



NMLS Policy

May 15, 2019

Temporary Authority to Operate for a Mortgage Loan Originator License/Registration Period Eligibility and Break in Service

Issue:

Under S. 2155, must an MLO be continuously registered for a minimum of one-year, or continuously licensed for a minimum of 30-days to be eligible for temporary authority to operate? Does the “continuous” requirement permit a break in service when an MLO is transitioning employment?

Background:

As questions arose around the license/registration period eligibility requirement and breaks in service for temporary authority, legislative history and Congressional intent were reviewed. Although there were multiple versions of the bill, the core language requiring a one-year period of registration and a 30-day period of licensure did not change. When reviewing legislative history, it became apparent that the drafter of the predecessor bill (H.R. 2121), Steve Stivers (R-OH) used the words, “during” and “registered...for the previous 12-months interchangeably, meaning that registration should be continuous.

Continuous registration or licensure, however, does not account for a potential break in service between jobs. Legislative history shows that Congress’ intent was that there be “little to no break in service.” Relying on this statement it was determined that a de minimis number of days be permitted to ease an MLOs transition when changing employment.

Policy:¹

To be eligible for temporary authority to operate, an MLO must be either continuously registered throughout the one-year period or continuously licensed throughout the 30-day period preceding the date that the information required under 1505(a) is submitted.²

A break in service for an MLO shall not exceed fourteen calendar days. The break in service is calculated from the beginning of either the MLO’s federal deregistration or state licensure termination, until the employer submits a sponsorship request.

¹ This policy was approved by the NMLS Policy Committee at their monthly meeting on, May 14, 2019.

² Section 1505(a) includes fingerprints for a criminal background check, personal history and experience, authorization for a credit report, and any information related to and administrative, civil, or criminal findings in any jurisdiction.