

SUPPORTING STATEMENT
National Credit Union Administration

Registration of Mortgage Loan Originators
OMB No. 3133-0181

A. JUSTIFICATION

1. Necessity of Information Collection

On July 28, 2010, the OCC, Board, FDIC, OTS, NCUA, and FCA (collectively the Agencies) issued a joint rule titled Registration of Mortgage Loan Originators (75 FR 44656). The rule implemented the Secure and Fair Enforcement for Mortgage Licensing Act of 2008 (S.A.F.E. Act) (Pub. L. 110–289, 122 Stat. 2654, 12 U.S.C. 5101 et seq.)

On July 21, 2011, Title X of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) transferred rulemaking authority for the S.A.F.E. Act from the Agencies to the Consumer Financial Protection Bureau (CFPB). On December 19, 2011, the CFPB codified the S.A.F.E. Act regulations to under 12 CFR Part 1007 (76 FR 78483), establishing a new Regulation G, S.A.F.E. Mortgage Licensing Act–Federal Registration of Residential Mortgage Loan Originators.

The S.A.F.E. Act requires an employee of a bank, savings association, or credit union and their subsidiaries regulated by a Federal banking agency or an employee of an institution regulated by the Farm Credit Act (Agency-Regulated Institution) who engages in the business of a residential mortgage loan originator (MLO) to register with the Nationwide Mortgage Licensing System and Registry (Registry) and obtain a unique identifier. Agency-Regulated Institutions must require their employees who act as residential MLOs to comply with the Act’s requirements to register and obtain a unique identifier and also to adopt and follow written policies and procedures to assure compliance with these requirements.

Sections 761.1 and 741.223 of the NCUA regulations were amended to cross reference 12 CFR Part 1007.

2. Purpose and Use of the Information Collection

The objectives of the registration include aggregating and improving the flow of information to and between regulators; providing increased accountability and tracking of mortgage loan originators; enhancing consumer protections; supporting anti-fraud measures; and providing consumers with easily accessible information at no charge regarding the employment history of, and publicly adjudicated disciplinary and enforcement actions against, mortgage loan originators. The registration and licensing requirements are administered, in part, through the Nationwide Mortgage Licensing System and Registry (Registry).

Third-Party Disclosure Requirements

Unless the *de minimis* exception or a different implementation period applies, section 1007.103(a) requires an employee of an institution that is engaged in the business of a MLO to register with the Registry, maintain such registration, and obtain a unique identifier. Under section 1007.103(b), an institution must require each such registration to be renewed annually and updated within 30 days of the occurrence of specified events. Section 1007.103(d) sets forth the categories of information that an employee, or the employing institution on the employee's behalf, must submit to the Registry, along with the employee's attestation as to the correctness of the information supplied, and an authorization to obtain further information. Section 1007.103(e) specifies the institution and employee information that an Agency-Regulated Institution must submit to the Registry in connection with the initial registration of one or more MLOs.

Section 1007.105 requires the MLO to provide the unique identifier to a consumer upon request and in situations as prescribed by §1007.105(b) and financial institutions to make the unique identifier of MLOs available to consumers in a manner and method practicable to the institution. .

Recordkeeping Requirements

- Section 1007.103(d)(1)(ix) requires the collection of MLO employee fingerprints.
- Section 1007.104 requires that a institution employing MLOs to:
 - o Adopt and follow written policies and procedures, at a minimum addressing certain specified areas, but otherwise appropriate to the nature, size and complexity of their mortgage lending activities.
 - o Establish reasonable procedures and tracking systems for monitoring registration compliance; and
 - o Establish a process for, and maintain records related to, employee criminal history background reports and actions taken with respect thereto.

3. Consideration Given to Information Technology

Federal registration and state licensing and registration must be completed through the Nationwide Mortgage Licensing System and Registry; a web-based system developed and maintained by the Conference of State Bank Supervisors and the American Association of Residential Mortgage regulators jointly through the State Regulatory Registry LLC. The electronic form is stored in a secured, centralized repository. NCUA does not gather this information electronically, but reviews compliance while onsite for examinations.

4. Duplication

There is no duplication of efforts evident. The information is not available from any other source.

5. Effect on Small Entities

When a MLO employee originates five or fewer residential mortgage loans, the S.A.F.E. Act regulation provides an exception to the MLO registration requirements for any employee of a covered financial institution who has never been registered or licensed

through the Registry as an MLO if during the past 12 months. In this case, the institution can rely on the *de minimis* exemption. When an institution relies on the *de minimis* exemption in lieu of registration, the MLO employee must register prior to originating the sixth residential mortgage loan within 12 months. Covered financial institutions are prohibited from engaging in any acts or practices to evade the registration requirement.

