

Secretary of State
STATEMENT OF NEED AND FISCAL IMPACT
A Notice of Proposed Rulemaking accompanies this form.

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ARCHIVES DIVISION
SECRETARY OF STATE

Department of Consumer and Business Services, Finance and Securities Regulation
Agency and Division

441

Administrative Rules Chapter Number

Conforming Oregon's mortgage originator pre-licensing education requirements with the Nationwide Mortgage Licensing System.

Rule Caption (Not more than 15 words that reasonably identifies the subject matter of the agency's intended action.)

In the Matter of:

Amending 441-880-0310

Statutory Authority:

ORS 86A.206 & 86A.242

Other Authority:

Statutes Implemented:

ORS 86A.212 & 86A.215

Need for the Rule(s):

The Department of Consumer and Business Services has been working toward full utilization of and alignment with the Nationwide Mortgage Licensing System and Registry's (NMLS) features. Under the federal Secure and Fair Enforcement for Mortgage Licensing Act (SAFE Act) each prospective mortgage loan originator licensee must complete pre-licensure education. Currently, within the NMLS pre-license education does not expire regardless of whether the person actually obtained a license. Department license specialists verify that the pre-licensing education has been completed but not how long ago it was completed. In July 2014, the NMLS issued a request for public comments on a proposed expiration of pre-licensure education credits. The NMLS determined that it will develop its licensing database so that pre-licensure education will expire within 3 years if a person has not obtained a license, or if a person fails to maintain an originator license or registration in any jurisdiction for 3 years. Currently, Oregon's rules do not align with the NMLS but all mortgage licensees must apply and renew through the NMLS. Oregon must amend its rules to correspond to NMLS processes.

Documents Relied Upon, and where they are available:

Draft rules are available from the division's rules coordinator, located at 350 Winter St. NE, Rm. 410, Salem, OR 97301 and are available on the division's Web site at <http://dfcs.oregon.gov/rulestat.html>. Information about the NMLS may be accessed at <http://mortgage.nationwidelicensingsystem.org>.

Fiscal and Economic Impact:

This proposed rulemaking is meant to further conform Oregon's Mortgage program to the NMLS and specifically the pre-licensing education rule. The pre-licensing education criteria have existed since 2009. This proposed rulemaking does not amend the education criteria but rather imposes a three-year deadline to receive licensure. Because there is currently no expiration on pre-licensing education the proposed rulemaking could result in a fiscal impact to persons who do not obtain licensure in any state within three years of completing pre-licensing education because they would be required to take the education. This would be uniform for all states licensing mortgage originators through NMLS. It is unknown at this time how many individuals will fail to obtain licensure in a jurisdiction within three years of completing the education requirement and would be required to retake the pre-licensing education.

Statement of Cost of Compliance:

1. Impact on state agencies, units of local government and the public (ORS 183.335(2)(b)(E)):

The proposed rules streamline current processes so there should be no negative impact to any state agency, unit of local government or the public. The Department is likely to see a small positive impact as it reduces the amount of paper processed through the licensing and renewal process.

2. Cost of compliance effect on small business (ORS 183.336):

a. Estimate the number of small business and types of businesses and industries with small businesses subject to the rule:

It is unknown at this time how many of the businesses affected by the proposed rules are categorized as small businesses. Department records indicate that 661 of the 699 licensed companies employ fewer than 50 mortgage loan originators; however, this does not take into account the fact that the affected companies will have employees other than loan originators and may have multiple offices, including some out of state.

b. Projected reporting, recordkeeping and other administrative activities required for compliance, including costs of professional services:

The proposed rules are a step toward a comprehensive streamlined multi-state processes which is likely to result in a slight positive impact for Oregon businesses.

c. Equipment, supplies, labor and increased administration required for compliance:

There should be no extra equipment, supplies, administration or labor required for compliance because substantive requirements are not changing.

How were small businesses involved in the development of this rule?

Small businesses were represented on the Rulemaking Advisory Committee.

**Administrative Rule Advisory Committee consulted?: Yes
If not, why?:**

10-31-2016 5:00 p.m.	Shelley Greiner	shelley.a.greiner@oregon.gov
Last Day (m/d/yyyy) and Time for public comment	Printed Name	Email Address