

## **NMLS Mortgage Call Report – *Request for Public Comments***

### **Proposal 2010-2**

March 15, 2010 – May 14, 2010

The State Regulatory Registry invited public comments on the proposed [NMLS Mortgage Call Report](#) during a public comment period from March 15 to May 14, 2010. Eighty eight individuals or organizations submitted comments during the comment period.

These 88 comments are contained in this document as received, without editing. Comments received in email format were copied exactly as submitted and pasted in the comments section of the table with the submitting individual's name and company displayed. Comments received as an email attachment or via USPS are displayed as submitted in their original format. These comments are noted in the table and numbered accordingly as attachments.

Comments are listed in the order received. Comments received without full name or contact information are not included.

The NMLS Mortgage Call Report Working Group of state regulators will review the comments and make a recommendation to the NMLS [Mortgage Licensing Policy Committee](#). The Mortgage Licensing Policy Committee, after consultation with all participating NMLS state regulatory agencies, shall respond to comments received and finalize the form and content of the NMLS Mortgage Call Report.

Nationwide Mortgage Licensing System and Registry

NMLS Mortgage Call Report Public Comments - March to May 2010

| # | Date      | Name & Company                        | Comments   |
|---|-----------|---------------------------------------|--|
| 1 | 3/15/2010 | Debbie Peterson<br>CMG Mortgage, Inc. | <p>It would appear that if the company does not have any licensed individual MLO's that a report would not be needed, is that the intent? We are a wholesale lender and do not originate loans in all of the states that we are licensed. It would seem that we would be duplicating data for the state if we were to report data for loans accepted from third party originators.</p> <p>Data upload would seem best accomplished via an excel spreadsheet if possible.</p>   |
| 2 | 3/16/2010 | Ray Joakimson<br>Money Concepts       | <p>To Whom It May Concern:</p> <p>In regards to the "Call Report", I personally believe it is none of the government's business. There isn't any reason or purpose for any government agency to monitor the loan production of any mortgage originator. If I want "Big Brother" looking over my shoulder I'll move to China or Venezuela. If the states want to monitor the activities of the loan agents working in their respective states they have the authority to do so. The Federal government does not under the Constitution, but again when has ever stopped them.</p>   |
| 3 | 5/7/2010  | Jeff McVey<br>Emery Financial, Inc.   | <p>To whom it may concern,</p> <p>The NMLS Mortgage Call Report really will do no good.</p> <p>#1) My financial information has nothing to do with my services as a mortgage broker. If I provide unlawful mortgage services, then I will be sued in court for breaking the law. It has nothing to do with my finances. Do doctors have to provide their finances to the state? No.<br/>Do CPA's and lawyers have to provide their finances to the states? No.<br/>Personal or business finances have nothing to do with my mortgage broker services.<br/>In fact, it's dictatorial and unfair for the State to single out mortgage brokers based on our financial situation. Strong or weak financials do not govern my mortgage services. My good morals, ethics, and strong honest values DO govern my services. Two distinctly different things.</p> <p>#2) Collecting my mortgage loan activity seems silly.<br/>Do doctors report to the state all of their clients? No.<br/>Do CPA's &amp; lawyers report to the state all of their clients? No.<br/>Who actually would care if I am managing 4 clients or loans or 400 clients or loans?<br/>And if I did report all 400 loans, what use would that information be?<br/>The information is irrelevant to anyone other than me and our client.<br/>There if no value in the State having loan information whether it's an actively managed file or a close loan.<br/>The information is only valuable to the broker and the client.</p> <p>And again, if I break any laws, then I will be held accountable for my actions in the court of law. My finances and my active loans has nothing to do with me breaking any laws and the information is worthless to the state.</p> |
| 4 | 5/10/2010 | Jason Roth<br>Compliance Ease         | <p>I offer the following comments on the proposed NMLS Mortgage Call Report format ("Call Report"). As stated in the request for public comment, the Call Report is comprised of two parts, "financial information about the licensee" and "information about the licensee's mortgage loan activity." My comments at this time pertain</p>   |

## Nationwide Mortgage Licensing System and Registry

### NMLS Mortgage Call Report Public Comments - March to May 2010

|  |  |  |
|--|--|--|
|  |  | <p>only to information collected regarding a licensee's mortgage loan activity, included in the provided discussion draft in the section titled, "RESIDENTIAL MORTGAGE LOAN ACTIVITY REPORT".</p> <p>The present draft largely limits the information collected regarding origination to enumerating the quantity and total dollar amount of loans originated, funded, and serviced. While the quantities and amounts are segregated into certain high-level categories, such as "forward", "reverse", "1st mortgage", and "subordinate mortgage", there is little detail concerning individual loans. While aggregate totals such as those proposed in the draft can provide a useful summary of a lender's or servicer's business operations, it will not fulfill the stated goals of the Call Report.</p> <p>As stated in the request for public comment in the section entitled, "Purpose of the NMLS Mortgage Call Report", there are four objectives of the Call Report. The second of these objectives states that the information in a Call Report ought to "[p]rovide state regulators with sufficient information to effectively supervise licensees, such as...monitoring compliance with state law..." This objective, in particular, would seem to require a different level of information than is currently proposed in the draft Call Report. While the information collected in the proposed draft Call Report does give a certain amount of insight into lending patterns, it lacks the specific detail that would be required to truly "effectively supervise licensees" and significantly limits the extent to which a state regulator could monitor "compliance with state law."</p> <p>While consumer credit laws across the country are diverse and vary from state to state, a common thread is a focus on the terms of individual loans. For example, most states limit the maximum interest rate that can be charged on loans and when and how late payment penalties may be assessed. These laws do not refer to lending patterns in aggregate. They set in place standards that apply to every loan that is made by a lender in the state. The absence of any loan-level detail in the Call Report would appear to severely limit the ability of a state regulator to assess a licensee's "compliance with state law."</p> <p>Of course, that raises the question of how much loan-level detail should be collected. As noted, the proposed draft collects no such information. At the other extreme, a hypothetical Call Report could collect an exhaustive set of every piece of relevant information for every single loan. Clearly collating, reporting and analyzing such a massive quantity of information on a quarterly basis is a massive task and would require such an enormous level of effort that all parties involved, licensees and regulators alike, would scarcely have the time left to perform their actual jobs. From my experience working with CSBS and AARMR to develop a standard data format for conducting state lending examinations, I believe it will be possible to strike a balance between sacrificing the stated objectives of the Call Report by collecting no information on individual loans, and in requiring an exhaustive set of loan information.</p> <p>There are certain types of information about a loan that I believe could greatly assist a regulator in assessing the individual loan's compliance, while imposing a minimal information collection burden. The key to simplifying data collection is to focus on loan information that is most likely to be available in an electronic form. From my extensive work with industry origination, processing, and servicing systems, I believe that additional loan information in the following areas would prove relatively easy to obtain on a loan-level basis in an electronic form. Each area would afford state regulators a more meaningful look at a licensee's compliance and certainly the overall risk of the licensee's portfolio.</p> <p>Property Attributes: By understanding the location and distribution of a lender's loan portfolio, regulators</p> |
|--|--|--|

Nationwide Mortgage Licensing System and Registry

NMLS Mortgage Call Report Public Comments - March to May 2010

|  |  |  |   |
|--|--|--|---|
|  |  |  | <p>could better allocate resources and ensure that their examinations included a sufficiently diverse sample of neighborhoods. At a very basic level, state regulators from a particular state may wish to focus only on institutions whose Call Reports indicate a high concentration of lending in their state. Practically speaking, other required reports, notably those required by the Home Mortgage Disclosure Act (HMDA), recognize the importance of geographic lending diversity in regulatory enforcement, even within a particular state. However, while HMDA reports require often complex geocoding operations, in my judgment something as simple as the property's zip code would be both informative and easy to obtain from electronic data systems. Most state laws impose different restrictions depending on other attributes of the property itself. Laws aimed at consumer protection will tend to focus chiefly on loans secured by a borrower's primary residence and on single-family homes. With loan-level information available about basic property attributes, I believe that state regulators could better allocate examination resources, focusing on lenders and servicers with the highest concentration of loans that regulators deem to be most significantly affected by consumer protection laws. Again, these loan-level attributes should be readily available in electronic form in data systems.</p> <p>Loan Payments: As noted above, loan terms tend to be specifically targeted by most state consumer protection laws. As an easy to obtain metric for the cost of a loan, the borrower's monthly payment ought to contribute significantly to the level of risk of non-compliance and default inherent in the loan. In fact, lenders have long recognized the importance of debt ratios in assessing risk. These ratios are an important factor in the loan approval process. With loan-level attributes that contribute to the determination of the borrower's monthly payment, state regulators would be able to make the same risk assessments that a lender does. Again, as with the previous attributes, this information would allow state regulators to make better use of their resources by focusing on licensees and on loans that appear to pose the greatest risk.</p> <p>Loan Collateral: A second very common risk metric for a loan is the loan-to-value ratio (LTV), which can be an indicator of the amount of risk taken on by a borrower. Depending on whether the loan is insured by a federal guarantor (such as the Federal Housing Administration), state regulators would likely want to make use of the LTV to gauge particular licensees or subsets of lending portfolios that appear to pose greater risk. Because this class of information is closely tied to loan approval and servicing, it is expected that it would be readily available in an electronic form in data systems.</p> <p>With these three basic areas of loan-level information covered, state regulators could better target their examinations and observe when licensees diverge from expected lending patterns. Aggregate information is certainly useful. However, as illustrated above, the addition of a few key pieces of loan-level information could greatly increase a state regulator's efficiency, while requiring a minimal amount of data collection burden from licensees. In fact it is quite possible that the additional information would reduce the examination burden on certain licensees if, in the state regulator's judgment, their lending patterns indicated a lower level of risk. This could very likely be accomplished with the addition of no more than ten loan-level attributes to the Call Report.</p> <p>The concept of loan-level reporting is already well-known to the industry, as requirements under HMDA mandate similar data collection. In the case of the Call Report, however, the reporting burden would be far less than that of the reports mandated by HMDA. With a small amount of loan-level information I believe that the Call Report will be able to achieve its stated goal of facilitating the monitoring of "compliance with state law."</p> |
|--|--|--|---|

Nationwide Mortgage Licensing System and Registry

NMLS Mortgage Call Report Public Comments - March to May 2010

|   |           |   |   |
|---|-----------|---|---|
| 5 | 5/10/2010 | Lisa Klika<br>Guild Mortgage Company  | <p>Comment #1: Providing this data on an annual, rather than a quarterly, basis would be favorable in order to reduce the workload on lender's of gathering and submitting the data for each state in which it operates.</p> <p>Comment #2: The financial detail requested on the proposed Financial Condition Report is information that is generally readily available within 45 days of the quarter end <u>with the exception of the last quarter of a company's fiscal year end</u> (typically fourth quarter as most company's fiscal year end is 12/31). Only preliminary figures would be available 45 days out of fiscal year end and there is a strong possibility that these figures will not match exactly with the company's audited financials that would be completed within 90 days of the fiscal year end. This would require most companies to make manual corrections to the fourth quarter call report once the audited financials are received. As such, my comment is that for data collected for the fourth quarter of a company's fiscal year, that the NMLS allow for a 90 day submission period to ensure that the data reported matches the company's audited financials. Logistically, if the NMLS system is unable to accommodate for various fiscal year end's of lenders, the majority of lender's fiscal year end is 12/31 and so the due date for the Financial Condition Report for fourth quarter could be due on 3/31. If NMLS decides on an annual call report, my comment is that at least the financial reporting portion of the call report not be due for 90 days after year end.</p> |
| 6 | 5/10/2010 | Susan L. Shultz<br>Shore Financial Services, Inc<br>dba Shore Mortgage and<br>United Wholesale Mortgage | <p>Shore Financial Services, Inc. is a mortgage banker specializing in government lending. As the senior financial person here at Shore, I have three comments to make regarding the proposed Mortgage Call Report.</p> <p>First, we are required only to provide annual reporting for the states as it stands right now. Requiring a quarterly report would quadruple the time and effort required to maintain compliance.</p> <p>Second, the 45 days allowed to prepare this report would be sufficient except for the fourth quarter every year. As our fiscal year is calendar, our audited financial statements are due to the regulators 90 days after the end of the year. A 45 day preparation period would result in having to re-open the Call Report at the 90 day mark to update for any changes brought about by the audit. I believe this would be an issue for any company who has a calendar fiscal year end date.</p> <p>Third, as a company dealing with the agencies (Ginnie Mae, Fannie Mae and Freddie Mac) and government divisions (FHA and VA), we are required to complete a comprehensive quarterly report similar to the proposed Call Report: the MBFRF (Mortgage Bankers Financial Reporting Form). This report requires "quarter only" information and not YTD. If it is decided to make the proposed Call Report quarterly, it would greatly save preparation time if both reports could be "quarter only" information, not one "quarter only" and the other YTD.</p> <p>I appreciate the opportunity to comment.</p>  |
| 7 | 5/11/2010 | Jim Marcinkowski<br>Mortgage Consultant   | <p>I disagree with the requirement of quarterly reporting. For small and medium businesses, this is an undue burden. Twenty page booklet should only be required to completed annually. I don't believe this 20 page booklet serves the purposes stated in your request for comment.</p> <p>Also, there is a tangible tangible costs to complete this on a quarterly basis in comparison to annually.</p>   |

