

Department of Real Estate SAFE ACT – Frequently Asked Questions

What can you tell me about the Credit Report and Financial Responsibility Requirement?

Q. Will DRE be using FICO scores in making a determination on whether a MLO license endorsement applicant has met the SAFE Act financial responsibility requirement?

A. No.

Q. I have had a bankruptcy, foreclosure, or other credit issues which have had a negative effect on my credit score. Will I qualify for a mortgage loan originator endorsement?

A. An applicant may be precluded from obtaining a mortgage loan originator license endorsement where his or her personal history includes any liens or judgments for fraud, misrepresentation, dishonest dealing, and/or mishandling of trust funds, or other liens, judgments, or financial or professional conditions *that indicate a pattern of dishonesty on the part of the applicant*. DRE has adopted [Regulations](#) which address this topic.

As noted above, though, an applicant's credit score or FICO score is not used in this determination. Many factors that do not reflect on an applicant's honesty or professional responsibility may have impacts on his or her credit score, so that number is not useful for this screening purpose.

Much has been made about the SAFE Act's authorization of licensing agencies to use *credit reports* with regard to screening MLO license applicants. It is important for applicants to understand that DRE will only use credit reports (not credit scores or FICO scores) for the information these reports contain that can verify or refute each applicant's statements in response to questions about financial history that appear on the MLO license endorsement applications. Applications for a MLO license endorsement will be reviewed individually and an individual determination will be made if any financial responsibility issues are identified.

Q. How does the credit report authorization process work?

A. NMLS enables an individual to authorize a credit report through NMLS. All DRE MLO license endorsement applicants will be required to complete the credit report authorization process through NMLS.

Information regarding the credit report [authorization](#) process is available on the NMLS Resource Center Web site.
