace an existing state specific PE course that was renewed in 2019 on a one-to-one basis.