Nationwide Mortgage Licensing System and Registry

NMLS Mortgage Call Report Public Comments - March to May 2010

|    |                 |   |  |
|----|-----------------|---|--|
|    |                 |   | This is an unnecessary change.   |
| 8  | 5/11/2010       | Sharyn Chrysokos<br>Sharmark First Mortgage   | Dear Sir:<br><br>In this day and age of our industry, it is getting harder and harder to get a loan in the door never mind trying to get it closed. We as officers of the company need to be out originating more loans for the small business to stay alive!!! There is WAY too much paper work and not to mention ALL these tests that have to be taken .. This truly needs to stop so we can continue to have brokers out there trying to give a service to their customers. If this doesn't stop the only way get a mortgage loan will be thru your local bank!!! Obama wants the small business man to prosper?? You are making this almost IMPOSSIBLE to happen.. NO MORE ADDITIONAL PAPER WORK!!!! Come on your killing this business not to mention us!!!!   |
| 9  | 10<br>5/11/2010 | Paula Holbird<br>Shore Financial Services,<br>Inc.  | We would like to recommend that the Call Report <u>not</u> be a quarterly report. This will require additional staffing within our company to manage the process of gathering each states respective information and complete the report. Currently we are active in 42 states and of those states only Massachusetts requires the quarterly reporting; to require this quarterly report because of one state is ludicrous. We would much rather file the regular paper report for Massachusetts. If the other states have not needed a quarterly report in the past it does not make sense to force them into a reporting process because of one state and for those respective states to have to increase staff to monitor and review these call reports when the economy remains stagnant and state budgets are being restricted.<br><br>Our financial department has already commented on the year end reporting cutoff of 45 days being extended to 90 days to allow financial institutions the ability to use audited financial information. |
| 10 | 11<br>5/11/2010 | Brian Short, CMC <sup>®</sup> , CRMS <sup>®</sup> ,<br>GMA <sup>®</sup><br>Tennessee Association of<br>Mortgage Professionals | We believe that NMLS requiring quarterly Mortgage Call Reports is another step which unfavorably burdens the small and medium business owners in the mortgage industry. Providing this detailed information four times a year would place an onerous load on those who operate small and medium owner/producer mortgage operations. It seems that this information is most important for determining the level of bonding requirements for mortgage brokers and lenders and need not be reported more than annually and still accomplish what is necessary for regulators to monitor brokers and lenders. Since these companies are not collecting deposits or payments on mortgage loans it seems to us that this model of quarterly reports is highly burdensome and an excess of bureaucratic intrusion into the day-to-day operations of many small and medium businesses. Please change this requirement to an annual mortgage call report.   |
| 11 | 12<br>5/11/2010 | Mike Hoover<br>Accurate Mortgage  | As a small business owner I feel the quarterly call reports would be an excessive burden for both time and cost on most brokers/small lenders that do not employ accounting firms on a regular basis. Furthermore, with the current fragile state of the economy and swings in business trends, I don't believe that a quarterly snapshot gives a realistic gauge of a company's operation. I think an annual call report should be implemented and if need be changed to a semiannual and so on. The annual basis would take care of the requirement for surety bond purposes and gives a more realistic look at a company's operations without the overkill.   |
| 12 | 5/11/2010       | Yvette Crabtree Dobbins   | Southwest Funding is looking forward to reporting uniformly for each state. However, we do not truly   |

Nationwide Mortgage Licensing System and Registry

NMLS Mortgage Call Report Public Comments - March to May 2010

|    |           |  |   |
|----|-----------|--|---|
|    |           | Southwest Funding, LP                              | <p>believe this will be possible since each state seems to have different annual reporting requirements. Michigan and Texas OCCC come to mind with totally different reporting styles and requirements.</p> <p>We would like to see annual reporting instead of quarterly reporting, as this would cause us undue hardship if we were required to report quarterly. The annual report should come 91 days after the company's financial year end. We state 91 days as we are sure other mid-size companies run close to the 90 days for our audited financials since we do not use one of the larger auditing firms.</p> <p>13We would like to ensure our annual reporting figures are not made public. We are having issues now with the NMLS Consumer Access showing our employees personal information, past jobs, etc as a large concern for identify theft. While it is relatively new company identify theft is a valid concern. Providing our company private annual reporting figures would cause us concern.</p> <p>Should the NMLS or any other regulator have questions regarding our comments; we would enjoy the open dialogue</p> |
| 13 | 5/11/2010 | Susan Melton<br>American Home Financial Services   | I fill that an annual call report would be sufficient for mortgage brokers to submit.   |
| 14 | 5/11/2010 | Jerry E. Scheel<br>Christensen Financial, Inc.     | I am in full agreement with the TNAMP that these reports will be too burdensome and unnecessary as quarterly and that the requirement should be changed to annually.  |
| 15 | 5/11/2010 | Todd Robertson<br>Hometown Capital Group           | I would like to express that I am totally against this report and disagree with it being a mandatory regulation.  |
| 16 | 5/11/2010 | Monte Connell<br>AMortgageServices                 | What if a lender is already reporting on the quarterly MBRF????????????? Does this mean I have to report twice??? After seeing the problems within the states we are licensed with and NMLS.....why can't NMLS or the State go to the MBFR that Fannie, Freddie and Ginnie Mae get each quarter??? Or does that cut out another profit area for NMLS.....   |
| 17 | 5/11/2010 | Robin Dunbar Bain<br>Premier Mortgage Services Inc | <p>I am writing as a small mortgage business in Massachusetts respectfully requesting the Annual Call Report be required on an annual basis so as to not unnecessarily burden small mortgage businesses with additional reports four times each year.</p> <p>Thank you in advance for your consideration of the above.</p>  |
| 18 | 5/11/2010 | Richard A. Painter<br>Home Sweet Loans             | <p>To Whom it May Concern:</p> <p>I believe that NMLS requiring quarterly Mortgage Call Reports is another step that unfavorably burdens the small and medium business owners in the mortgage industry. Providing this detailed information four times a year would place an onerous load on me and others who operate small and medium owner/producer mortgage operations. It seems that this information is most important for determining the level of bonding</p>   |

Nationwide Mortgage Licensing System and Registry

NMLS Mortgage Call Report Public Comments - March to May 2010

|    |           |   |  |
|----|-----------|---|--|
|    |           |   | requirements for mortgage brokers and lenders and need not be reported more than annually and still accomplish what is necessary for regulators to monitor brokers and lenders. Since these companies are not collecting deposits or payments on mortgage loans it seems to me that this model of quarterly reports is highly burdensome and an excess of bureaucratic intrusion into the day-to-day operations of many small and medium businesses, like mine. Please change this requirement to an <u>annual</u> mortgage call report.   |
| 19 | 5/11/2010 | Teresa Scranton<br>HomePlace Mortgage Inc   | "We believe that NMLS requiring quarterly Mortgage Call Reports is another step which unfavorably burdens the small and medium business owners in the mortgage industry. Providing this detailed information four times a year would place an onerous load on those who operate small and medium owner/producer mortgage operations. It seems that this information is most important for determining the level of bonding requirements for mortgage brokers and lenders and need not be reported more than annually and still accomplish what is necessary for regulators to monitor brokers and lenders. Since these companies are not collecting deposits or payments on mortgage loans it seems to us that this model of quarterly reports is highly burdensome and an excess of bureaucratic intrusion into the day-to-day operations of many small and medium businesses. Please change this requirement to an annual mortgage call report."   |
| 20 | 5/11/2010 | Pava J Leyrer<br>Heritage National Mortgage | <p>Dear Sirs,</p> <p>I am writing to express my opposition to the proposed requirement for quarterly loan originator call reports. This requirement would be overly burdensome and costly to companies that would continually have to supply information. We have reported annually to this date to our state regulators and feel this is very appropriate.</p> <p>Even with different methods of reporting, the cost to have someone do this could very well be excessive to some companies and even those in multiple states. I can see no clear advantage or reason to report quarterly when the law requires our bonds/net worth on an annual basis. Being able to report production of individual loan originators should also be allowed on an annual basis just as our other reporting.</p> <p>Please consider the burden already in place for the businesses that must comply with this rule (not a law quarterly) and recognize that it is not as easy as it may seem stated on paper. Businesses have many issues to deal with and I would hope you would want to assist in cost effective, reasonable reporting to keep more of us in business to report.</p> <p>I am available at any time to discuss this issue at the contact information below.</p> |
| 21 | 5/12/2010 | Lance Doiguchi<br>Pacific Rim Mortgage      | I feel that the call report should be completed once a year. It will be a huge burden for the small and medium sized companies to produce this report every quarter. We are in business of helping families with their home financing and adding another report along with the required training, continuing education and trying to generate business will put a huge burden on the small mortgage companies. Thank you for your time.  |
| 22 | 5/12/2010 | Kim Casteel<br>USA Mortgage, Inc.           | Please understand the burden that quarterly Call Reports would put on my small brokerage company. Mortgage Brokers are already under so much new regulation and my company is trying its best to be in   |

Nationwide Mortgage Licensing System and Registry

NMLS Mortgage Call Report Public Comments - March to May 2010

|    |           |   |  |
|----|-----------|---|--|
|    |           |   | <p>compliance. Quarterly call reports are excessive and unnecessary. Please change this requirement from a quarterly basis to an annual basis. This environment is already very taxing to independent small and medium mortgage brokers. Many companies have already gone out of business. Allow us to do what we do best - serve our public with high quality products and service. Please don't tax us with quarterly call reports which would take us away from serving our public.</p> <p>Thank you for taking my comments into consideration during this comment period.</p>  |
| 23 | 5/12/2010 | Leshea S. Nock<br>Landmark Business Group,<br>Inc               | <p>Quarterly reporting will add more cost to consumers and Financial applicants. It is un-needed additional paperwork that just further slows the system down.</p>   |
| 24 | 5/12/2010 | Eduard Van Loenen<br>First Portland Mortgage<br>Corp.           | <p>There appears to me to be no upside providing this info on a frequency greater than annually. What can possibly be gained by shortening the period and looking only at brief periods which may be skewed from time to time by seasonal, interest rate level, market, or other factors? If it is to find troubled companies earlier, then theoretically you could call for monthly, or weekly, or even daily reporting. Obviously that would be ridiculous, and so would doing it on a quarterly basis. Everyone, both the companies and regulators, are working lean and mean and don't have the man power to waste on pushing paper and reviewing paper. Before the regulators finish reviewing one quarter, they'll already be getting the next one. Simply put, this is nonsense. Thank you.</p> |
| 25 | 5/12/2010 | Michael Bosley<br>Wheatland Mortgage                            | <p>I believe that the Call Reports should only be annually. They are quite length and burdensome. I am a very small office and feel that this is asking to much to be on a quarterly basis. Respectfully, Michael R. Bosley, Wheatland Mortgage Corporation</p>  |
| 26 | 5/12/2010 | Denise Wing, C.E.O.<br>Academy National Mortgage<br>Corporation | <p>The reports that are being requires are excessive &amp; very cumbersome and will take a major amount of time for any company to complete. The requirement of quarterly reporting will put an undue hardship on all mortgage companies in the form of time that is required and perhaps the additional personnel needed to complete these extensive reports. The cost for the time and personnel spent will only increase the cost of doing business which will result in higher loan costs for the consumer. I recommend that this requirement be denied.</p>   |
| 27 | 5/12/2010 | Mark Vogel<br>Mortgage Corp. of Ohio                            | <p>NO, No and NO!</p> <p>There is no reason why my companies financial information should be posted or reported to anyone, I don't care who.</p> <p>As a Mortgage Broker, and one of the few remaining, I'm already stretched way too far and by imposing more crap on my company is just that – crap.</p> <p>You are all trying to rid the market of my services. I have been stripped of my ability to be a Mini Eagle for FHA (after 17 years). I cannot order appraisals (because apparently I strong armed appraisers – not true. What about the Realtor?????). I have been blamed for the financial mess – it was reported in a news paper that we, the Mortgage Broker, developed the pay option arms, the interest only and the sub prime programs</p>   |

