

## **Federal Agencies Issue Final Rules to Implement S.A.F.E. Act Requirements for Registration of Mortgage Loan Originators**

FOR IMMEDIATE RELEASE

July 28, 2010

Federal agencies issued final rules today requiring residential mortgage loan originators who are employees of national and state banks, savings associations, Farm Credit System institutions, credit unions, and certain of their subsidiaries (agency-regulated institutions) to meet the registration requirements of the Secure and Fair Enforcement for Mortgage Licensing Act of 2008 (S.A.F.E. Act). The final rules are being issued by the Office of the Comptroller of the Currency, Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation, Office of Thrift Supervision, Farm Credit Administration, and National Credit Union Administration (the agencies).

The S.A.F.E. Act requires residential mortgage loan originators who are employees of agency-regulated institutions to be registered with the Nationwide Mortgage Licensing System and Registry (registry). The registry is a database created by the Conference of State Bank Supervisors and the American Association of Residential Mortgage Regulators to support the licensing of mortgage loan originators by the states. As part of this registration process, residential mortgage loan originators must furnish to the registry information and fingerprints for background checks. The S.A.F.E. Act generally prohibits employees of agency-regulated institutions from originating residential mortgage loans unless they register with the registry.

The agencies' final rules establish the registration requirements for residential mortgage loan originators employed by agency-regulated institutions and requirements for these institutions, including the adoption of policies and procedures to ensure compliance with the S.A.F.E. Act and final rules. As required by the S.A.F.E. Act, the final rules also require that each residential mortgage loan originator obtain a unique identifier through the registry that will remain with that residential mortgage loan originator, regardless of changes in employment. This will enable consumers to easily access employment and other background information about registered mortgage loan originators from the registry. Under the final rules, registered mortgage loan originators and agency-regulated institutions must provide these unique identifiers to consumers.

The final rules take effect on October 1, 2010. The agencies anticipate that the registry could begin accepting federal registrations as early as January 28, 2011. Employees of agency-regulated institutions must not register until the agencies instruct them to do so. The agencies will provide an advance announcement of the date when the registry will begin accepting federal registrations, and agency-regulated institutions and their applicable employees will have 180 days from that date to comply with the initial registration requirements.

Here's the link to the press release, regulations, and Federal Register notice

<http://www.fdic.gov/news/news/press/2010/pr10170.html>

## **Nonbank Mortgage Lenders Confront New Minimum Requirements**

Source: Appraisal News Online - Appraisal Institute

"Loan officers working for nonbank mortgage lenders who did not meet the July 31 deadline to obtain state licenses under the new minimum national requirements may be unable to serve their customers and originate loans, American Banker reported July 30."

"The Department of Housing and Urban Development, which established the new minimum national requirements under the Secure and Fair Enforcement for Mortgage Licensing (SAFE) Act of 2008, has extend the deadline for some states that have made good-faith efforts to meet the requirements. Florida, Hawaii, Maine, Minnesota and Nevada were successful in extending the deadline to Dec. 31, while the deadline in New Jersey and South Carolina was extended to Oct. 31."

"While some state regulators have worked with jurisdiction to extend the deadline, nearly 35 percent of originators failed the mandatory national written test under the minimum requirements and nearly 25 percent failed state-specific tests in the 12 months proceeding June 30."

My comments: Another nail in the coffin for mortgage brokers. Of course, they were only responding to Wall Street demands, but there is no excuse for fraudulent and misleading practices, including "shopping" for an appraisal number. Of course, the largest banks are exempted from loan originator licensing of their own employees. Licensing is required in all states where an originator does loans, so those who work in "mills" trying to get loans all over the country, will have problems.

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