

MBA Regulatory Compliance Conference

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P.L. 110-289

Title V

The Safe and Fair Enforcement Mortgage Licensing Act of 2008

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Mortgage Industry Mandates

- All residential mortgage loan originators must be either licensed or registered
- All licensed and registered mortgage loan originators must be registered with the Nationwide Mortgage Licensing System & Registry

Licensed or Registered?

- A mortgage loan originator employed by a federally insured depository institution or any credit union or an owned and controlled subsidiary that is federally supervised must be registered
- All other mortgage loan originators must be state licensed

State Agency Mandates

- All states must have a system of licensing in place for residential mortgage loan originators by August 1, 2009 that meets national definitions and minimum standards, that include, among other things
- All states must license mortgage loan originators through NMLS&R.

Federal Banking Agency Mandates

- Must develop and maintain a system for registering employees of federally insured depositories, subsidiaries (owned and controlled), and employees of Farm Credit Administration regulated entities, with NMLS&R
 - Registration requires submission of fingerprints for a state and federal background check, personal history and experience.
- Shall coordinate with NMLS&R in assigning unique identifier

U.S. Department of Housing and Urban Development Mandates

- HUD must determine:
 - That a state's mortgage loan originator licensing standards meet the federally mandated minimums, and
 - That the state is participating in NMLS&R
- If HUD determines that a state not in compliance with both items above, HUD must implement a system for all state licensed mortgage loan originators in that state.

CSBS/AARMR Mandates

- CSBS and AARMR must develop and maintain the Nationwide Mortgage Licensing System and Registry for the purposes identified in the Section 1502 of P.L. 110-289

NMLS&R

- Must establish protocols for the issuance of unique identifiers
- Must receive and process fingerprints for national and state criminal history background checks for all loan originators
- Must review and approve, using reasonable standards, pre-licensure and continuing education courses
- Must develop a national, qualified mortgage test and approve test providers
- Must develop a mortgage call report
- Must provide public access to licensing information
- Must process consumer complaints

Mortgage Loan Originator License Requirements

- Provide fingerprints for an FBI criminal history background check
- Provide authorization for NMLS&R to obtain a credit report
- Input and maintain their personal Mortgage Loan Originator record in NMLS&R
- Pass a national mortgage test
- Take 20 hours of pre-licensure education courses approved by NMLS&R. The education must include:
 - 3 hours of federal law and regulations
 - 3 hours of ethics, which must include fraud, consumer protection, and fair lending
 - 2 hours of standards on non-traditional mortgage lending

Mortgage Loan Originator License Standards

- Never had a loan originator license revoked
- Has had no felonies in the past seven years
- Never had a felony involving fraud, dishonesty, breach or trust or money laundering
- Demonstrate financial responsibility and general fitness
- Scores 75% or better on a national test created by NMLS&R

Mortgage Loan Originator License Annual Requirements

- Maintain standards for licensure
- Take eight hours of continuing education annually. The education must include:
 - 3 hours of federal law and regulations
 - 2 hours of ethics, which must include fraud, consumer protection, and fair lending
 - 2 hours of standards on non-traditional mortgage lending; and
- Maintain licensure through NMLS&R.

State Model Legislation

- CSBS/AARMR Working Group
- Obtained industry input
- The vast majority of Model Legislation was lifted from the SAFE Act and modified to fit model state statutory language
- Some interpretations were necessary to make the statutory language work in the real world

Principles Guiding Implementation

- Do not disrupt mortgage originations
- Build on state experience (testing/ed/background)
- Strengthen and modernize state regulation
- NMLS&R takes responsibility for mandates under Title V

NMLS Participation

- NMLS launched
 - On January 2, 2008
 - 7 states participated at launch
- 24 agencies scheduled by January 2009
- In NMLS today:
 - 7,500 companies
 - 4,800 branches
 - 33,000 loan originators

More Information

NMLS User Conference and Training
February 10 – 12, 2009
DoubleTree New Orleans

www.stateregulatoryregistry.org/NMLS