



The definitive guide to

# Becoming a mortgage loan officer.

A mortgage ebook from



**The CE Shop**<sup>™</sup>



# Introduction

Are you interested in breaking into the mortgage industry but don't know where to start? Follow this guide as we take you through the journey from beginning to end.

# What is a mortgage loan officer?

A [mortgage loan officer](#) is a financial professional who helps applicants acquire loans when purchasing property. They guide clients through the mortgage approval process from the beginning of their loan application to closing on the property itself. MLOs gain a wide variety of knowledge on different types of mortgage loans and use this information to help their clients choose the best loan for their specific situation.



# What do mortgage loan officers do?

Mortgage loan officers spend their time doing different things each day. Some of the overarching duties include:

- 1** EXPLAINING the loan origination process
- 2** COORDINATING the mortgage lending process
- 3** NETWORKING with others in the industry or adjacent industries



# Mortgage loan officer responsibilities.

Here are responsibilities you can expect on a day-to-day basis as a mortgage loan officer:

- Networking with real estate agents and/or REALTORS®
- Marketing to the general public
- Building relationships with clients to bolster referral business or get them to refinance their current loan
- Meeting with clients when necessary
- Coordinating documents (often containing sensitive information like a credit report)
- Following up on leads
- Fielding any questions related to the mortgage process or its status (e.g., loan approval, credit score, down payment, or loan amount)
- Staying up-to-date with home loan interest rates and trends
- Walking clients through the entire home mortgage loan process from application to underwriting to closing
- Completing yearly [Continuing Education](#) to keep their license current



# Becoming a mortgage loan officer.

To become an MLO, you'll need to fulfill a [few requirements](#). To begin, you need to be at least 18 years old. Other requirements include:



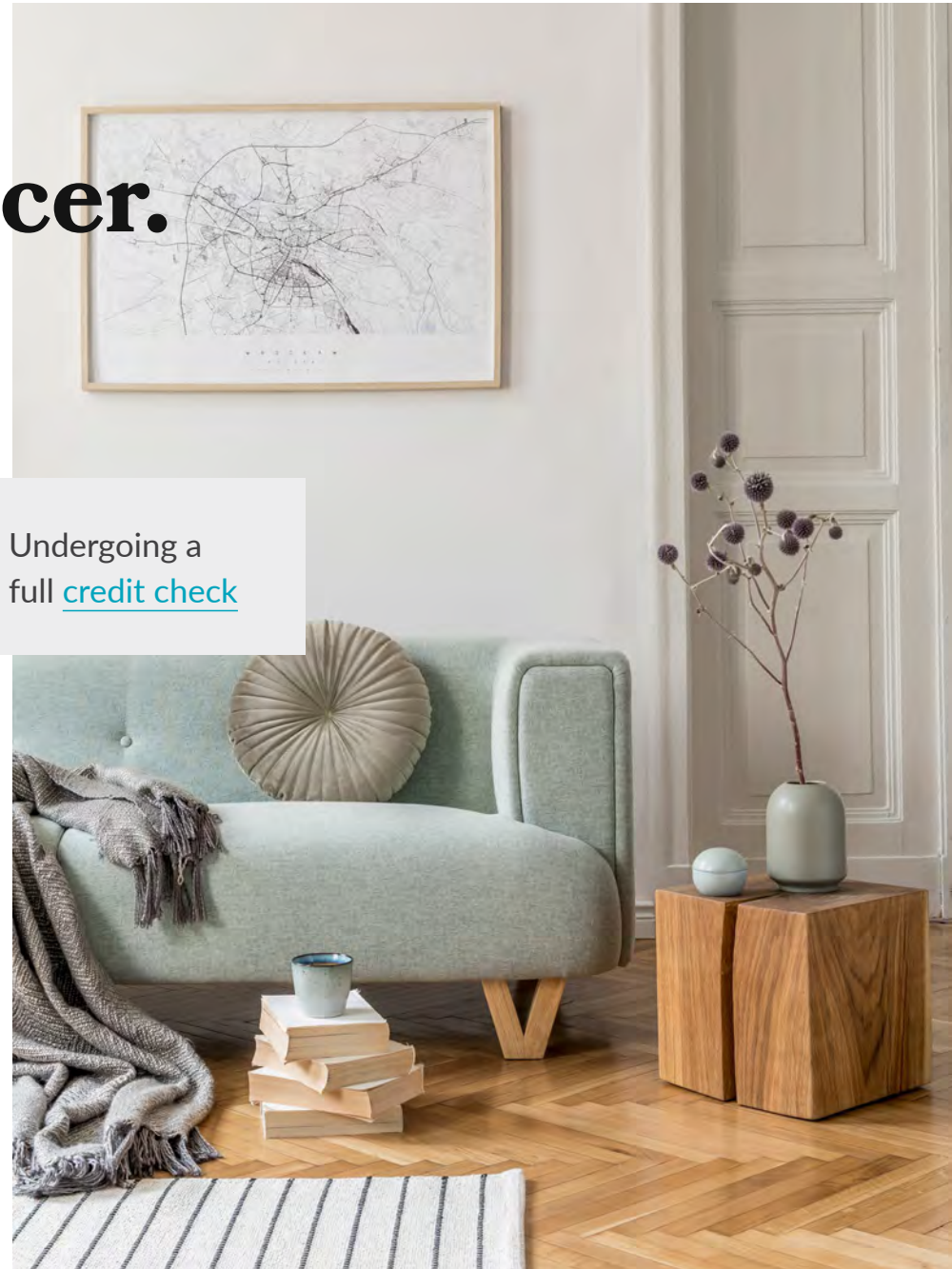
Completing an up-to-date [criminal background check and fingerprinting](#)