Nationwide Mortgage Licensing System and Registry

NMLS Mortgage Call Report Public Comments - March to May 2010

|    |           |   |  |
|----|-----------|---|--|
|    |           |   | <p>and then sold them to the banks who then got caught with them. That is total crap and you know it.</p> <p>The NMLS is focused on the Mortgage Brokers solely. Why are bank employees not required to take continuing education, FBI finger printing, credit reports and why don't they have to pass the State and National Test? Are you protecting them because they are stupid and corrupt? If you can't pass the tests, you shouldn't be originating loans!</p> <p>Get off my freaking back!</p>   |
| 28 | 5/12/2010 | David Bennett<br>FINANCIER\$ Mortgage Group                     | <p>I vehemently oppose the proposed move to quarterly reports. It is not only counterproductive, it will serve no purpose. It puts an unfair burden upon the lenders and will serve only to raise costs to the consumers since the lenders will have to recoup their costs somehow.</p> <p>Let me give you a quote that comes from the Community Mortgage Lenders of America. "We've been saying for 2 years that the mortgage crisis was primarily a crisis of mortgage products, not people or systems or regulators. It was a product based failing, and those products - subpriime and Alt A mortgages - don't exist anymore.</p> <p>In other words quarterly reports will serve no useful purpose other than bloating the regulatory agency and costing the taxpayers even more money to support the artificially large entity.</p>   |
| 29 | 5/12/2010 | Allan D. Daniels<br>American Acceptance<br>Mortgage Corporation | <p>Dear NMLS:</p> <p>I am writing this letter to oppose the proposal for quarterly call reports.</p> <p>Since we began our mortgage business, we have filed Annual "Activity" Reports with our regulator.</p> <p>I believe that more frequent cumbersome reporting would unfairly and negatively impact small businesses.</p> <p>Federal (and many state) administrative procedures require a complete thorough study of the effects of all proposed rules on small businesses prior to implementation.</p> <p>While NMLS is not "technically" a federal government agency, this proposal will have the same effect as a federal regulation, but possibly without a careful study of the potentially harmful aftershocks.</p> <p>Small mortgage businesses have struggled and suffered great hardship because of the economic decline and its effect on the housing and mortgage industry. These surviving small businesses, the cornerstone of American economic system, should not be penalized unfairly.</p> <p>This proposal will put small business at a disadvantage to larger lenders. Less competition in the mortgage industry will drive up costs and remove affordable options for consumers. In particular, low income, minority and rural community borrowers will be hurt the most because competition will be removed from the marketplace.</p> |

Nationwide Mortgage Licensing System and Registry

NMLS Mortgage Call Report Public Comments - March to May 2010

|    |           |  |  |
|----|-----------|--|--|
|    |           |  | <p>It is for these reasons, that I feel that the proposed requirement for quarterly loan originator call reports should be amended to Annual Reports.</p> <p>Thank you for the opportunity to comment. Please feel free to contact me if you wish to discuss this.</p>   |
| 30 | 5/12/2010 | Bob Brenner<br>Guild Mortgage Company                | <p>Quarterly reports are an unnecessary. Requiring Lenders to prepare and provide quarterly reports to the NMLS will only serve to burden every lender's operation and eventually cost consumers with higher fees to cover the additional operational expense. Annual reports will suffice in meeting the report's purpose.</p>  |
| 31 | 5/12/2010 | Kevin Schudel<br>MCM Loans                           | <p>More paper work is not the answer. Bad idea<br/>MCMloans.com uses a state of the art loan shopping program that shops your loan with up to 23 different banks / lenders with a push of a button. When banks compete you win.</p>  |
| 32 | 5/12/2010 | Juan F. Lopez<br>Network Mortgage, LLC               | <p>The proposed NMLS Mortgage Call Report frequency is not adequate for small business. Please keep in mid that a small business doesn't have the financial resource to produce such a report on a quarterly basis.</p> <p>Producing this report on a quarterly basis will require adding more staff or adding more work to an owner of a business which is already taxed.</p>   |
| 33 | 5/12/2010 | George McGuire<br>Great American Mortgage Banc, Inc. | <p>What purpose will this additional information serve? Has the impact of this reporting on small business been considered adequately? Small brokers fill a useful position in the market for consumers. They keep prices competitive and lower production costs for lenders.</p> <p>The usefulness of independent mortgage brokers is very similar to independent agents in the insurance industry. It would harmful to require insurance agents to report in the manner you are considering for mortgage brokers. The insurance companies on the other hand are currently maintaining such production reports. Lenders likewise are compiling and maintaining such information. Also they have the asset size to properly spread the costs of reporting. The correct placement of such reporting is with servicer and not independent agents.</p> <p>It is unlikely to me that sufficient regulatory staff is in place to properly confirm or utilize the broker level break down of the information. Why compile it then? We surely need not to create additional levels of regulatory staffing when methods for compiling and supervising the industry are currently in place at the seller service level of the industry.</p> <p>Additional requirements and reporting make it harder for independent brokers to survive. The ultimate result of ever increasing costs and requirements is the elimination of independent brokers and a reduction of competition.</p> |
| 34 | 5/12/2010 | Ken Armstrong<br>Texas State Home Loans, Inc.        | <p>This is just extra paperwork to take more time away from our actual job of making mortgage loans. There is no need for a quarterly report on volume. The state of Texas already has us doing a volume report the first of each year. While it does some time, it is just yearly. To burden the industry to doing this quarterly, is just too much government intrusion and will provide no meaningful information to the federal government that</p>  |

Nationwide Mortgage Licensing System and Registry

NMLS Mortgage Call Report Public Comments - March to May 2010

|    |           |   |  |
|----|-----------|---|--|
|    |           |   | <p>will help the industry improve safety to the consumer. At best it just tells the government how volume is doing from quarter to quarter.</p> <p>Is the federal government now going to hire more people just to compile this information quarterly? I have no problem doing the report yearly, but quarterly is flat out silly. As for quarterly financials, not even FHA requires that! The federal government has no business looking at my financials every quarter. Again, is the federal government going to hire how many hundreds of workers just to look at financials for what will be thousands of entity licenses? Even FHA has done away with financials on small companies. Even large banks shouldn't have to be required to provide financials quarterly, FDIC already knows their health. This is unfair burden on smaller lenders and will literally drive small companies away. Thus leaving the big banks to serve the entire population and I guarantee, rates and charges will go up. Bond us and let us be.</p> |
| 35 | 5/12/2010 | Mary Ann Erickson<br>Community HousingWorks         | <p>More reports are not going to fix the problems. The lending process has become cumbersome and to add to it by requiring more report is not going to improve the quality of loan officers or loans. Most of the loan officer that I have know as a seasoned underwriter, really care for their clients and protect them. That is the only way to insure repeat business. It was the near-do-wells and transactional brokers and the lack true risk based underwriting. It was the abandonment of accepted Fannie Mae underwriting that lead to this disaster. It was the de-regulation of the financial companies to allow them to securitize mortgages that fostered this debacle. More reports will not fix this problem. Enforcement of the already in place laws will work.</p>  |
| 36 | 5/12/2010 | Ed Fleshman<br>EquiSource Home Mortgage Corporation | <p>I am sure you have heard of "road rage". How about a little "mortgage rage"</p> <p>I have been in this business 28 years. For the last 365 days I have spent at least 50% of my time doing everything <u>EXCEPT</u> lending. The additional oversight and numerous changes in regulations and laws including the education and time spent in training has almost made it impossible to make a living. Add on the cost to implement/administer and I might as well be paying a fee to stay in business.</p> <p>AND NOW YOU WANT TO ADD SOMETHING ELSE TO OUR PLATE THAT DOESNT EQUATE TO "LENDING"?</p> <p>Having to provide quarterly reporting will be an additional burden on my business that I just cant swallow.</p> <p>I pray that once a year will remain in effect and that the constant tinkering with the industry will cease long enough for to see the effects of it all.</p>   |
| 37 | 5/12/2010 | Randy Thomson<br>No Company Provided                | <p>To whom it may concern,</p> <p>I don't see how a lender making reports more often than once per year will make for better lenders or loan officers. Instead of assisting the consumer, they will be spending their time filling out reports. That doesn't seem very productive.</p>   |
| 38 | 5/12/2010 | Debra Reinhardt<br>American Pacific Mortgage        | <p>As a mortgage industry veteran of over 30 years, I cannot stay silent any longer, while I watch well meaning legislators absolutely cripple the mortgage lending industry – first with HVCC, which did not in the least little way, help consumers. All it did was give banks another way to make a profit, by owning an interest in these big appraisal conglomerates that all the independent appraisers must now be aligned with if they want to</p>   |

Nationwide Mortgage Licensing System and Registry

NMLS Mortgage Call Report Public Comments - March to May 2010

|    |           |   |   |
|----|-----------|---|---|
|    |           |   | <p>stay in the business of appraising.....and raise the cost of an appraisal to the consumer, from an average of \$325 to \$450 or more, because, of course, the big conglomerates have to make their cut. Then the new GFE. What a nightmare. Where I used to be able to quote a loan program to a borrower pretty clearly and in less than 5 minutes, it now takes me over an hour to prepare an estimate, and I can't even give it to the prospective borrower in advance of a transaction being initiated as I'm then bound to fees on a transaction whose terms I don't even know yet.</p> <p>Now we come to Call Reports. All of these requirements, while well meaning, are an example of how you can regulate an industry absolutely to death. With our housing market just starting to show signs of life, now you want to take more time from mortgage lenders to prepare more reports, when what we should all be doing is helping more borrowers prepare themselves to purchase homes, with safe, secure mortgages. But no, we'll have to raise the price of getting a mortgage even more if we are to cover the manpower cost of preparing these reports QUARTERLY. I fail to see the wisdom of any of this, and as I say, I've been in the mortgage business for 31 years. I've been a loan originator, a branch manager, and a bank vice president, and I've never seen a time when one industry has been so stifled and so vilified. Yes there were some unscrupulous lenders who took advantage of an ill-informed public, but the vast majority of us are honest, hard-working small business owners who build our businesses on word of mouth referrals for doing a great job for our clients. Most of the 'bad actors' are already out of the business. They got in for the quick bucks and are long gone. Please don't keep coming up with regulation after regulation that accomplish very little other than to smother what little life is left in our industry.</p> |
| 39 | 5/12/2010 | Donald J. Frommeyer,<br>Amtrust Mortgage Funding<br>Inc             | <p>To whom it may concern,</p> <p>I am a small Mortgage Broker and the additional requirement of having this report to be quarterly will definitely cost me more money. I am already being required to produce an audited Financial Statement to continue to do business with some of my lenders, and I am required to have a large bond for Indiana, however to have to do this form 4 times a year will make my expense that much higher.</p> <p>I am all for the NMLS system and the licensing of ALL originators and making people responsible, but we are working on small profit margins now and this would lead to even smaller. We constantly have to reduce this and reduce that, it will cause greater reduction in our ability to higher processors and closers, not to mention the loan originator.</p> <p>Please re-think this issue and leave the report to one time per year.</p>  |
| 40 | 5/12/2010 | Helen H. Mullane<br>Mullane Mortgage & Real<br>Estate Services, LLC | <p>Good Morning: I have a small mortgage company (2 Loan Originators and 1 Processor) and have worked as a mortgage broker for 14 years. In these challenging economic times, 80% of mortgage brokers in my state are out of business primarily because they can not afford the enormous and ever increasing costs imposed by NMLS to keep the licenses we already have. Every time I sign on to my NMLS account, I am paying to complete MU1/MU4 forms, sign up for state and national tests, submit my annual financial statements, do background checks, etc. If I'm not paying money to NMLS, I'm paying tons of money to our local professional mortgage brokers association to complete required NMLS classes for my company staff or paying higher bond fees for the NMLS required increased bond limits. Add state inflicted costs on top of NMLS related costs (I am licensed in NM and CO) and I have spent \$7,000-\$8,000 in the past 12 months to</p>  |

