

# IS YOUR COMPANY S.A.F.E.?

You need to be identified

BY JOSHUA WEINBERG



With the passage of the Housing and Economic Recovery Act (HERA) of 2008; Title V, the Secure and Fair Enforcement Mortgage Licensing Act (SAFE Act) brings extensive changes to the lending industry. Among the most significant is a requirement for all Loan Origina-

tors to be licensed and registered with a national database. Additionally, the SAFE Act provides a new federal definition of Loan Originator and requires all States to create and maintain a system for licensing and monitoring Loan Originators so that loan performance may be tracked at the individual loan level.

The Conference of State Bank Supervisors (CSBS) and the American Association of Residential Mortgage Regulators (AARMR) were given the task of creating the Nationwide Mortgage Licensing System and Registry (NMLSR), the national database responsible for tracking Loan Originators. They were also responsible for creating Model State Legislation that contains the minimum standards to meet the SAFE Act requirements. The Model State Legislation was approved by the Department of Housing and Urban Development (HUD), because HUD has the obligation to implement a national licensing standard for any states that do not implement the SAFE Act on time, or in compliance with the Act. The Federal Financial Institutions Exam Council (FFIEC) was given the responsibility for coordinating between the NMLSR and federal banking agencies for the registration of Loan Originators employed at banking institutions exempt from

state licensing laws.

Given the combined state and federal effort, it's easy to be overwhelmed or confused by the requirements. Currently, out of the 60 states and territories required to implement licensing legislation, 47 have proposed legislation, and 21 of those have passed or enacted the legislation. Many states' legislation very closely resembles the Model State Legislation, which means it contains a significant clause:

"MSL XX.XXX.210 UNIQUE IDENTIFIER SHOWN—The unique identifier of any person originating a residential mortgage loan shall be clearly shown on all residential mortgage loan application forms, solicitations or advertisements, including business cards or websites, and any other documents as established by rule, regulation or order of the Commissioner."

Also, under direction from the Director of the Federal Housing Finance Agency (FHFA), beginning January 1, 2010 all loan applications submitted to Fannie Mae or Freddie Mac will be required "to obtain loan-level identifiers for the loan originator, loan origination company, field appraiser, and supervisory appraiser." Essentially, the name and NMLSR number for the Loan Originator and their company will need to be printed on the 1003 and likely all other loan documents. The FHFA also requires the Appraiser and Supervisory Appraiser's names (as applicable) and their license number to be included in the electronic data elements included with the loan file, however according the Fannie Mae and Freddie Mac, those elements do not need to be printed at this time.

Considering the differentiation among state requirements, and the fact that many brokers and >

---

lenders operate in multiple states, Calyx has provided a single solution that meets the national standard and those of all states. In Version 7.1 you will have the ability to manage state license and NMLSR information for all required parties, including at the Branch level and for the Control Person. You will also be able to print the license information and control which information prints. License information printing is available for almost every document in the program, even custom documents.

*Joshua Weinberg is a Business Analyst for Calyx Software, in charge of Compliance, Government Loan programs and Reverse Mortgages. Weinberg is a member of the Product Management team and is the lead designer for all features and requirements related to those topics. Weinberg is a Certified Residential Mortgage Specialist, licensed as a Broker by the California Department of Real Estate and has been originating loans since 2004. Weinberg is active in the industry and works closely with the Department of Housing Development, the Federal Reserve Board, and many State regulatory agencies and also sits on committees for the Mortgage Bankers Association as well as the National Association of Mortgage Brokers.*