Undergoing a full [credit check](#)

These requirements are submitted as part of your license application, which is managed through the Nationwide Multistate Licensing System (NMLS). You'll submit the application and authorizations after you have created an [NMLS account](#) and been issued your NMLS ID number.

You'll also need to enroll in an NMLS-approved education course and pass the National SAFE Exam to earn your license. Mortgage education is regulated and tracked at the national level by NMLS. [NMLS](#) is also the system through which states confirm you have met the licensing requirements and approve your mortgage licensing.



# Required education.

There are three main [educational requirements](#) needed to become a mortgage loan officer:

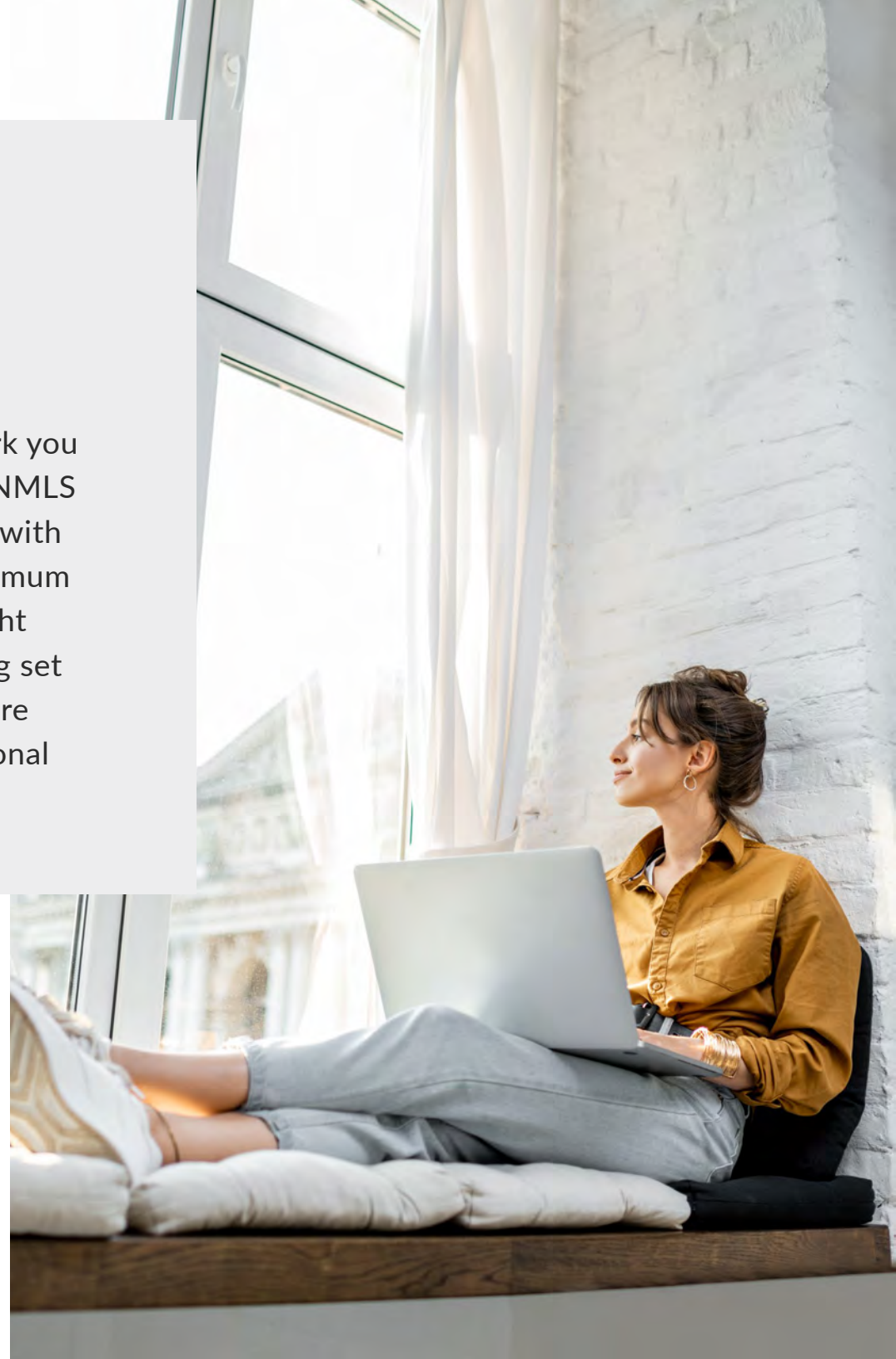
- 1** Pre-licensure education
- 2** SAFE MLO test
- 3** Continuing education

Starting your mortgage education and keeping it up-to-date is crucial to finding success as an MLO. This industry is constantly changing, which is why the best professionals never stop learning.



# Pre-Licensure Education.

[Pre-Licensure Education](#) (PE) is the first coursework you are required to complete once you've set up your NMLS account. Pre-Licensure coursework must be taken with an NMLS-approved provider and consists of a minimum of 20 hours of national education, with at least eight of these hours covering specific topics and fulfilling set elective hours. While a majority of the Pre-Licensure content is national, many states necessitate additional hours of [state-specific education](#).