Nationwide Mortgage Licensing System and Registry

NMLS Mortgage Call Report Public Comments - March to May 2010

|    |           |   |  |
|----|-----------|---|--|
|    |           |   | <p>keep the licenses I've had for many years.</p> <p>When I'm not drowning in onerous NMLS/State/Professional/Education/Insurance/Bonding fees, I am filling out paper work either "hard copy" or on-line. On an average, I spend 10-20 hours/week filing out reports and applications for every lender I work with; the insurance company for my bond and errors &amp; omissions insurance; NMLS tests/records updates/license updates/education/etc.; reservation forms for mandatory education classes; writing quality control policies and procedures; updating my personal resume; updating financial and operating statements.....and on and on and on. I would be a trillionaire if I used these 10-20 hours/week meeting clients, taking loan applications and marketing my business.</p> <p>Quarterly Call Reports would push me over the edge – and would you charge me another fee to download my own quarterly reports into your system to increase your fee income??? I am thoroughly sick of filling out paper work, on-line or otherwise, and beg you NOT to inflict the few remaining honest mortgage brokers with quarterly call reports. You have already done a masterful job of driving the disreputable brokers – and many good brokers – out of business. Enough is Enough. Let us do our real jobs of making loans which would do far more to help the ailing housing market than filling out more paper work.</p> |
| 41 | 5/12/2010 | Gary Wright<br>Vitek Mortgage Company       | <p>To whom it may concern:</p> <p>When is enough, enough? From the new licensing requirements for originators and lenders, there is already enough added layers of new bureaucracy that is already straining lenders. I believe that most of the problem lenders and certainly the bad loan programs have been pretty much eliminated already. There were laws and regulations in place all along that were either ignored or just not enforced. Seems like a lot of politics to cover bureaucrats behinds. . .</p> <p>We need to recover as an industry and the economy will most certainly not be helped by adding more delays and time consuming tasks for lenders to do. Our jobs are to help folks obtain mortgage loans to buy houses, let us do that...</p>   |
| 42 | 5/12/2010 | Kelly L Whytock<br>RidgeView Mortgage, Inc. | <p>I have read the proposal and have the following conclusions.</p> <ol style="list-style-type: none"> <li>1) Many mortgage brokers are small business's less than 10 employees. To burden the small business owner with a quarterly report that based on my experience with government data colleting will not result in any true positives for the consumer seems a waste of time.</li> <li>2) If there has to be a reporting system it should be based on volume. Meaning the large lenders should be required to report quarterly where as small lenders with lets say less that 50 million per year in loan volume should be required on to report annually.</li> <li>3) This form should be a simple web based system. For ease of importing a standard excel format could be given to lenders/brokers so they can upload the information if they so choose.</li> </ol>  |
| 43 | 5/12/2010 | Shawn Howard<br>Source One Finance          | <p>Please do NOT burden us with additional bureaucratic reporting requirements other than those already imposed on us by the NMLS SAFE ACT.</p> <p>This is just another bad example of governmental over-regulation being imposed as a knee-jerk reaction to</p>   |

Nationwide Mortgage Licensing System and Registry

NMLS Mortgage Call Report Public Comments - March to May 2010

|    |           |   |  |
|----|-----------|---|--|
|    |           |   | cure a perceived problem that has already been corrected through the mechanisms of the open marketplace.   |
| 44 | 5/12/2010 | Richard Steed<br>No Company Provided                                | A quarterly report seems like excessive paper work. I think a yearly report would satisfy the requirement and provide sufficient information to evaluate the licensee.   |
| 45 | 5/12/2010 | Tom Blanchard<br>Mortgage Services III, LLC                         | <ol style="list-style-type: none"> <li>1. It appears that there is more than sufficient data being requested for state regulators to monitor loan originators and mortgage companies.</li> <li>2. How many other regulatory monitored industries are monitored quarterly? Annually reporting is more than sufficient for states to monitor the mortgage industry.</li> <li>3. If electronic delivery of data is available this is the most efficient and effective way to for this reporting to take place.</li> </ol> |
| 46 | 5/12/2010 | Michael J Mucciarone<br>Homerun Financial                           | <p>To Whom It May Concern:</p> <p>Additional requirements leading to quarterly reports are truly excessive. Our industry has sustained a tremendous amount of change over the last 2 to 4 years, including additional documentation and oversight. Having annual reports should be sufficient to provide all the data mentioned in this report. I suggest that the quarterly reporting portion that is being suggest, should not be imposed. It is burdensome and unnecessary.</p>                                     |
| 47 | 5/12/2010 | Eric Handler<br>No Company Provided                                 | <p>To whom it may concern,</p> <p>Making the annual call report a quarterly requirement would devastate small to mid-size businesses. The time, money and manpower four times a year as opposed to one time a year seems very excessive.</p> <p>Thanks for your consideration,</p>   |
| 48 | 5/12/2010 | Kimberly K. Knowlton<br>Waterstone Mortgage –<br>Prime Equity Group | I think it would be very unhelpful and even damaging to require quarterly reporting!! We need to get back to the business of making loans!!!   |
| 49 | 5/12/2010 | Brett Stephenson<br>No Company Provided                             | When is it going to be enough? Quarterly reports, then monthly, then weekly? Please the industry has been ruled and regulated to death. All the crooks that have caused all these problems have long sense left and it is only the honest law abiding ones that are left and we have to live with their consequences? Doesn't seem fair does it?   |
| 50 | 5/12/2010 | Bunker Rayner<br>Corona Mortgage Financial                          | I truly think that it is getting a little out of hand. Do we need to be policed? Yes! And I think that there have been many regulations put in place to police us. Quadrupling the paperwork just seems to be overkill. I don't think the paperwork is going to help anyone. As we all know, more paperwork does not mean more effective policing. Just more paperwork with more costs and no results.   |
| 51 | 5/12/2010 | Bruce Byrwa CPA<br>First National of America,                       | The problem with the mortgage system was not more regulation of the small banker or lender or even broker but the lack of regulation on the big guys that designed the loan programs that were so filled with  |

Nationwide Mortgage Licensing System and Registry

NMLS Mortgage Call Report Public Comments - March to May 2010

|    |           |  |  |
|----|-----------|--|--|
|    |           | Inc./Bonita Capital Enterprises, Inc.                | risk. If you want to fix the system help the small guys make good loans not bad loans.   |
| 52 | 5/12/2010 | S. Hurm<br>Acceptance Home Mortgage                  | It is my opinion that regulators need to stop imposing new rules on top of new rules. Since they have just started a new system leave it in place for awhile to see what works and what needs perfecting. If you are too quick to make new rules you could have an adverse impact on the system in place and in turn the market.   |
| 53 | 5/12/2010 | Robert M. Steenrod<br>PROFESSIONAL MORTGAGE,<br>INC. | <p>To whom it may concern,</p> <p>I would like to strongly urge NMLS to NOT implement quarterly call reports. By itself, it may not seem to you to be a burden, but to business owners like myself, the number of reports reporting procedures are required to complete make it an added and unnecessary burden. We currently are required to submit reports to federal agencies such as FHA and the IRS, the lenders we deal with, our banks for warehouse lending, the state agencies for revenue, secretary of state and licensing,</p> <p>In addition, since much of the billing for services has a lag time, peaks and troughs of financial data will be skewed one way or the other giving the regulators an inaccurate picture of a company's financial status if done on a quarterly basis. This problem is greatly lessened with annual reporting.</p> <p>Rather than add more reporting requirements to our load, cooperate with the other agencies and set up a sharing procedure for information before adding more reports.</p> <p>Thank you.</p>   |
| 54 | 5/12/2010 | John Councilman<br>AMC Mortgage Corporation          | <p>Comment on the proposed NMLS Mortgage Call Report:</p> <p>In general, the ability to have a standardized format for financial reports will be beneficial to all participants. However, the format to be used is far more difficult to attain. I do not know of a standardized format for submitting financial data.</p> <p>One of the most popular ways to submit financial data is through a PDF file of the actual statements. That will be very inclusive but it makes review far more difficult since each accountant or software package formats these reports differently.</p> <p>HUD has an electronic submission form that is filled out manually but that is somewhat like reinventing the wheel and not desirable for mortgage companies.</p> <p>The ideal solution would be to set up an XML file similar to those in place at MISMO for other electronic data submissions. It would seem that a simple balance sheet and income statement would suffice for this purpose. If the regulator needs more detailed information for a particular mortgage company, the actual detail could be provided in any printed or PDF format.</p> <p>I am very opposed to one item proposed for the Call Report, quarterly reporting. This will create a tremendous burden for industry and regulator alike. While some regulators may find this beneficial and have the budget to review the data, most will not be able to utilize this information due to lack of staff. There is nothing wrong with NMLS having this capability but it seems NMLS is reaching far beyond its charter. This is</p> |

Nationwide Mortgage Licensing System and Registry

NMLS Mortgage Call Report Public Comments - March to May 2010

|    |           |                                      |   |
|----|-----------|--------------------------------------|---|
|    |           |                                      | <p>a call to be made by statute or regulation, not an edict from the NMLS.</p> <p><i>7. Companies must submit quarterly residential mortgage loan activity data that reflects the company's operations within a state for each state in which they are licensed or registered through NMLS. Companies must include all mortgage origination activity of their licensed mortgage loan originators on the NMLS Mortgage Call Report. Activity is to be reported on a Year-To-Date (YTD) basis.</i></p> <p>The burden on industry would be greatly multiplied at a time when finances are spread thinly. Our company is licensed in three states and none require quarterly statements. It is questionable that these reports really add any meaningful information. They may even tend to make it more difficult to ascertain the general volume since one quarter may be very large and another very small due to the volatility of the mortgage industry.</p> <p>Again, having the capability is not the issue. However, since NMLS has not even solved the interface issue for reporting this information electronically, it seems premature if not totally unneeded. Even with an interface format, deciding which loans should be reported is still not an easy task. Some states want all activity. Others do not count non-owner occupied property. It is questionable whether the proposal to report all data under multiple types of licenses would work for many states.</p> <p>If NMLS is looking for ways to improve, the first place would be to design a more intuitive web site. I have not found a single user who has not had to call for assistance. This is costly to the NMLS, to industry and to consumers since these costs are passed on.</p> <p>Thank you for the opportunity to comment.</p> |
| 55 | 5/12/2010 | Barbara A Welsh<br>APEX Mortgage LLC | <p>These comments are being provided in reference to the proposed call activity report, the frequency of the report and the content of the report.</p> <p>As a soon to be licensed mortgage loan originator owning my own company using the wholesale channel, this report provides absolutely no pertinent information for the state regulators to analyze my operation. The proposed form is for banking entities such as ones that the state bank examiners are already auditing. However, this quarterly activity report is excessive, irrelevant and a waste of time for bank regulators to use as the basis of their oversight of these new entities. These forms clearly indicate that state banking regulators are not familiar with the correspondent and wholesale channels of lending but rather are attempting to put banking review on nonbanking entities.</p> <p>I am a former federal examiner of financial institutions with an emphasis on the mortgage loan origination activities of federally insured institutions. I have now originated loans for over 20 years and have owned my own wholesale company for 5 years.</p> <p>The type of activities that a wholesale channel provides is different from the correspondent channel. Per your report, as the wholesale channel, i do not fund, service, sell, or do any mortgage banking activities. This report is irrelevant to this channel.</p>   |

