

Is an NMLS License Required to do Hard Money Loans?

Joffrey Long, Hard Money Lending Expert Witness, Explains Licensing Basics

LOS ANGELES, CA, CALIFORNIA, UNITED STATES, May 14, 2019 /EINPresswire.com/ -- Great question! The NMLS (Nationwide Mortgage Licensing System) license is actually an endorsement, often added to/combined with other licenses. It's required for loan originators, (and certain others in the real estate lending field) who interact with the public in the origination of consumer purpose real estate loans that are secured by one to four family residences. (Only loans meeting BOTH requirements require the NMLS endorsement.)



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Joffrey Long

Hard money lenders (also referred to as "Private Money Lenders) make or arrange many loans that do NOT meet

both requirements, and some that do. Private money loans are often primarily for "non-consumer" purposes, such as a loan primarily for a business that the borrower operates. Many hard money loans are made, using as collateral, real estate that is not a one to four family residence such as commercial property, large residential buildings with more than four units, etc.

Many hard money lenders, trust deed brokers, trust deed investors and loan servicers don't have the NMLS endorsement, since the loans that they are involved in do not meet the requirement.

As a [mortgage expert witness](#), (also described as a [hard money expert witness](#)) I'm often asked about the NMLS requirement. I provide testimony in state courts or federal courts in litigation related to mortgage borrowers, lenders, loan servicers, trust deed investors, foreclosure trustees, and others who are involved in lawsuits or arbitration proceedings. Attorneys often retain a mortgage expert witness to explain aspects of a court case or to provide expert testimony about issues relating to licensing, whether it involves licensing by the California Department of Real Estate, the Department of Business Oversight, or the related endorsements provided under the legal and regulatory structure of the NMLS. There are many circumstances when attorneys or other parties involved in mortgage litigation are unclear as to the NMLS requirements.

Getting the Endorsement:

In order to obtain the endorsement, there are requirements:

- There is a background check including a "Livescan" thumbprint verification, credit report, and investigation into certain past litigation, depending on the nature of the lawsuit or court action.
- Applicants must pass comprehensive examinations, covering numerous topics, such as Federal Law, State Law, Regulations, Fair Lending, Ethics, Privacy Laws, Institutional Loan Underwriting, such as

FHMLC/FNMA and FHA/VA lending, regulations and requirements for Hard Money Loans, appraisal requirements, and general industry knowledge.

- Creation of an “account,” within the NMLS website, where the applicant is able to enter information, upload documents, and ultimately, pay fees required to obtain the endorsement. Later, the same website account can be used for annual renewal of the endorsement and for informing the NMLS Federal Registry of changes in the applicant’s history that have occurred since the time of issuance of the original MLO (Mortgage Loan Originator) endorsement.

Joffrey Long teaches Continuing Education (CE) classes that qualify as part of the renewal process for those holding the Nationwide Mortgage Licensing System Endorsement. For information regarding CE classes, visit www.DuaneGomer.com

Joffrey Long is a hard money lender, investor, broker, and loan servicer. His company funds hard money loans and sells loans and fractionalized interest in loans to private party investors, then services those loans. He also serves as a mortgage expert witness, or hard money expert witness. He provides mortgage litigation consultation, expert reports and declarations, and testifies in Federal and State Courts, and in arbitration proceedings. For information, visit www.MortgageExpertWitness.net

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