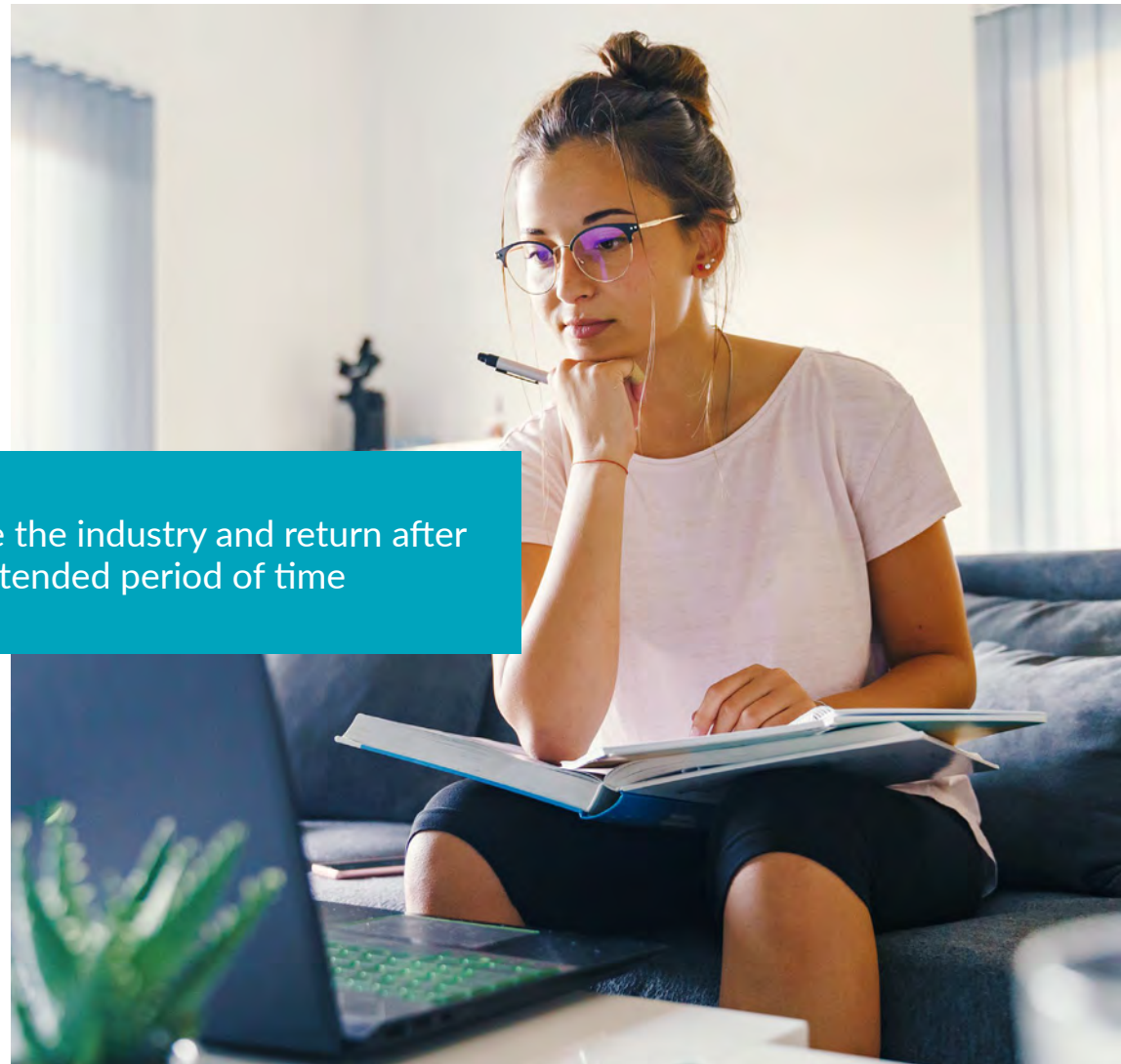


# Expired Pre-Licensure.

In some instances, your Pre-Licensure will expire and you'll have to retake it. For example, this could happen if you:

- Don't obtain your MLO license within three years of completing PE
- Leave the industry and return after an extended period of time

It's important to note that national, online, instructor-led Pre-Licensure Education must be completed within 14 days of starting the course — but don't worry. It's possible to take your MLO education online, allowing you to earn your license from the comfort of your home when it works with your schedule.



# SAFE MLO Test.

Once you've completed your PE, it's time to prepare for the [SAFE MLO Test](#). This exam will determine your licensure, as passing it is necessary in order to apply for your MLO license.

Before scheduling your test, you will have to pay the \$110 fee and accept the Candidate Agreement. The 190-minute exam consists of 120 multiple choice questions and is available online or in-person. To pass, you must achieve a score of 75% or higher, but you do have the [ability to retake the test](#) as needed. NMLS has provided a Test Outline and an MLO Testing Handbook to aid in your study efforts. You can also seek out comprehensive Exam Prep to help you feel more confident on test day.