Nationwide Mortgage Licensing System and Registry

NMLS Mortgage Call Report Public Comments - March to May 2010

|    |           |   |   |
|----|-----------|---|---|
|    |           |   | <p>I would recommend that you add both correspondent lenders and wholesale lenders to your committee when trying to determine what would be effective. Without that, these reports will be a waste of time for all parties involved.</p> <p>Respectfully submitted</p>  |
| 56 | 5/12/2010 | Kathy Campion<br>Eagle Mortgage Co                      | <p>The mortgage broker businesses and mortgage brokers have enough paperwork and expense - quarterly reports are not going to help the situation. We need to spend that time working with our clients and our businesses.</p>   |
| 57 | 5/13/2010 | Charlie Eck<br>Lincoln Mortgage                         | <p>With so much change coming as a result of the new NMLS, we should pause before adding any additional requirements.</p> <p>Does the requirement also fall to banks and savings &amp; loan companies? What are the expected benefits of this reporting?</p>  |
| 58 | 5/13/2010 | Tim Kleyla<br>The Mortgage House, Inc                   | <p>We are a small family run business. A quarterly report will create undue requirements on our small team. We currently prepare extensive yearly reports for the state of Michigan; I see no reason that quarterly report be required.</p>   |
| 59 | 5/13/2010 | John R. Thomas<br>Primary Residential<br>Mortgage, Inc. | <p>To Whom It May Concern,</p> <p>I think that changing the review from once a year to 4 times a year is not in the best interest of the consumer or the brokers. The NMLS would be punishing the smaller lenders and the big banks would get off free because they are not required to file a report. So you are dumping more cost on the little guy and letting the big banks get a pass. There is nothing that is going to be found a quarterly report that couldn't be found in a yearly report. It seems that whoever is in charge is directly targeted non-depository institutions. The NLMS is a great idea if the cost and requirements are uniform for everyone but they are not and seem only to regulate the smaller players. If it is such a good idea then why are the big banks exempt?</p>   |
| 60 | 5/13/2010 | Michael Keavy<br>The Keavy Group                        | <p>I am staggered and dumbfounded and the UNEQUAL playing field that CONTINUES to be more and more unequal. Many title companies I speak with tell me how ALL the local Mortgage Brokerage Businesses are GONE except mine.</p> <p>Meanwhile Banks don't have to do ANY of this. The L.O.'s are exempt, from everything including being licensed, and if they are federally chartered can originate in 50 states. They don't have to disclose YSP, etc...</p> <p>This is unfair regulation and will prove a huge barrier to staying in business or starting a business for a small shop. There is at present and unprecedented amount of change that has been untested and forced on this industry. Your quarterly or even Annual Mortgage Calls is totally burdensome, and unfair considering the competition is EXEMPT from it all.</p> <p>After being beaten down so much through the worst times in history to keep having stupid regulation thrust</p> |

Nationwide Mortgage Licensing System and Registry

NMLS Mortgage Call Report Public Comments - March to May 2010

|    |           |  |  |
|----|-----------|--|--|
|    |           |  | <p>on a section of the market, least able to lobby or defend itself, will cause harm to the consumer. Already I've seen what banks charge go up relative to what I charge. There is less competition and the banks know it. When even more of us are gone the consumer will have to pay whatever banks want because they are exempt from so many of these types of laws...</p> <p>Mortgage Broker / Owner</p>  |
| 61 | 5/13/2010 | Mary Frisinger<br>Ann Arbor Mortgage Company   | <p>To Whom It May Concern:</p> <p>I have no problem compiling yet another report to prove to the "powers that be" that I am behaving myself as I have been for the past 11 years in this crazy industry. What information can this possibly provide you? Who will review these reports? What action(s) are you looking to take from any of this information?</p> <p>I think, quite frankly, this is yet another attempt to pile on the evil lenders who created quite the mess. It is a political move to show the public that you are holding our feet to the fire by another silly step to correct a problem that no longer exists-subprime mortgages. If you would create a few jobs, you may find they foreclosure problem will take care of itself.</p> |
| 62 | 5/13/2010 | Mark Fritsch<br>No Company Provided            | <p>Please don't implement the Quarterly Mortgage Call Report. There has been way too much intervention in the last several years</p> <p>Forcing many smaller companies out of business and thus reducing competition</p>   |
| 63 | 5/13/2010 | Jerry Whitehead<br>Atlas Mortgage              | <p>Why would you want to have these reports sent to you quarterly? It does not benefit anyone except the additional work force you would have to put in place to review these reports each quarter. What makes more sense and what you should consider is an annual report. You still get the full info you need and would be a lot more efficient with it. Please stop wasting tax payer's money passing rules that serve no benefit to anyone.</p>   |
| 64 | 5/13/2010 | Louise Rose<br>ELB Mortgage Brokers, Inc.      | <p>Let's see, 1<sup>st</sup> the banks and the government want to drive the small business mortgage brokers out of business, then they want to limit our income, and now they want to load us down with more compliance. What is going to pay for this? We need a full time employee to do nothing but compliance now for the State of Illinois and the NMLS, and now more compliance? The discrimination against brokers is way over the line!</p>  |
| 65 | 5/13/2010 | Jack O'Brien<br>Fifth Third Bank               | <p>This latest quarterly reporting for each state on loan production and servicing will accomplish one thing-higher costs for consumers. It is imperative that with the rush to "fix" all that was deficient from 2 or 3 years ago that we do not seriously hinder the ability for lenders to lend. There does not seem to be any cohesive plan and understanding of all of the recent regulations, requirements and proposals. Nothing but headlines for the politicians and regulators. Wake up before it is too late to undo the harm that these new "fixes" will (and already have) caused.</p>  |
| 66 | 5/13/2010 | Steven D. Turner<br>Bank of America Home Loans | <p>Could the NMLS Mortgage Call Report be used by national wholesale mortgage lender in approving mortgage brokers? Specifically, I am looking at the Mortgage Call Report as a potential primary source for timely, comprehensive and uniform information concerning the financial condition of licensed mortgage companies and their mortgage loan originators.</p> <p>With the enactment of U.S. Secure and Fair Enforcement for Mortgage Licensing Act of 2008, commonly</p>   |

Nationwide Mortgage Licensing System and Registry

NMLS Mortgage Call Report Public Comments - March to May 2010

|    |           |   |  |
|----|-----------|---|--|
|    |           |   | known as the SAFE Act, I am seeking clarity on how I might streamline our nationwide due diligence and background screening of mortgage loan originators. I thank you in advance for your assistance and clarity on this matter.   |
| 67 | 5/13/2010 | Jodi York<br>CaraballoGreen Valley<br>Mortgage, Inc.  | I have been in the mortgage industry for 25 years. I am against this Quarterly Call Report; I have no idea what the purpose this even serves. What is the point of doing a quarterly Call report?  |
| 68 | 5/13/2010 | John Ratkovich<br>American Home<br>Finance, Inc.      | Gentlemen: We small brokers are just not set up to do all this paperwork. Once a year is more than enough to report anything since we don't do sufficient volume. You might limit your reporting to companies that do more than 20 loans per month. Thanks JR  |
| 69 | 5/13/2010 | Jeff Goeller<br>J. Stevens Mortgage                   | Hi there,<br>I think that an call reports collected on an annual basis is plenty often enough and quarterly reports would be overdoing it.   |
| 70 | 5/13/2010 | Roger Sanchez<br>Cenmark Mortgage Company             | I am against the quarterly mortgage call report. It will be very difficult for me to do quarterly reports for every state that I am licensed in for everyone of my loan officers. This will be impossible to keep track of. This should be done once annually. All states right now do this annually. Please don't implement this rule.  |
| 71 | 5/13/2010 | Albert Soufi<br>Omni Fund, Inc.                       | I truly work very hard to maintain my customers profile and help save them money and on top of all that we do lots of paperwork since the beginning of this year due to many changes towards the end of 09, I understand your trying to control things in prospective and make sure we never get back to 2 years ago or so but you're putting on too many legislatures and rules that making people life's and loans more difficult from Appraisals, New GFE and New disclosures and on and on, instead of focusing on the real problem your making more problems, and now you want us to do more and more paperwork as if your asking us not to go out and gain any new business but to sit and do paperwork and in the mean time most of us are barely making it in this industry, plus we cannot collect unemployment or being compensated for any the leg work we do for our customers, it seems that you go 360 the opposite way and make things harder for the customers and for us, enough is enough. NO on NEW paperwork we need to move the market forward not having it stalled or backwards, thank you. |
| 72 | 5/13/2010 | Brian H. Berman<br>Mortgage Atlanta                   | I am a Licensed broker in GA. I would like to say that I am for the annual reporting system and against the quarterly reporting. Sending in a report every 3 months will not solve any issues and will only increase costs for the broker as well as nmls which will in turn cause brokers to raise costs to consumers. Annual reports and licensing make sense. Sending time every 3 months to send data on such a small period of time would cost more than the benefit could be gained.   |
| 73 | 5/14/2010 | Carlos Mendez<br>Resident Financial Services,<br>Inc. | This would be a waste of our time. There is enough regulation to mortgage broker as it is. This is not helping any customers. If the government want to keep an eye on all of the mortgage brokers. Why don't they just hire us, and see how efficient the government is in providing good loans for our citizens. Believe it or not we have families to support and we need to spend time in helping people hat need loans.   |

Nationwide Mortgage Licensing System and Registry

NMLS Mortgage Call Report Public Comments - March to May 2010

|    |           |   |   |
|----|-----------|---|---|
| 74 | 5/14/2010 | Kelli Steigenberger<br>American Foundations<br>MortgageBanc, Inc. | We already have so much reporting to do as a mortgage lender/broker, I would suggest if this is added that it only be required annually and eliminate the annual reports for the state regulators. Right now of all the states we are licensed, only one state requires a quarterly report and financial statement. I would also suggest that you continue to allow us to use our accountant prepared annual audited financial statements and internally prepared financial statements for quarterly reporting. The financial reporting you are proposing is way too detailed and time consuming and find that much of it only applies to much larger companies.  |
| 75 | 5/14/2010 | Ronald M. Lapins<br>Great Lakes Home Mortgage                     | The requirement to make quarterly reports is placing undue burden on small companies, we currently only need to report our activities on an annual basis. This seems to be a fair and acceptable system. I believe to continue on an annual reporting basis would be a more reasonable requirement Thank you.   |
| 76 | 5/14/2010 | Bozena Kukla<br>Focus Lending, Inc                                | Please keep the reporting frequency on annual basis as the requirement for quarterly reports will take out substantially more time out of actual generating business. We already have quite few deadlines for several requirements and this will make big difference for company like mine.   |
| 77 | 5/14/2010 | Jenifer Edwards<br>Primary Residential<br>Mortgage, Inc.          | <p>This letter is in response to the proposed NMLS Mortgage Call Report. Below are our comments.</p> <p>We agree with the theory of having one repository to which to submit required report data, but question whether state regulators will use this data and cease the practice of requiring duplicate data be submitted directly to them at time of examination. Further, there are currently only a few jurisdictions which require a quarterly report; why would licensees and registrants be required to file a quarterly report in a jurisdiction when only an annual report, or even no report, is currently required? Would those jurisdictions which currently have no reporting requirement or an annual requirement review the quarterly information? If not, this minimizes the benefit of submitting the data quarterly and we would recommend the requirement be changed to an annual basis.</p> <p>The proposal states that the quarterly report must be submitted within 45 days of the end of the quarter. Most companies do not have their audited financials finalized within 45 days of year-end and most of the information for the Financial Condition Report is derived from the company financial statement. For example, our audited financials are generally available mid-March, which would cause us to file our fourth quarter Financial Condition Report late or to use figures from preliminary figures. We recommend extending the reporting period to 90 days for the fourth quarter report.</p> <p>The request for comments asks for opinions of the manner in which this information is provided to NMLS. Our opinion is that most systems are capable of exporting information into Excel and can be easily formatted in that system. As such, importing or uploading an .xls or .csv file would likely be the most efficient option for a majority of companies.</p> <p>The draft of the Financial Condition Report asks for "Other Origination Income" which is defined as "retail loan origination income not yet included, such as fees collected from borrowers for credit reports, appraisals or special requirements such as photographs." As these types of fees are payable to third party fees and in some cases represent a reimbursement of fees previously remitted by a lender, these types of fees should not be considered as income. Lenders do not make money on third party closing costs unless they are paid</p> |