6. Consequences of Not Conducting Collection

The consequences of not conducting the collection would include decreased flow of information to and between regulators; decreased accountability and tracking of mortgage loan originators; reduced consumer protections; higher fraud incidents; and lack of accessible information or increased cost of information for consumers regarding the employment history of, and publicly adjudicated disciplinary and enforcement actions against, mortgage loan originators.

7. Inconsistencies with Guidelines in 5 CFR 1320.5(d)(2)

There are no special circumstances. This collection is consistent with the guidelines.

8. Consultations Outside the Agency

A 60-day notice was published in the *Federal Register* on August 1, 2016, at 81 FR 50564, soliciting comments from the public; with a subsequent notice published August 5, 2016, at 81 FR 51944, correcting the “end of comment” date. No comments were received on this collection.

9. Payment or Gift

No payment or gifts for information collected is provided.

10. Confidentiality

The information will be kept confidential to extent permitted by law.

11. Sensitive Questions

The Dodd-Frank Wall Street Reform and Consumer Protection Act amended the S.A.F.E. Act and transferred responsibility for this system of records from the Federal banking agencies to the CFPB. A system of records notice (SORN) for CFPB.019, Nationwide Mortgage Licensing System and Registry, was published in the *Federal Register* on June 13, 2012, at 77 FR 35359.

12. Burden of Information Collection

Individual MLO ¹		Third-party Disclosure					Cost to Respondent (\$20 hour wage rate)
12 CFR	Information Collection	# Respondents	# Responses Per Respondent	# Annual Responses	Hours Per Response	Total Burden	
1007.103(a)	MLO Initial Registration	9,496	1	9,496	2.5	23,740	\$474,800.00
1007.103(b)	MLO Annual Registration -	45,780	1	45,780	0.25	11,445	\$228,900.00
1007.103(b)	MLO Change in Circumstances Update	11,445	1	11,445	0.25	2,861	\$57,220.00
1007.105(b)	Disclosure of unique identifier by registered MLO.	55,276	1	55,276	0.25	13,819	\$276,380.00
TOTAL		55,276	2.21	121,997	0.43	51,865	\$1,037,300.00

Financial Institution ²		Third-party Disclosure					Cost to Respondent (\$35 hour wage rate)
1007.103(e)	Information Collection	# Respondents	# Responses Per Respondent	# Annual Responses	Hours Per Response	Total Burden	
1007.103(e)	Institution submission of information to Registry	3,357	1	3,357	1.5	5,036	\$176,260.00
1007.105(a)	Disclosure of unique identifier by financial institution.	3,357	1	3,357	0.25	839	\$29,373.75
TOTAL		3,357	2	6,714	0.88	5,875	\$205,633.75

Financial Institution		Recordkeeping					Cost to Respondent (\$35 hour wage rate)
1007.104	Information Collection	# Respondents	# Responses Per Respondent	# Annual Responses	Hours Per Response	Total Burden	
1007.104	Policies and procedures; Tracking and compliance system	3,357	1	3,357	5.5	18,464	\$646,222.50
TOTAL		3,357	1	3,357	5.5	18,464	\$646,222.50

BURDEN SUMMARY	
Annual No. Responses	132,068
Total Burden	76,204
Total Cost to Respondent	\$1,889,156.25

13. Estimate of Total Annualized Start-up and Capital Cost Burden:

Institution registration/annual processing fee.....	3,357 @ \$100 =	\$ 335,700
Individual MLO registration/annual processing fee.....	55,276 @ \$ 30 =	<u>\$ 1,658,280</u>
		<u>\$ 1,993,980</u>

¹ NCUA estimates, based on an industry report, that there are 55,276 total MLOs, of which approximately 13.73 percent (9,495) are new applicants and the remaining 45,780 are renewals.

² NCUA call report data shows 3,357 federally insured credit unions granted real estate loans in the current year and would be required to comply with the S.A.F.E. Act.

14. Costs to Federal Government

There is no cost to the Federal Government for this collection. NCUA reviews compliance with the S.A.F.E. Act as part of the normal examination process.

15. Changes in Burden

This is a reinstatement of a previously approved collection. When the rule was first promulgated in 2010, a large portion of the burden was imposed on the credit unions to establish new programs requirement prescribed by regulation. Since 2010, the registry is a standard business practice for the MLOs and an adjustment has been made to reflect this decrease.

16. Information Collection Planned for Statistical Purposes

The information collection is not used for statistical purposes.

17. Approval to Omit OMB Expiration Date

The OMB control number and expiration date associated with this PRA submission will be displayed on the Federal government's electronic PRA docket at www.reginfo.gov.

18. Exceptions to Certification for Paperwork Reduction Act Submissions

There are no exceptions to the certification statement.

B. COLLECTIONS OF INFORMATION EMPLOYING STATISTICAL METHODS

This collection does not involve statistical methods.