

# 9-STEP LICENSING CHECKLIST

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What every new  
Broker needs to  
know for licensing.



## STEP 1

# REGISTER YOUR COMPANY

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4 aspects of successful business registration involving licensing.

- A. Registering your business with the IRS to obtain a Federal Employee Identification
- B. Registering within the Home State that your company is located in.
- C. Registering for an account in NMLS and carefully matching that account to your EIN number.
- D. In order to do business in multiple states, you will need to file for “foreign authority” outside your primary formation state.

It's all in the details. Once you set up your company name with the Federal & State governments, it can be a nightmare to change. Requirements include matching your company's legal name across all documentation filed with the federal government, states agencies, & in NMLS.

Make sure your company name matches exactly as registered. For example, if your company is Best Mortgage Broker Ever, Inc. that is exactly how you must file at all stages of this process (including punctuation). If you want to utilize other nicknames or aliases, you may also have to submit DBA paperwork within each state, along with registering that name in NMLS for each state that the “Other/Trade Name” applies to. So, choose your name wisely!





## STEP 2

# DETERMINE YOUR LICENSE TYPE

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Some states have more than one licensing agency, as well as multiple license types for the industry you will become licensed within. Certain states have different broker licenses, while other states only have one license combined for coverage of both lender and broker activity.



## DOUBLE CHECK

1. Review the license types available
2. Confirm you are applying for the right one

# STATE REQUIREMENTS

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Click here to learn more. Did you know each state has different requirements in order to be licensed as a mortgage broker? These could include requiring a physical brick-and-mortar branch location, identifying a Resident/Registered Agent that is located IN the state of licenser, or even requiring surety bonds, submission of personal financial information, and more! Check out the basic requirements of your state by clicking State Licensing ([nationwidelicensingsystem.org](http://nationwidelicensingsystem.org))

It is critical to know that all information identified on a state's licensing checklist are considered prerequisites to license approval. This means, that all information as required must be submitted at the beginning of the process in order for your company's MU1 filing to be considered a complete application. There are items that will be required for upload directly into NMLS, and other original documents that will need to be mailed to the state and received within five business days of the application submission.

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## STEP 4

# BECOME PERSONALLY LICENSED

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If not, do you have an employee who is? Many states require a company to assign a licensed MLO to serve as a company control person (also known as the Qualifying Individual) with ranging experience requirements that must be fulfilled prior to company approval. Mortgage Loan Originator licensing requires compliance with pre-licensing education and testing requirements, as well as the submission of an MU4 (Qualifying Individual) application in NMLS. If you have a state license as applicable, have you renewed this license and complied with all continuing education requirements to keep the license in an active status? There are some states that do not require a Company Qualifier, but most do so it is important to keep this in mind.





## STEP 5

# LICENSING FEES

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## State & Federal fees vary

Licensing costs money and in some states it costs a small fortune. Each checklist found in the link above will identify each state's fees by license type. This will include the State license application fee, NMLS processing fee, and any other fees associated with required credit report authorization and or criminal background checks.

All license fees as paid through the NMLS system are non-refundable

and non-transferable. If you apply for the wrong license type, change your mind, or it's later determined that your license request cannot be approved by a regulator, you will not get your money back.

Do not submit your MU1 license application and pay the NMLS licensing fees until you are certain you are applying for the right license AND you can comply with the checklist of requirements in a timely manner.

# WAITING FOR YOUR COMPANY LICENSE APPROVAL?

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It can take up to a year or more to be licensed in some states (although the average waiting period is about 6 months). Not all states allow you to be employed by another entity while you are waiting for your company's license authorization.

Certain parts of the MU1 filing process can also alert your current employer to the connection you have made to the new company. It is important to engage in appropriate conversations up front, so your employer is aware of your plans and your loan production is not negatively impacted.

If your MLO license requires sponsorship by the new company being licensed, you may not be able to control the timing with which the state will require you to disconnect from your current employer, and have sponsorship requested by the new company. While the NMLS will allow for multiple companies to sponsor an LO, some states do not and you must comply with the state regulation.





STEP 7

# OWN ANOTHER LICENSED MORTGAGE OR REAL ESTATE ENTITY?

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While some states will allow you to retain your real estate license, you need to show that it is deactivated so that there are no conflicts of interest. Most license types will not allow you to engage in real estate activity while also originating mortgage loans. The same is true for ownership interest in an existing licensed

mortgage entity. Again, some states do not allow for sponsorship by more than one company, especially when you have an ownership interest in the organization to be licensed. Pay careful attention here, and if you aren't certain how this applies to your license type, ASK!

## STEP 8

# BACKGROUND CHECKS & CREDIT REPORTS

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While the results of this information go straight to the Regulator for review, you should expect there to be additional requests for information as it may relate to this, if applicable. It is critical to have honestly disclosed all information related to such findings within the Disclosure Questions on NMLS. If you respond YES to any question in this section, you will be required to provide a detailed explanation and provide supporting documentation related to the finding. States will review your background thoroughly for criminal history, regulatory actions, civil litigation, and financial responsibility. If an issue is identified on your background check that cannot be otherwise explained and resolved, your license application can be denied for cause- and your money will NOT be refunded.