Nationwide Mortgage Licensing System and Registry

NMLS Mortgage Call Report Public Comments - March to May 2010

|    |           |  |   |
|----|-----------|--|---|
|    |           |  | <p>to an affiliate.</p> <p>Finally, the proposal states that “Companies will only be required to complete sections and questions that are relevant to the company’s activities and/or authorities. Those areas of the form that are not applicable to the company are not required to be completed.” We would recommend that rather than not requiring any entry in these fields, the company should be required to enter “N/A” or “0” to ensure that information is not accidentally omitted from a filing.</p> <p>We appreciate the opportunity to comment on the proposed Mortgage Call Report.</p>  |
| 78 | 5/14/2010 | Kenneth A. Jones, Esq.<br>California Association of Mortgage Brokers | <p>The California Association of Mortgage Brokers (CAMB) would like to take advantage of the opportunity offered by Conference of State Bank Supervisors (CSBS) to offer comment on the proposed NMLS Mortgage Call Reports. Prior to direct response to the three areas in which CSBS requests specific comment, CAMB would like to address the proposed Call Reports in general:</p> <p>The great majority of non-depository loan origination companies in California do not service loans; they are either brokers who send loans to lenders to be funded and serviced or smaller lenders who sell all servicing as it is produced. For this large majority, any reporting related to servicing does not apply. As such, CAMB suggests reporting related to serving be limited to the minority who identify themselves as servicers.</p> <p>The great majority of CAMB Members do not have accounting departments. They are small business owners who most likely produce tax returns using off the shelf software such as Quickbooks. They are ill-equipped to produce the type of financial documents and schedules more often found in major corporations, which appear akin to those in your discussion draft. Any request to upgrade financial reporting past the abilities of commonly used software tools and the associated expertise will create a major burden and/or expense on the small business originator.</p> <p>In response to your specific requests for comment:</p> <p>1. Will the proposed NMLS Mortgage Call Report provide sufficient information to state mortgage regulators regarding the mortgage loan origination activity of mortgage loan originators and mortgage companies? If not, what additional information should be requested?</p> <p>The above question presumes that the specific data listed in the discussion draft on mortgage loan activity can and should be used by state mortgage regulators for the good of consumers. Prior to the adoption of this presumption, it seems a prelude question should be “what reasonable consumer oriented goals do you hope to obtain by requesting information from small business loan producers.” Only through this reverse engineering process can one understand what information is relative. Responses to the latter question should help the CSBS complete its due diligence prior to making what should be a balanced and equitable response to the following question: How much additional work, expense, and intrusion on the financial privacy of a loan originator is justified by an identified, reasonable, and valid public good?” CAMB urges that the reports requested be reduced to the absolute minimum required to achieve what should be clearly defined and actionable goals.</p> <p>2. In order to improve regulatory supervision, the NMLS Mortgage Call Report is intended to be collected on</p> |

Nationwide Mortgage Licensing System and Registry

NMLS Mortgage Call Report Public Comments - March to May 2010

|    |           |   |  |
|----|-----------|---|--|
|    |           |   | <p>a quarterly basis. SRR invites comments on the frequency of data collection that best meets the goals of state mortgage regulators.</p> <p>As indicated above, small businesses do not have accounting departments and do not produce tax returns the mirror the complexity of those found in major corporations. Most collect data throughout the year and send an annual accounting file to their CPA's to produce for the purpose of tax returns. CAMB believes it would be an undue hardship to request that this schedule be accelerated to four times per year unless a clear and present need for higher frequency can be justified. If regulators cannot insure that data will be processed and used for a <u>vital real time purpose</u> multiplying the small business workload by four times is draconian.</p> <p>3. SRR recognizes that multiple technological methods (from manual data input to automated data upload) exist that would enable companies to supply this information through NMLS. We invite specific comments if your company has an opinion on the manner in which this information is provided to NMLS.</p> <p>The majority of small business brokerages use one of a handful of loan production software programs (like Calyx Point) to produce loans. This software tracks loan activity from application to funding. As indicated earlier, most do not have any information on servicing sales, servicing performance, loan modifications, or secondary marketing activities. The data they will be able to provide, that related to loan production, will be housed within their loan production software. These few major loan production software companies should be invited and encouraged to prepare standardized reports that are acceptable for the reasonable purposes for which they have been requested. As far as supplying financial reports, as indicated above, those reports available from commonly used financial software should be adopted.</p> <p>CAMB appreciates the efforts being put forward in finding a balance between the burden placed on mortgage originators and the stated goal to promote our industry. We look forward to seeing additional discussion related to the valid and justifiable needs for data that will quantify that which is a reasonable demand on small loan origination businesses.</p> |
| 79 | 5/14/2010 | Christa B. Festa<br>Quicken Loans/One Reverse Mortgage  | See attachment 1   |
| 80 | 5/14/2010 | No Individual Name Provided<br>Mortgage Market Corp     | See attachment 2   |
| 81 | 5/14/2010 | Danielle Fagre Arlowe<br>AFSA                           | See attachment 3   |
| 82 | 5/14/2010 | Roy DeLoach<br>National Association of Mortgage Brokers | See attachment 4   |

Nationwide Mortgage Licensing System and Registry

NMLS Mortgage Call Report Public Comments - March to May 2010

|    |           |  |   |
|----|-----------|--|---|
|    |           |  |   |
| 83 | 5/19/2010 | Costas Avrakotos<br>K&L Gates                            | See attachment 5  |
| 84 | 5/22/2010 | Jackie Ryan<br>No Company Provided                       | <p>You guys have gone to far the other way. Give me a break already. This is the problem with gov't, over kill on regulation and everyone knows it...</p> <p>Please use common sense. If you want to put us out of business go for it. I'll hand you the keys to my home too.....</p> <p>Sincerely, The American People.....</p>  |
| 85 | 5/27/2010 | Thomas Hendrickson<br>Associated Mortgage Group,<br>Inc. | See attachment 6  |
| 86 | 5/28/2010 | Glen Corso<br>The Community Mortgage<br>Banking Project  | See attachment 7  |
| 87 | 5/28/2010 | Bob Montoya<br>Colorado Mortgage Lenders<br>Association  | See attachment 8  |
| 88 | 5/28/2010 | Andrew Luther<br>The Money Center, Inc.                  | <p>To whom it may concern:</p> <p>Ok - I get the reporting of the number and types of loans. It think that's important.</p> <p>I do NOT agree with requiring all of this financial information however. It is burdensome to the small business owner that runs the smaller origination shops. My CPA wants \$500 a month just to do this form!! How can I justify such an intense expense when the banks are doing nothing but removing YSP and guidelines are tightening??!!</p> <p>My company financials are nobody's business but my own. I am not publicly traded, I do not hold people's money, and the amount of dollars in my bank account are not anybody's concern but mine....</p> <p>It is NOT a requirement of this law to have to disclose these. My lenders (I am a broker - not a banker) can determine in their own methods if they want me to originate loans for them or not. They don't need the govt overseeing those items as well.</p> <p>These financial reports should only be on the "banker" and not the broker.</p> <p>I recommend the immediate removal of such from the requirement for at least the broker shops.</p> |

May 13, 2010

Conference of State Bank Supervisors  
Attn: NMLS Mortgage Call Report Public Comments  
1155 Connecticut Avenue, NW  
Fifth Floor  
Washington, DC 20036-4306

Re: NMLS Mortgage Call Report

Ladies and Gentlemen:

Thank you on behalf of Quicken Loans Inc. for the opportunity to provide our comments on the proposed implementation of the National Mortgage Licensing System and Registry (NMLSR) Mortgage Call Report. We applaud and support the state regulatory agencies' goal of creating uniform financial and activity reporting requirements across state lines.

By way of background, Quicken Loans is the nation's only centralized, 100% retail, 50-state, 3,000 county, conventional and FHA residential mortgage lender. We are licensed in each of the 50 states and subject to the scrutiny of the state regulators in each state. We employ approximately 1400 loan officers—each of whom comply with the licensing requirements of multiple states and have passed our own rigorous standards for employment. We have built a robust platform to directly interface with homeowners throughout the country, using extensive technology, metrics and a highly trained staff to originate, process and close loans over the Internet out of our five Web Centers. Quicken Loans, through its Title Source Inc. affiliate, also has a 50-state title and escrow closing platform/operation and a national appraisal vendor management network. The Quicken Loans family of companies also includes a 50-state residential real estate firm and a reverse mortgage company.

Quicken Loans is the nation's largest online lender, 5<sup>th</sup> largest retail lender and 6<sup>th</sup> largest FHA retail lender. We have closed more than \$80 billion in loans in the last six years, and we closed over 120,000 loans for over \$25 billion in calendar year 2009. We have closed as much as \$3.1 billion in monthly loan volume. Quicken Loans has always focused on the “prime” mortgage market, with very little emphasis on loans commonly referred to as “sub-prime.” We have approximately 3,000 employees, primarily in three states (Michigan, Ohio and Arizona) and we have been ranked in the top 30 on Fortune Magazine's list of the “100 Best Companies to Work For” in the country for the last six years (ranking as high as #2).

Quicken Loans was founded in 1985 by Dan Gilbert, who remains its Chairman and is very active in the company. Gilbert is also the majority owner of the NBA's Cleveland Cavaliers and several other businesses located throughout the country. Quicken Loans' headquarters is located in southeastern Michigan.

Following are our comments on the proposed NMLS Mortgage Call Report.

### **Additional Report**

One of the stated objectives is to provide state regulators with the information necessary to replace the unique annual reports currently required by most states. As a 50-state licensed mortgage lender, we support this very important objective. However, it appears that the NMLS Mortgage Call Report will be an *additional* reporting obligation placed on state licensed mortgage lenders and not a replacement. Accordingly, we think this will add, not replace, a very comprehensive and complex reporting requirement to our current reporting obligations. Therefore, we encourage you to seek input directly from all state regulatory agencies to ascertain their level of commitment to modify existing state reporting requirements.

### **Rule Making Authority**

In reviewing the state SAFE Acts, it is apparent that the states have by-and-large given deference to the NMLS to create the form and determine the content of a call report that will best accomplish the oversight of industry licensees. Nevertheless, the statutory and regulatory authority on which the CSBS is relying in setting forth a quarterly reporting obligation is unclear. While the NMLS was created for the purposes of collecting, warehousing and transmitting data to the appropriate state agencies, it is not a legislative or regulatory body. Further, there does not appear to be statutory authority granting it or the CSBS with the rulemaking or legislative authority to dictate the frequency with which licensees are required to report. Accordingly, we respectfully request clarification on this point; especially where only a small handful of states up to this point have required reporting on such a frequent basis. We ask that such an onerous reporting burden not be adopted for all 50 states to satisfy the needs of only a select few.

