

**286.8-255 Registration with department required for mortgage loan originator -- Renewals -- Continuing education requirement -- Background checks -- Originators subject to other laws -- Minimum standards for registration -- Mortgage loan processors not required to register -- Continuing education and standards for processors -- Renewal of originator registration -- Limitation of loan origination services.**

- (1) No natural person shall transact business in Kentucky, either directly or indirectly, as a mortgage loan originator unless such mortgage loan originator is registered with the department, complies with all applicable requirements of this subtitle, and maintains a valid unique identifier issued by the Nationwide Mortgage Licensing System and Registry. The department shall maintain a database of all mortgage loan originators originating mortgage loans on residential real property in Kentucky.
- (2) The application for registration shall:
  - (a) Be on a form prescribed by the commissioner;
  - (b) Be accompanied by a registration fee in the amount of fifty dollars (\$50) which shall be used solely by the department to establish and maintain a database of all mortgage loan originators and any excess funds shall be retained by the department and shall not lapse to the general fund; and
  - (c) Contain such information as the commissioner deems necessary to carry out the purposes of this subtitle.
- (3)
  - (a) Applications for initial registrations of mortgage loan originators shall be accompanied by satisfactory evidence that the applicant has successfully completed twenty (20) hours of prelicensing education courses related directly to the mortgage lending process, as approved and designated by the commissioner.
  - (b) For the purposes of paragraph (a) of this subsection, the prelicensing education courses approved and designated by the commissioner shall meet the minimum requirements set forth in Section 1505(c) of the S.A.F.E. Mortgage Licensing Act, Pub. L. No. 110-289, and amendments thereto, and shall be reviewed, and approved by the Nationwide Mortgage Licensing System and Registry.
  - (c) For the purposes of paragraph (a) of this subsection, the commissioner may accept as credit towards the completion of the prelicensing education requirements in this state, the completion of prelicensing education requirements in any other state so long as the education has met the requirements set forth in paragraphs (a) and (b) of this subsection.
- (4) Applications for renewals of registration by registered mortgage loan originators shall be accompanied by satisfactory evidence that the individual has successfully met the continuing education requirements of KRS 286.8-260 and by payment of a renewal fee in the amount of fifty dollars (\$50). The renewal fee shall be used solely by the department to establish and maintain a database of all mortgage loan originators and any excess funds shall be retained by the department and shall not lapse to the general fund.

- (5) A registration issued between January 1 and October 31 of the same calendar year shall expire on December 31 of the same calendar year. A registration issued between November 1 and December 31 of the same calendar year shall expire on December 31 of the following calendar year. Any registration that has expired may be reinstated by the commissioner upon payment of the annual registration fee, and a reinstatement fee of two hundred fifty dollars (\$250), within thirty (30) days of the expiration of the registration.
- (6) All mortgage loan originators subject to the registration requirements of this section shall also be subject to and comply with all applicable provisions of this subtitle.
- (7) The commissioner shall require the submission of background records checks, including but not limited to checks for state, federal, and international criminal histories, civil or administrative records, and any other information as deemed necessary to comply with the minimum requirements set forth in Section 1505 of the S.A.F.E. Mortgage Licensing Act, Pub. L. No. 110-289, and amendments thereto, as well as the submission of an independent credit report obtained from a consumer reporting agency described in the Fair Credit Reporting Act, 15 U.S.C. sec. 1681a, as part of an application or renewal application filed under this subtitle, including but not limited to applications or renewals for mortgage loan originators. The cost of the background and records checks, and credit report shall be borne by the applicant.
- (8) No mortgage loan originator shall be granted or shall be entitled to maintain a registration unless he or she satisfies the following minimum standards for registration:
  - (a) The applicant has never had a loan originator's license or registration revoked in any governmental jurisdiction, except revocations that have been formally vacated or set aside shall not be deemed a revocation for the purposes of this section;
  - (b) The applicant has not been convicted of, pled guilty to, or pled nolo contendere to a felony in any domestic, foreign, or military court:
    1. During the seven (7) year period preceding the date of the application for registration or renewal of registration; or
    2. At any time preceding such date of application for registration or renewal of registration, if such felony involved an act of fraud or dishonesty, a breach of trust, or money laundering;
  - (c) The applicant has demonstrated financial responsibility, character, and general fitness such as to command the confidence of the community and to warrant a determination that the loan originator will operate honestly, fairly, lawfully, and efficiently within the purposes of the subtitle;
  - (d) The applicant has completed the prelicensing education requirement set forth in subsection (3) of this section;
  - (e) The applicant has passed a qualified written test which satisfies the minimum requirements set forth in Section 1505(d) of the S.A.F.E. Mortgage Licensing Act, Pub. L. No. 110-289, and amendments thereto; and

