



## **CSBS/AARMR Nationwide Mortgage Licensing System & Registry**

### **Overview of the SAFE Act**

#### **Improving State Supervision of the Mortgage Industry through Collaboration and Technology**

- State regulator agencies recognized early on that the rapid expansion and evolution of the mortgage industry demanded a more robust regulatory framework that was efficient and effective.
- In 2003, a nationwide taskforce of state regulators began developing a uniform licensing registry, similar to what has been done by state agencies in the securities and investment advisor industries.
- State regulators developed the Nationwide Mortgage Licensing System (NMLS) in order to:
  - Increase consumer protection
  - Enhance supervision
  - Streamline the licensing process

#### **Nationwide Mortgage Licensing System**

- NMLS successfully launched on January 2, 2008 with 7 states.
- 24 state agencies are scheduled to participate in NMLS by January 2009.
- NMLS benefits include:
  - Better information – increases and centralizes information available to state regulators, industry and consumers about the companies and professionals that originate mortgages
  - Convenience – ability to update, amend, renew existing or apply for new licenses online over a secure website 362 days a year
  - Simplicity – state-licensed mortgage companies and loan officers are able to complete a *single* uniform form electronically (regardless of the number of states they are licensed in)
  - Efficiency – more consistent state standards and simpler multi-state licensing
  - Transparency – greater transparency in the licensing and renewal process
  - Professionalism – Increased accountability of mortgage companies and professionals
- NMLS will be expanded to meet the SAFE Act requirements.

#### **Raising Standards through the SAFE Act**

- On July 30, 2008, the President signed into law the SAFE Mortgage Licensing Act (SAFE).
- SAFE contains the following mandates for industry, state agencies, HUD, federal banking agencies, CSBS and AARMR, and NMLSR:

# **CSBS/AARMR**

## **Nationwide Mortgage Licensing System & Registry**

### **Industry**

- All mortgage loan originators must be:
  - Either state-licensed or federally registered, and
  - Part of the Nationwide Mortgage Licensing System and Registry (NMLSR), an expanded version of NMLS.

### **States**

- All states must have a loan originator licensing system in place by August 1, 2009 with:
  - Criminal history and credit background checks.
  - Pre-licensure education and testing and continuing education requirements.
  - Net worth, surety bond or recovery fund requirement.
- All states must license mortgage loan originators through NMLSR.

### **U.S. Department of Housing and Urban Development (HUD)**

- HUD determines if states meet SAFE mandates and are participating in NMLSR.
- For a non-compliant state, HUD must implement a system for loan originators in that state.

### **Federal Banking Agencies and Federal Financial Institutions Exam Council**

- All coordination between NMLSR and federal banking agencies is through FFIEC.
- Develop procedures to register employees of federally insured depositories and subsidiaries with NMLSR.
- Registered loan officers must complete a criminal background check and submit employment history and experience.
- Coordinate with NMLSR to assign registered loan originators a unique identifier.

### **Conference of State Bank Supervisors & American Association of Residential Mortgage Regulators**

- CSBS and AARMR must develop and maintain NMLSR.

### **Nationwide Mortgage Licensing System and Registry**

- Establish protocols for issuing unique identifiers for all loan originators.
- Process criminal background checks for all loan originators.
- Approve pre-licensure and continuing education courses for licensed loan originators.
- Develop a qualified test for licensed 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.

More information about NMLS is available at <http://www.stateregulatoryregistry.org/NMLS>.

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*Conference of State Bank Supervisors is the national organization for state banking, representing the bank regulators of the 50 states, the District of Columbia, Guam, Puerto Rico and the Virgin Islands, and approximately 6,200 state-chartered financial institutions. The Conference is responsible for defending state authority to determine banking structure and the products and services state-chartered institutions can offer and for improving the quality of state bank supervision by providing the departments with performance evaluation and accreditation programs and supervisory education/training programs for state banking department personnel.*

*American Association of Residential Mortgage Regulators is the national organization representing state residential mortgage regulators. AARMR's mission is to promote the exchange of information between and among the executives and employees of the various states who are charged with the responsibility for the administration and regulation of residential mortgage lending, servicing and brokering.*