Likewise, with respect to the complexity of the report itself, we would like to remind the Working Group that the concepts of a “Call Report” and safety and soundness originate from the banking industry. These are new concepts to the mortgage industry. While we support the state regulatory agencies’ objectives, it is our opinion that such a significant change in the reporting obligations must also be imposed on state licensed mortgage lenders and mortgage brokers through statute or rulemaking.

### **Responsibility for Report**

We think it is unclear in the state licensing Acts as to whether the Mortgage Call Report is a company reporting obligation or an obligation of the individual loan originator. As recognized in the Request of Public Comment, several states such as Ohio and Colorado exempt certain mortgage companies from licensing requirements at the company level. If the company is exempt, we think that statutory and regulatory authority does not support the submission of company data. If that is true, it would appear that the Working Group is suggesting that the company will be required to file the Mortgage Call Report on behalf of its licensed loan originators. However, that is not how the Mortgage Call Report is currently designed. Furthermore, it would be virtually impossible for a large 50-state licensed mortgage lender with over 1,400 loan originators to perform such a task.

### **Frequency of Reports and Time Frame for Implementation**

While we fully support the aim to establish consistency in reporting, we strongly urge the Working Group to retain the annual reporting frequency that we currently have in most states. This will significantly reduce the reporting burden on the industry while still enabling state regulators to supervise the health of the business and ensure the protection of our clients and the public at large. This will also reduce some of the regulatory burden on our already over-taxed government agencies, enabling state officials to focus on the quality of the data submitted rather than conducting a surface skim which would likely result based on the sheer volume of information that would accompany a quarterly reporting system. To that same end, in an effort to ensure the quality of the data provided, we respectfully submit that licensees should be given 90 days from the close of either their fiscal year-end or calendar year end to complete and upload the information.

In a similar light, with the anticipated system enhancements and modifications required to adequately support this type of reporting, we are concerned with the proposed timeframe being given to licensees to implement the new reporting requirements. In order to ensure a streamlined transition, we think that adequate time must be given to licensees to make the necessary adjustments to their systems. In doing so, we request that up to two years be allotted after the reporting system is finalized by CSBS and NMLS before licensees are required to meet these systematic reporting obligations. After all, with the implementation of the Federal Reserve's additional escrow reporting requirements under the Home Owner Equity Protection Act (HOEPA) rule of July 2008, more than two years were allotted for compliance, where only one additional data point was needed for reporting purposes. Where the proposed report, in its current state, would require licensees to collect and report vast amounts of additional data, we believe that a similar two year transition period is warranted and necessitated to ensure full and accurate reporting.

Likewise, in an effort to eliminate human error and ensure efficiency, we propose that any electronic information system adopted by the CSBS and NMLS must permit licensees to upload their information via the electronic transfer of data. We also request that information related to any such system be provided to licensees well in advance to ensure software compatibility. As a final step in ensuring the quality of the information provided, licensees should be given the ability to submit test data prior to the "live" date to ensure the accuracy of their respective reporting processes.

Because we are a 50-state licensed mortgage lender, the requirement to complete a Mortgage Call Report for each state is also of concern for us. We anticipate that this new requirement will require us to produce an additional 150 loan volume and loan servicing reports each quarter, totaling 600 additional reports annually. Based on these numbers, we anticipate we will need to hire additional staff to support this volume of reporting. This extra expense for us and other lenders similarly situated will drive up borrowing costs for consumers.

### **Financial Condition Report**

Quicken Loans is a privately held company. We are very concerned by the Mortgage Call Report Working Group's proposal to make national and aggregated data publicly available. We also question the statutory or regulatory authority that allows for the release of such data. In fact, we believe that most states protect the confidentiality of such information. Therefore, if aggregated data is released, the Working Group must be mindful of each state's confidentiality laws and regulations.

### **General Comments**

Many states require the Company's Balance Sheet to reflect asset information for assets in that particular state. How will this be addressed in the report?

The policy on page 4 of the proposal states that "Consolidated Financial information will not be accepted for the NMLS Call Report." Quicken Loans has a parent company, with a subsidiary company that rolls into Quicken Loans. Audited financial statements that we provide to the NMLS on an annual basis consolidate our Quicken Loans financial information with the subsidiary information. Our concern is that quarterly reporting from Quicken Loans will never tie back to the annual audited financial statement information. While this will not change the Quicken Loans equity position being reported in the financial statements, it will change specific line items on the Balance Sheet and Income Statement. Please provide more clarification as to whether this will create problems with our reporting.

We offer the following comments on the specific line items in the report:

### **Loan Activity Reporting**

1. In the "Loans Modified for 3<sup>rd</sup> Parties During the Period" section, please clarify how Loan Modification Applications in process at beginning of period in the category "Contracted For By Borrowers" is different than "Loans to be modified at beginning of period in category title "Contracted for by Lien-holder/Servicer."
2. In the same section, how is Loan Modification applications in process at end of period in the "Contracted for By Borrower" different than Loans to Be Modified at the end of the Period in the category "Contracted for by Lien-holder/Servicer"?
3. In the "Foreclosure Status as of End Date" section, please clarify "Loans made & assigned in Period but required to repurchase". Is this inclusive of loans we repurchased during the current period that we also "assigned" during the current period? What does "assigned" mean? Assigned to Fannie Mae and Freddie Mac as requested on page 10? Do we exclude loans sold to buyers or other counterparties in bulk?

### **Balance Sheet**

1. Line 3 Prepaid Expenses: The description reads "...will be consumed within the *fiscal year*." We suggest the description read "...will be consumed within the *next 12 months*."

Schedule A

2. Need to include a line for Loans Held for Sale at Fair Market Value.
3. Need to include a line for Derivatives in Other Short-Term Assets. While derivatives are included in Other Long-Term Assets, they can also be short-term assets.
4. Need to include a line for Additional Other Current Assets. This will include items such as restricted cash, interest rate lock commitments, deposits and other receivables.

Schedule B

5. Property Plant and Equipment Detail List: We would suggest at least 3 to 5 lines in this section.

Schedule C

6. Line 26 Other Allowance for Losses: We are confused as to why this is an asset. Based on the limited information, we would suggest it is a liability. Please confirm how this line item should be treated.
7. Line 29 Derivatives: This should be included in Schedule A – Other *Current* Assets rather than in the Other *Long-Term* Assets.
8. Line 30 Investment Loans: What is the difference between this and Line 28 Loans Held for Investment?

Schedule D

9. Line 39 Value of Service Contract Not in Accordance with FAS 65 or FAS 125: Please provide direction as to what would be included in this category?
10. Line 40 Loans to Principal and Related Interests: How is “Principal” defined?
11. Line 42: Other Assets Not Included in the Calculation of Net Worth - Please confirm that non-controlling interest would be included on this line.

Schedule E

12. Name of Lender and LOC Amount – We recommend at least 3 or 4 lines in this section.

Schedule F

13. Line 43 Warehouse LOC, UPB: This is included in Balance Sheet Schedule E. Why is it duplicated here?
14. Need to include a line for Derivatives in Other Short-Term Liabilities. While derivatives are included in Other Long-Term Liabilities, they can also be short-term liabilities.
15. Need to include a line for Additional Other Current Liabilities. This will include items such as drafts payable, amounts due to related parties, deferred revenue, deposits and other amounts payable.

Schedule G

16. Line 48 Derivatives: This should be included in Schedule F – Other *Current* Liabilities rather than in Other *Long-Term* Liabilities.

Income Statement

17. On what line should the mark to market of loans and commitments be included?

18. Line 55 Other Income (Loss) Related to Lending Activities: See Schedule A and Line 81: Net Loan Administration Income – The descriptions of these two line items are contradictory. Line 55 reads that the subsequent servicing of loans is income from a mortgage banking activity and that mortgage banking activities should not be included in this line. However, Line 81 on Schedule A for Line 55 reads that servicing income should be included.

19. Line 60 Wages - Mortgage Related Employees: Is the true purpose to isolate the CEO, President, CFO, etc? These individuals are typically reported with Other Staff.

20. Line 61 Wages – Other Staff Employees: The description of this and the previous line (Wages – Mortgage Related Employees) is vague. More detail should be provided in order to achieve consistency in reporting.

21. Line 62 Payroll Taxes and Benefits: The description seems to provide an excessive amount of detail about payroll taxes.

22. Line 66 Service Charges: What should be included on this line? The description is unclear. Please provide some examples.

23. Line 67 Depreciation Expense: We suggest changing this to read “~~D~~epreciation and Amortization Expense,” both on the income statement and in the glossary.

Schedule C

24. Line 82 Net Marketing Gain and Line 83 Net Gain (Loss) on Sale of Servicing Rights: The description for Line 83 indicates that servicing released premiums are to be reported in Net Market Gain (should it read Net Marketing Gain?). However, the description for Net Marketing Gain indicates that it is for mortgages sold with servicing retained. We suggest changing the name of Line 82 as well as its description to include “~~s~~ervicing released.”

Schedule F

25. Line 89 Loan Administration Processing Expense: Please provide examples of what should be included.

Schedule H

26. Line 90 Minority Interest: The description does not accurately reflect the definition of a minority interest.

## **Cash Flow Statement**

### **Schedule A**

27. We suggest adding an additional line for Non-controlling Interest or additional blank lines.

28. Line 109 Provision for Loan Losses: The glossary definition reads that money is set aside. That is inaccurate. No money is actually set aside.

### **Schedule B**

29. Need additional lines for Restricted Cash, Derivative Assets, Other Assets, Drafts Payable, Due to Affiliates, Derivative Liabilities, Investor Reserves, and Accrued Expenses and Other Liabilities or add additional blank lines.

### **Glossary**

30. Rather than provide definitions for each of these lines, we propose a reference to the balance sheet or income statement line number from which they flow. For example, Line 91 Net Income (Loss) should read Equal to Line 80.

## **General**

31. The glossary is mismatched with the line numbers beginning with line 14; Warehouse Lines of Credit is missing from the glossary.

32. Certain calculated lines include a line number, others do not. We suggest making the lines consistent.

33. It was difficult to follow the descriptions for revenue and it was frustrating trying to follow the directions for each line and its classification.

In closing, thank you for the opportunity to provide feedback concerning the NMLS Mortgage Call Report. We hope that you will carefully consider both our concerns and recommendations with the new process. Please do not hesitate to contact me by phone at (734) 805-7183 or by e-mail at amybishop@quickenloans.com if any additional assistance is needed.

Sincerely,

QUICKEN LOANS INC.

Amy Bishop  
Corporate Counsel

# MORTGAGE MARKET CORPORATION

*Residential Mortgages..... Refinancing..... Debt Consolidation*

---

20 N. Roselle Road, Roselle, IL 60172  
630-529-8686 FAX 630-529-9198

May 14, 2010  
To: NMLS

To whom it may concern,

This is in response to your requirement of quarterly "Call Reports". We have concerns and recommendations for the implementation of this requirement.

- 1) In the state of Illinois for the past ten(10) years we have been required to supply our version of the Call Reports, but on an annual basis. The production reports were completed and delivered within 60 days of the end of the calendar year. They met the needs of the regulator.
- 2) What will be accomplished by having quarterly reports for data that will not determine if a company is in compliance with the SAFE Act.
- 3) Most of the companies licensed under the SAFE Act, are small businesses with limited staff and definitely would not have staff to prepare and deliver the reports on a quarterly basis. This requirement may easily be complied with by the larger companies or financial institutions, but smaller companies are stretched with productions and management of their company.
- 4) The numbers that are reported are also reported by the financial institutions and wholesalers via their HMDA reports, what is the value of duplicate production information.

In summary we feel that annual reports of production by number and program type make logical and good business sense.

Thanks for the opportunity to express our comments about the "Call Report" requirements.

