

Handout 1

*Secure & Fair Enforcement for Mortgage Licensing Act of 2008 (“SAFE”)

- On July 30, 2008, President signed into law the SAFE Mortgage Licensing Act.
- S.A.F.E. contains the following mandates:

Industry

- Mortgage loan originators must be either state-licensed or federally registered, and
- Part of the **Nationwide Mortgage Licensing System & Registry (“NMLS”)

States

- All states must have a loan originator licensing system in place by August 1, 2009 with authority for;
 - a. criminal history & credit background checks
 - b. pre-licensure education & testing & continuing education requirements
 - c. net worth, surety bond or recovery fund requirement
- All states must license mortgage loan originators through NMLS

U.S. Department of Housing & Urban Development (HUD)

- HUD to determine if states meet S.A.F.E. mandates & are participating in NMLS
- In non-compliance state, HUD must implement a system for loan originators in that state

Federal Banking Agencies & Federal Financial Institutions Exam Council

- Coordination between NMLS and federal banking agencies is through FFIEC
- Develop process to register employees of federally insured depository institutions & subsidiaries with NMLS
- Registered loan officers must complete criminal background check & submit employment history
- Coordinate with NMLS to assign loan originators a unique identifier

Conference of State Bank Supervisors (“CSBS”) & American Association of Residential Mortgage Regulators (“AARMR”)

- CSBS & AARMR must develop & maintain NMLS

Nationwide Mortgage Licensing System & Registry

- **Establish protocols for issuance of unique identifiers for loan originators**
- **Process criminal background checks for loan originators**
- **Approve pre-licensure & continuing education courses for loan originators**
- **Develop a qualified test for loan originators**
- **Develop a mortgage call report to be provided by companies on its origination activities**
- **Provide public access to licensing information for all loan originators**

****NMLS website is <http://www.stateregulatoryregistry.org/NMLS>.**

S.A.F.E. Overview

S.A.F.E. requires states to adopt the following measures:

- **License mortgage loan originators through the Nationwide Mortgage Licensing System & Registry (“NMLS”). NMLS will assign a unique identifier number permanently identifying a mortgage loan originator for nationwide use.**
- **Provide minimum standards for licensing of mortgage loan originators, including:**
 1. **No license revocation in any governmental jurisdiction;**
 2. **No felony conviction for any felony in the 7-year period preceding the date of application;**
 3. **Never convicted of any felony involving fraud, dishonesty, breach of trust, or money laundering;**
 4. **Demonstrated the financial responsibility, character, and general fitness to command the confidence of the community and to warrant a determination that the originator will operate honestly, fairly, and efficiently;**
 5. **Passed a written pre-licensing test*; and,**
 6. **Completed twenty (20) hours of pre-licensing education.****
- **Require originators to annually complete eight (8) hours of continuing education.*****
- **Require a surety bond scaled based on the dollar amount of loans originated.**

***Score 75% or better on a national test created by NMLS&R to include ethics, federal law and regulation, state law and regulation, federal and state law and regulation pertaining to fraud, consumer protection, nontraditional mortgages, and fair lending practices.**

****Pre-licensure education to include 3 hours of federal law and regulation, 3 hours of ethics-related instruction, and 2 hours of non-traditional mortgage instruction.**

*****Continuing education to include 3 hours of federal law and regulations, 2 hours of ethics-related instruction, and 2 hours of non-traditional mortgage instruction.**

Handout 3

NMLS

1. **Web-based licensing system designed to:**
 - **simplify with uniform forms and electronic filing**
 - **convenience – apply, update, renew on-line 362 days/year**
 - **centralizes information**
 - **improve efficiency in multi-state licensing**

2. **Launched January 2, 2008 with 7 states**
 - **15 states now on system**
 - **53 agencies in 46 states to join**
 - **TN will deploy 2/1/2009**

Tennessee deployment schedule:

- **2/1/09 new applicants for a broker, lender, servicer or loan originator license will go through the system at <http://www.stateregulatoryregistry.org/NMLS>.**
- **Between 2/1/09 and 8/1/09, existing licensees will transition to the system.**
- **All licensees must be on NMLS to renew a license for calendar year 2010.**

Fingerprinting/background Checks:

- **Effective 2/1/09 new loan originator applicants must submit to fingerprint and credit background checks.**
- **Between 2/1/09 and 8/1/09, loan originators with an existing license must submit to fingerprint and credit background checks.**
- **Effective 2/1/09 certain principals of new applicants for a broker, lender, or servicer license must submit to fingerprint and credit background checks.**
- **Detailed transition plan is in development and will be posted to NMLS website once finalized.**

What Should You Do Now

- **Visit Department website <http://www.state.tn.us/tdfi/> for SAFE, NMLS, and related information.**
- **Visit NMLS website www.stateregulatoryregistry.org/nmls to become familiar with navigating the system.**
- **Create a record in NMLS – creating a baseline record now will ease the process and submission of licensing forms during the transition period. There is no cost to create a record in NMLS.**
- **To create a record in NMLS, complete the form “Company Account Request” found in the “Getting Started” section of the NMLS website.**

What You Will Do Later (further specific guidance will be provided)

- Between 2/1 & 8/1/09, complete the applicable licensing forms on line.
- Pay the applicable **system processing fees.
- Submit the licensing forms to Tennessee. Note; there is no TN license fee assessed during the defined transition period.

****Current NMLS processing fees are:**

- \$100 per company
- \$20 per branch
- \$30 per loan originator
- \$30 loan originator fee when changing companies

Resources

- www.stateregulatoryregistry.org/nmls
- call support center at 240-386-4444 or via e-mail at www.stateregulatoryregistry.org/nmls
- <http://www.state.tn.us/tdfi/>
- e-mail Department at askmortgage.licensing@tn.gov
- future mailings to licensees

Note Your Calendars

- November 13, 2008 (10:30 – noon central) – NMLS “webinar” for Tennessee licensees (location TBD).
- December 10, 2008 (11:00 – 12:30 central) NMLS “webinar” for industry “Company Basics”. Register @ NMLS website.
- December 10, 2008 (1:00 – 2:30 central) NMLS “webinar” for industry “Managing L.O. Licenses through NMLS”. Register @ NMLS website.
- February 10, 2009 - NMLS User Conference & Training (New Orleans).