

**STATE OF NEBRASKA**  
**Department of Banking & Finance**

IN THE MATTER OF:	)	ORDER ADOPTING
	)	UNIFORM STATE TEST AND
Mortgage Loan Originator	)	NEBRASKA-SPECIFIC
License Applications	)	PRELICENSE EDUCATION

THIS MATTER comes before the Nebraska Department of Banking and Finance (“DEPARTMENT”), by and through its Director, pursuant to its authority under the Residential Mortgage Licensing Act, Neb. Rev. Stat. §§ 45-701 to 45-754 (Reissue 2010; Cum. Supp. 2012) (“the Act”).

1. Neb. Rev. Stat. § 45-727 (Reissue 2010) provides that all individuals who are acting as mortgage loan originators in connection with residential real estate or a dwelling located in Nebraska must be licensed as mortgage loan originators.

2. Neb. Rev. Stat. § 45-729 (Cum. Supp. 2012) provides, in relevant part, that the Director shall not grant a mortgage loan originator license application unless he or she finds that the applicant has completed prelicense education and has passed a prelicense written examination.

3. Neb. Rev. Stat. § 45-730(1) (Reissue 2010) provides that an individual shall complete at least twenty (20) hours of prelicense education which shall include at least the following:

- (a) Three (3) hours of instruction in federal law and regulations regarding mortgage origination;
- (b) Three (3) hours of instruction in ethics, which shall include instruction on fraud, consumer protection, and fair lending issues; and

(c) Two (2) hours of instruction related to lending standards for the nontraditional mortgage product marketplace.

4. Neb. Rev. Stat. § 45-730(2) (Reissue 2010) provides that the Nationwide Mortgage Licensing System and Registry (“NMLS”) is responsible for approving prelicense education courses and course providers.

5. Neb. Rev. Stat. § 45-731 (Cum. Supp. 2012) provides that an individual must pass a written test developed by the NMLS. The test must include the following subject areas:

- (a) Ethics;
- (b) Federal laws and regulations pertaining to mortgage origination;
- (c) State laws and regulations pertaining to mortgage origination; and
- (d) Federal and state laws and regulations, including instruction on fraud, consumer protection, the nontraditional mortgage marketplace, and fair lending issues.

6. The testing and education provisions in the Act were mandated by the federal Secure and Fair Enforcement for Mortgage Licensing Act (“SAFE Act”). In order to meet the requirements of the SAFE Act, the NMLS mandates that loan originators take and pass two (2) test components. The first component is a national component devoted to federal laws related to mortgage originations, and the second component is a state component devoted to state laws related to mortgage originations.

7. Each state currently has its own state component. Therefore, an individual seeking a Nebraska mortgage loan originator license is required to pass both the national component and the Nebraska component of the test before the DEPARTMENT can grant such individual a mortgage loan originator license. The purpose of the Nebraska component

is to ensure that applicants have at least entry-level knowledge regarding the laws which govern mortgage loan originations in Nebraska.

8. The NMLS has developed a uniform state test based upon the SAFE Act and a model state law which served as the basis for the mortgage loan originator provisions in the Act. Each state has the option of adopting the uniform state test or retaining a state-specific exam component. However, the uniform state test will be scored as part of the national component; thus, all loan originators will take the uniform state test, even if the state retains its state-specific component. The uniform state component will be implemented in 2013.

9. The NMLS also is offering a stand-alone version of the uniform state test for mortgage loan originators who have already passed the national test component. The stand alone component will be available for enrollment through March 31, 2014, unless the NMLS elects to extend such deadline.

10. There is substantial overlap between the Nebraska component of the prelicense test and the proposed uniform state test. Requiring applicants to pass the Nebraska component of the prelicense test in addition to the uniform state test would be duplicative.

11. Neb. Rev. Stat. § 45-748 (Reissue 2010) provides that the Director may establish by rule, regulation or order, requirements necessary to participate in the NMLS, including requirements related to prelicense education and testing.

12. The use of the term “at least” in Neb. Rev. Stat. § 45-730(1) (Reissue 2010) makes it clear that the possibility of additional prelicense education requirements is permissible.

13. Requiring applicants to take Nebraska-specific education is necessary in order to insure that applicants will have at least an entry-level understanding of the laws that

govern mortgage loan originations in Nebraska. Therefore, the Director has determined that an Order adopting the uniform state test and implementing Nebraska-specific prelicense education will reduce regulatory burden and is necessary to effectuate the purposes of the Act.

IT IS THEREFORE ORDERED, ADJUDGED, and DECREED as follows:

1. Effective July 1, 2013, the Nebraska component of the prelicense test shall be discontinued. All candidates taking the prelicense test on or after July 1, 2013, shall take only the national test containing the uniform state test component.

2. Individuals who have passed the national component of the prelicense test prior to July 1, 2013, but who have not passed the Nebraska component, may retake the national component containing the uniform state test. In the alternative such candidates may take the stand-alone version of the uniform state test provided that they enroll for such test prior to any enrollment deadline established by NMLS.

3. Effective July 1, 2013, all applicants for a mortgage loan originator license shall take at least twenty-two (22) hours of prelicense education, which shall include at least the specific hours required by Section 45-730(1)(a)-(c) , at least two (2) hours of Nebraska-specific education, and at least twelve (12) hours of elective courses.

4. The provisions of Paragraph No. 3 of the Order shall not apply to any applicant who successfully passed the Nebraska component of the prelicense test prior to July 1, 2013. Such individuals may submit an application on or after July 1, 2013, and rely upon passage of the Nebraska component of the prelicense test in lieu of Nebraska-specific prelicense education.

5. A copy of this Order shall be made publicly available on the DEPARTMENT's website.

6. This Order shall remain in effect until subsequently modified or vacated by Order of the Director.

7. The effective date of this Order shall be the date of the Director's signature.

DATED this 19<sup>th</sup> day of February, 2013.



**STATE OF NEBRASKA  
DEPARTMENT OF BANKING AND FINANCE**

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