- (f) The applicant holds or is covered by a surety bond which satisfies the minimum requirements set forth in KRS 286.8-060.
- (9) A mortgage loan processor shall not be required to maintain a registration, but the processor's supervising mortgage loan company or mortgage loan broker shall be required to provide the mortgage loan processor with the continuing education required under KRS 286.8-260, as well as perform an employee background check in accordance with uniform standards established by the commissioner prior to hiring an applicant as a processor, and provide proof of compliance with this section to the commissioner upon demand, demonstrating that:
  - (a) The applicant has not been convicted of, pled guilty to, or pled nolo contendere to a felony in any domestic, foreign, or military court:
    - 1. During the seven (7) year period preceding the date of the application; or
    - 2. At any time preceding the date of application, if the felony involved an act of fraud or dishonesty, a breach of trust, or money laundering; and
  - (b) The applicant has demonstrated financial responsibility, character, and general fitness sufficient to command the confidence of the community and to warrant a determination that the loan processor will operate honestly, fairly, lawfully, and efficiently within the purposes of this subtitle.
- (10) No mortgage loan originator shall be granted a renewal of registration unless he or she satisfies the following minimum standards for renewal of registration:
  - (a) The applicant has met and continues to meet the minimum standards set forth in subsection (8) of this section; and
  - (b) The applicant has satisfied the annual continuing education requirements set forth in KRS 286.8-260.
- (11) The registration of any mortgage loan originator that fails to comply with the minimum standards for registration renewal set forth in this section shall expire and shall promptly be deemed surrendered to the commissioner without demand. The commissioner may adopt procedures and requirements for the reinstatement of expired registrations consistent with the standards established by the Nationwide Mortgage Licensing System and Registry.
- (12) Mortgage loan originators engaging in any of the activities set forth in KRS 286.8-010(21)(a) shall provide loan origination services to not more than one (1) mortgage loan company or mortgage loan broker at a time.

**Effective:** July 15, 2016

**History:** Amended 2016 Ky. Acts ch. 129, sec. 8, effective July 15, 2016. -- Amended 2010 Ky. Acts ch. 24, sec. 790, effective July 15, 2010. -- Amended 2009 Ky. Acts ch. 104, sec. 18, effective June 25, 2009. -- Amended 2008 Ky. Acts ch. 175, sec. 17, effective April 24, 2008. -- Amended 2006 Ky. Acts ch. 218, sec. 7, effective July 12, 2006. -- Created 2003 Ky. Acts ch. 64, sec. 6, effective June 24, 2003.

**Formerly codified as** KRS 294.255.

**Legislative Research Commission Note (7/12/2006).** This section was amended in 2006 Ky. Acts ch. 218. In that same session, 2006 Ky. Acts ch. 247, sec. 38, required that all sections of KRS Chapters 287, 288, 290, 291, 294, 366, 366A, and 368 be renumbered as sections of a single KRS chapter entitled the "Kentucky Financial

Services Code." Therefore, the Statute Reviser, acting under KRS 7.136(1), has changed the number of this section and codified it as a section of KRS Chapter 286. In addition, KRS references have been adjusted to conform with the renumbering.