## STEP 9

# ARE YOU PREPARED?

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The most important rule is to be prepared! Once you have submitted the MU1 filing, you have entered the waiting game stage and must be prepared to comply with the timelines set by your State Regulator!

SCP is here to serve you and support your licensing needs. We can assist you in compiling the requirements for the MU1 application, reviewing jurisdictional documents for completion and accuracy, uploading documents to NMLS as required, requesting MU2 attestations, and reviewing your filing for completeness checks prior to application submission. SCP is also here to assist you during the license process, as you are awaiting approval.

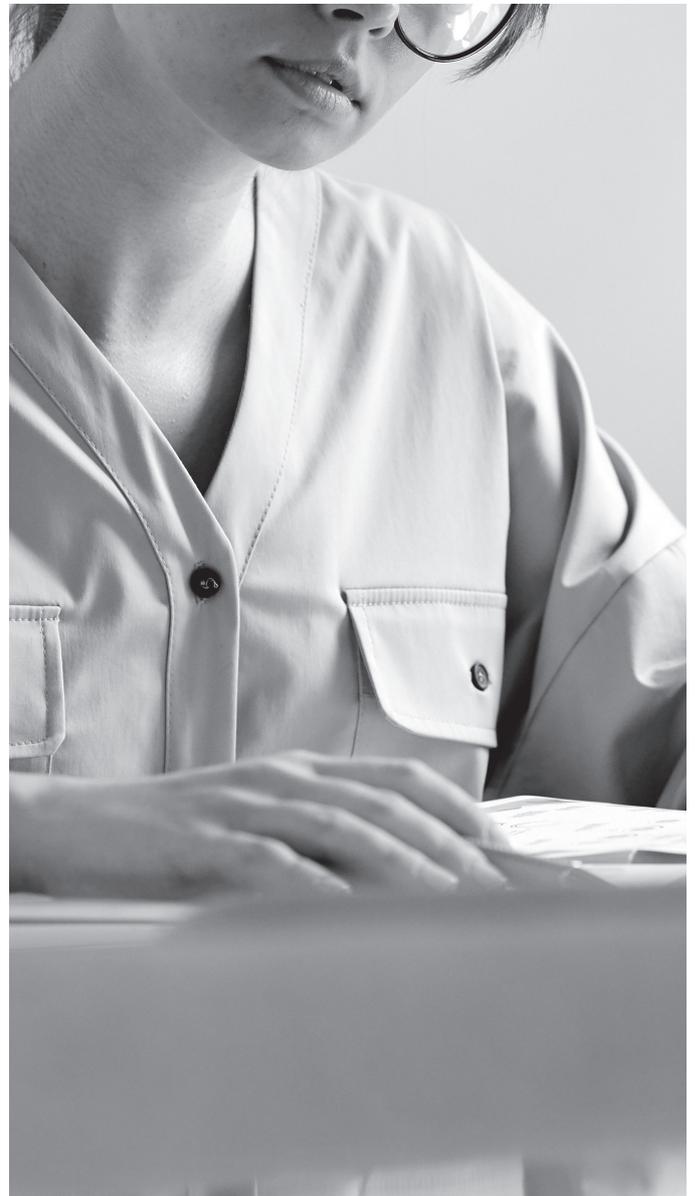
Be aware of the following changes in license status as your file is under review:

**Pending-Incomplete:** All license applications enter the NMLS system in this status, until logged as received by State Pending Review: Your application will typically be updated to this status when the State has assigned your application to an internal Examiner.

During this time frame, you may receive communications from your examiner for follow-up either by license items posted in NMLS or through direct email or other written communication. Check your email often and be prepared to respond promptly.

**Approved or Approved-Conditional:** This is when your license has been approved and the company can begin taking loan in the state of licenser. However, an individual MLO approval is independent of the company approval — which requires an MLO license to be in an Approved

status AND have the license sponsorship request Accepted by the state in order for an individual to be authorized for origination. In some instances, temporary authority is granted, but it is important to confirm this with the State prior to conducting business.



# READY TO GET LICENSED?

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## We have your backs

Visit [strategiccompliancepartners.com/state-licensing-program](https://strategiccompliancepartners.com/state-licensing-program) to begin the process with our team of experts. Here is everything you need to become a broker:

- NMLS Company Form
- Business Registration
- State Registration
- MU1-Assistance and Submission
- 9-Step Licensing Checklist for New Brokers
- Strategic Compliance Partners
- Branch Form
- MU3-Assistance
- Individual Form
- MU2 - for control people assistance
- Electronic & physical state licensing assistance

State Licensing Program from Strategic Compliance Partners

State Licensing Program Licensing For New Brokers Made Easy With SCP Contact Sales. Please fill out the form below and an SCP representative will reach out to you shortly.



“Strategic Compliance Partners have been key for me getting quickly licensed in multiple states. They laid out clear and actionable steps for me to take to get licensed. They even provided insights and tips for the best ways to complete certain state requirements. They took all the guesswork out of it and were always available to answer any questions I had. I would highly recommend using them for anything licenserelated!”

Ryan McCallister  
President & Principal Broker  
F5 Mortgage LLC