It is important to note that if you do not maintain a valid MLO license for five consecutive years, you will be required to retake the SAFE MLO Test.

## Things to know:

Exam Cost: **\$110**

Exam time: **about 3 hrs**

Number of questions: **120**

Testing options: [online](#) or [in-person](#)

Passing Score: [75% or higher](#)

Extra Resources: [Test Outline](#)  
[MLO Testing Handbook](#)

# Continuing education.

After you've passed the SAFE MLO Test and received your license, you'll need to take annual [Continuing Education](#) (CE) courses to maintain your MLO license. You will not need to complete CE within the same year as your PE and SAFE MLO Test. Every MLO must complete eight hours of nationally-approved Continuing Education annually, as well as any state-specific CE. The eight required hours of CE must include:

- 3 hours of **Federal Law and Regulations**
- 2 hours of **Ethics** (including instruction on fraud, consumer protection, and fair lending issues)
- 2 hours of training related to **Lending Standards** for the Nontraditional Mortgage Product Market
- 1 hour of undefined instruction on **Mortgage Origination** (elective)

There are six states that require additional CE, so be sure to check [your state's requirements](#). The deadline for Continuing Education is 12/31 each year, although [some states have an earlier deadline](#).

# Top expenses.

As a mortgage loan officer, there are some expenses you'll have to take into consideration. Here's a quick overview of the fees you can expect as an MLO.



**Operational Fees** include utilities like space rental, paper, ink, and electricity.



**Marketing and advertising costs** include promoting your business through things like flyers, business cards, and a personal website.



## Career Development

- \$30 for your individual [NMLS Set-Up Fee](#)
- \$300 for your Pre-Licensing education
- \$110 for the [National NMLS Exam](#)
- [\\$36.25](#) for your Criminal Background Check
- \$30 per year for your NMLS Annual Processing Fee\*
- \$150 for your yearly [Continuing Education](#)

\*Each state sets their own initial licensing and annual renewal fees.

For a deeper dive into the top expenses of a mortgage loan officer

[Check out our blog](#)

# How do mortgage loan officers make money?

Mortgage loan officers make their money through loan origination fees, closing costs, and servicing and selling loans.

Some mortgage loan officers are paid on commission only, which is common for smaller, state-licensed mortgage brokers. If an MLO is hired by a bank or larger financial institution, they are often given a base salary as well as commission and benefits.

Pay will also depend on the number of loans you originate and the percentage of commission you've negotiated.



# Commission structure.



The typical MLO is paid **1% of the loan amount in commission.**

For example, on a \$500,000 loan, a commission of \$5,000 is paid to the brokerage, and the MLO will receive the percentage they have negotiated. If the portion of the commission for the MLO is 80%, they will receive \$4,000 of the \$5,000 brokerage percentage fee. Depending on the MLO's involvement in the transaction, the percentage fee can range anywhere from 20-80%.

**Hungry for more?** Read our blog about how MLOs make money.

[Check out our blog](#)



# Pros & cons of being an MLO.

Let's round out this guide with some [pros and cons](#) of being an MLO.



## Pros:

- Low barrier to entry
- Potential to advance
- Fueling your entrepreneurial side while helping others



## Cons:

- Working in a cyclical industry
- The need for lead generation
- Maintaining a schedule



# Conclusion

Though every job has its disadvantages, joining the mortgage industry as a mortgage loan officer offers a plethora of benefits, including a low barrier to entry, the potential to advance in your career, and the ability to serve others. Now, go forth and make dreams come true in the mortgage industry!

# About Us

Founded in 2005, The CE Shop has become the leading provider of professional education. Created by industry experts and approved by NMLS, our mortgage offerings are ever-expanding. We offer all the education you need to be successful as a mortgage professional, including [Pre-Licensure](#), [Exam Prep](#), and [Continuing Education](#) courses.

With products available in all 50 states, D.C., Guam, Puerto Rico, the Mariana Islands, and the U.S. Virgin Islands, we're driven by a desire to constantly improve, both for ourselves and our students.

