



DCU BULLETIN

Division of Credit Unions

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Federal Licensing Requirement for Loan Originators in Credit Union Service Organizations (CUSOs)

Residential mortgage loan originators who work for credit union service organizations (CUSOs) are subject to the licensing requirements in the Secure and Fair Enforcement for Mortgage Licensing Act of 2008 (“SAFE Licensing Act”), which was enacted as Title V of Subdivision A of the Housing and Economic Recovery Act of 2008. Public Law No.110-289, 122 Stat. 2659 (July 30, 2008).

The SAFE Licensing Act is intended to encourage uniformity among the states in terms of licensing and regulation for the residential mortgage industry. Among other provisions, the law encourages the states, acting through the Conference of State Bank Supervisors and the American Association of Residential Mortgage Regulators, to establish a nationwide mortgage licensing system (NMLS). All loan originators must either be licensed or registered with the system. SAFE Licensing Act, §1502.

Due to a recent determination by the National Credit Union Administration (NCUA), loan originators working in credit union service organizations (CUSOs) need to become licensed, not registered. The NCUA has interpreted the SAFE Licensing Act, to apply the requirement for national licensure of loan originators, specifically to those in CUSOs.

Because the NCUA does not have direct regulatory oversight or enforcement authority over CUSOs, it does not historically view CUSO employees as exempt from state licensing regimes. NCUA’s position is that “individuals employed by CUSOs that engage in loan origination activities, whether the CUSO is owned by a state or federal credit union, would need to be licensed in accordance with applicable state requirements.”

This new interpretation regarding licensing changes some of the content of a recent Division of Credit Unions (DCU) Interpretive Letter [I-08-05]. The revised DCU letter explains that loan originators in CUSOs need to be licensed with the new nationwide mortgage licensing system (NMLS). You may click here for the revised and updated Interpretive Letter. <http://dfi.wa.gov/cu/I-08-05.pdf>.

To become a licensed loan originators in a CUSO, please go to the DFI website:
http://dfi.wa.gov/cs/loan_originator.htm. The website provides more information and the application forms.

If you have questions about this federal requirement for CUSOs, contact Linda Jekel, Director of Credit Unions at LJekel@dfi.wa.gov or (360) 902-8778. If you do not have internet access and would like to receive a copy of the updated Interpretive Letter, or a loan originator licensing packet, please contact Rhonda Mires at 360-902-8718 at rmires@dfi.wa.gov. Note: DCU will issue a future Bulletin when we have more information about registering loan originators working within credit unions, instead of CUSOs..