Sincerely,

Michael A Emond  
President

Conference of State Bank Supervisors  
Attn: NMLS Mortgage Call Report Public Comments  
1155 Connecticut Avenue, NW, Fifth Floor  
Washington, DC 20036-4306

May 14, 2010

Dear Commissioners,

Thank you on behalf of the American Financial Services Association (AFSA)<sup>1</sup> for the opportunity to comment publicly on the proposed implementation of the National Mortgage Licensing System and Registry (NMLS) Call Report. This system will have a significant impact on AFSA members. As such, our members feel it is important for them to stay engaged at every stage of the development of the NMLS to provide information and feedback that will allow those developing the system to benefit from our members' experience in mortgage origination and licensing.

## **GENERAL**

We note and applaud the stated goal of the NMLS Mortgage Call Report to “replace and standardize individual financial and activity reports currently required by state regulators”. If the system is able to do this effectively and in a meaningful manner it will be a welcome move forward. The prospect of the system evolving into an additional reporting requirement, alongside existing state mandated reports is a horrifying prospect and we strongly urge that this is not allowed to happen. To that end, we would appreciate some clarity on which reports the NMLS Call Report would replace.

We are committed to working with the State Regulatory Registry (SRR) to encourage the development of an effective reporting system. At this stage, however, it seems likely that the proposed Call Report system will significantly increase the compliance burden for licensed entities.

---

<sup>1</sup> The American Financial Services Association is the national trade association for the consumer credit industry, protecting access to credit and consumer choice. AFSA members are important sources of credit to the American consumer, providing approximately 20 percent of all consumer credit. AFSA member companies offer vehicle financing, cards, personal installment loans and mortgage loans. The Association encourages and maintains ethical business practices and supports financial education for consumers of all ages.

One of our members estimates that in its present form, the Call Report will require 140 additional corporation or state accounting reports per quarter for a total of an additional 560 reports per year. The amount of information requested far exceeds what a typical state regulator – with many years experience in regulating lenders – requires. Even when compared to the example you give in the proposal of 38 states requiring annual reports, it is clear that this will not in any way lessen the reporting burden of mortgage lenders - quite the opposite. It is anticipated that some companies may well require an entirely new department to manage the reports. It is also likely that the statement of cash flows required would be a manual process - we do not believe that it can be easily automated. This will greatly increase the expense and provide little or no useful information to mortgage regulators. These issues must be tackled if the system is to achieve its goal.

Ancillary to the issue of the compliance burden are our concerns surrounding the date for implementation. In your request for comment you note that “It is not expected that the NMLS Call Report will be a requirement in NMLS until 2011”. From their vantage point in the second quarter of 2010 this is causing considerable consternation among our members. The reconfiguring of internal systems required to collect hitherto non-existent data, coupled with the conversion to a new format of reporting, represents a mammoth system change for licensed companies, many of whom operate in multiple states and jurisdictions. The fact is, the data does not exist currently and a 2011 deadline to be up and running on an entirely new reporting system seems unrealistic and, in the final analysis, unachievable. We note that the Federal Reserve’s additional escrow reporting requirements under the new Home Owner Equity Protection Act (HOEPA) rule of July 2008<sup>2</sup>, gave more than two years to begin the collection of a single extra data point. The vast amounts of new and additional data that must be collected under your proposals surely warrant a longer time period for preparation? I reiterate the point that our members do not think that the necessary arrangements can be made in the time allowed.

Associated with this is the reporting frequency. Our members feel that quarterly reporting is more onerous and burdensome than it is worth and that the aims of the reporting program can be met by an annual report. For many of our members who operate in many different states, the burden of

---

<sup>2</sup> <http://edocket.access.gpo.gov/2008/pdf/E8-16500.pdf>

providing state specific reports at 12 weekly intervals will cause significant challenges in terms of time and treasure without yielding any particular additional insight into the workings of the company. The same results could be achieved with a less frequent schedule. The only possible alternative would be to accept internally prepared financials quarterly in lieu of the report.

Your request for comment particularly asks for opinion on the manner in which information is supplied to NMLS, noting that multiple technological methods exist to do so. Our members are unanimous in their appreciation for electronic upload, but are wary of having software or a special system imposed upon them, preferring to upload data into a central system using their own means. Smaller lenders, which might not possess the same levels of in-house technological sophistication, are likely to be particularly challenged by this. It is essential that whatever arrangements are made for the transmission of data are uniform across the nation and not cost-prohibitive for smaller lenders. Multiple systems in different states would be disastrous for the smooth running of the NMLS.

## **FINANCIAL CONDITION REPORT**

The unusual format of the reports is another area which has caused some concern among our members. The Financial Condition report seems to far exceed the needs of mortgage lending regulators bringing to mind the Call reports required of depository institutions where the financial condition of a company – its safety and soundness – is a requirement due to the institutions possession of consumer asset accounts. No such risk exists with lenders. We must ensure that before these kinds of additional reporting requirements are imposed upon lenders, that they are genuinely useful, appropriate and valid. We urge you to look at the Financial Condition report requirement once more with this in mind.

This is particularly troubling when one considers that it is a policy of the NMLS that state, regional and national aggregated data is considered public information and, as such, may be made available by NMLS or state regulators. This is unprecedented and our members would like to understand the rationale behind it. On what basis was the decision to make public what is, effectively, corporate information without a direct relation to mortgage loan officers? Has this been discussed with state regulators?

We would also like to note that there is no 'miscellaneous' or 'other' category on the financials for those items that do not fit into any of the categories listed, including the schedules.

## **RESIDENTIAL MORTGAGE LOAN ACTIVITY REPORT**

The Residential Mortgage Loan Activity report contains a number of requirements that our members would like clarification or additional detail on. Many have requested that a Glossary of Terms, similar to that supplied with the Financial Condition Report is prepared. This would go a long way toward clearing up a number of definitional issues that have been raised.

The penalties section mandating certain penalties for not reporting within 45 days seems overly harsh. Though we understand the need for regular, on-time reporting, we would request that this section is rethought to include a grace period or warning notice system to kick in before actual penalties are levied. Arrangements for parties to apply for an extension in extenuating circumstances should be made. There is also the question of whether states are prepared to amend existing laws to allow these penalties to be levied. Greater clarity is required.

Though a comprehensive glossary of terms could go a long way toward addressing questions members have about the proposal's language, specific observations about particular terms, include:

- *None-Real Estate Secured Dwelling Loan*: Members are unsure as to the meaning of the term and raise another issue: If such loans are not mortgage-secured, why must they be reported?
- *Loan Modified for 3<sup>rd</sup> parties During the Period*: This term is open to interpretation, raising the question "what 3<sup>rd</sup> parties"? Additionally, it unclear whether this is intended to include securitized accounts or whether the trust is a separate entity for this purpose, even though loans remain on the balance sheet.
- *Contracted for by Lienholder/Servicer*: Members request specifics on what this means and what the parameters for reporting are.
- *Foreclosure Status as of End Date*: Why is this included? These are not typically accounted for in this manner and will require significant system modification to collect. Members would like to understand the need for and justification behind this.

- *Delinquency Status as of End Date:* Again, why is this included? It is difficult for our members to understand how this can possibly be determinative of a lender's mortgage practices.

On a final note, we would also like to highlight concerns relating to how lenders that do not exclusively engage in mortgage lending or for whom mortgage loans are not a significant portion of their loan portfolio will be affected by these requirements. In these cases, much of the requested information appears unnecessary. The NMLS Call report policies indicate that consolidated financial reports will not be accepted and that the financials must be related only to mortgage related work. However, for many companies that engage in other types of lending, it will be impossible to accurately allocate costs and expenses, in such a fashion. For those companies that engage in other activities, very few costs and expenses can truly be assessed solely to mortgage lending. The net effect will be that the information provided would, for all intents and purposes, be nothing more than guesswork.

We respectfully request that you consider this input and adjust the proposal for the NMLS Call Report accordingly. We would be pleased to provide any further assistance that you should require in this matter. Please do not hesitate to contact me by phone 952-922-6500 or email [dfagre@afsamail.org](mailto:dfagre@afsamail.org).

Sincerely,



Danielle Fagre Arlowe  
Senior Vice President, State Government Affairs  
American Financial Services Association  
919 Eighteenth Street, NW, Suite 300  
Washington, DC 20006-5517  
Phone: 952-922-6500



May 14, 2010

Conference of State Bank Supervisors  
Attn: NMLS Mortgage Call Report  
Public Comments  
1155 Connecticut Avenue, NW  
Fifth Floor Washington, DC 20036-4306

Submitted electronically to [comments@stateregulatoryregistry.org](mailto:comments@stateregulatoryregistry.org)

NAMB submits the following comment relative to the proposed implementation of the NMLS Mortgage Call Report. The NMLS Mortgage Call Report is intended to fulfill SAFE Act requirements as well as build on state regulator efforts to create uniform financial and activity reporting requirements across state lines. The proposed NMLS Mortgage Call Report is comprised of two parts: financial information about the licensee and information about the licensee's mortgage loan activity.

NAMB is concerned with several areas, as explained in the comments below, with the proposed call report requirements. We respectfully request the NMLS show additional legal authority for the requirement of a quarterly call reports from corporations vs. individual licensees. In addition, we believe a small business impact statement as required by the Regulatory Flexibility Act should be followed by the NMLS. The NMLS is in effect creating Federal requirements without following the requirements of the Administrative Procedures Act and the Regulatory Flexibility Act.

#### NAMB Background

NAMB is the only national trade association that represents the mortgage broker industry. NAMB represents the interests of more than 70,000 mortgage broker professionals located in all 50 states and the District of Columbia. Additionally, NAMB represents the interests of homebuyers, and advocates for public policies that serve the mortgage consumer by promoting competition, facilitating homeownership, and ensuring quality service.

NAMB is committed to promoting the highest degree of professionalism and ethical standards for its members. NAMB requires that its members adhere to a professional code of ethics and best lending practices that fosters integrity, professionalism, and confidentiality when working with consumers. NAMB provides its members with access to professional education opportunities and offers rigorous certification programs to recognize members with the highest levels of professional knowledge and education. NAMB also serves the public directly by sponsoring consumer education programs for current and aspiring homebuyers seeking mortgage loans.

### NMLS Legal Authority

NAMB respectfully requests the NMLS explain in additional detail the basis and provision of the SAFE Act, upon which the proposed a Mortgage Call Report that will require mortgage companies licensed through the NMLS to report on a quarterly basis rather than an annual basis. The NMLS should also outline their authority to place the Mortgage Call Report requirements upon the company rather than the individual licensee.

As proposed in the Mortgage Call Report, mortgage company licensees with at least one licensed mortgage loan originator will need to submit quarterly reports of condition through the NMLSR. Thus, licensed mortgage lenders and brokers, as well as servicers if they have at least one licensed loan originator engaged in licensable loan modification activities, will need to submit a report. These reports will be comprised of a (i) Residential Mortgage Loan Activity Report, by state, and (ii) a Financial Condition Report for the entity. The NMLS requires that "Companies must submit quarterly residential mortgage loan activity data that reflects the company's operations within a state for each state in which they are licensed or registered." The Residential Mortgage Loan Activity Report requires licensees to report on any first- or subordinate-lien mortgage loans, including manufactured home loans and reverse mortgage loans, originated, funded, serviced, modified, foreclosed on, or in delinquent status. These categories are further divided in subcategories for reporting purposes, with certain loans to be reported based on their characteristics

As the Mortgage Call Report provision requires each mortgage licensee to submit reports of condition to the Nationwide Mortgage Licensing System and Registry, and as the Nationwide Mortgage Licensing System and Registry for purposes of the SAFE Act is limited to the system for licensing or registering loan originators, we believe the reference to a mortgage licensee in the Mortgage Call Report provision is intended to mean only licensed loan originators. There is no statutory basis under the SAFE Act to extend the Mortgage Call Report provision to requiring each mortgage company to submit a quarterly financial statement and a quarterly report to each state on its mortgage activity in the state. Each state regulator may have or seek authority under its state law to require licensees to submit quarterly financial statements and loan activity reports, but the authority does not exist under the SAFE Act and therefore is not an authorized requirement of the NMLS.

### Small Business Burden

NAMB is concerned about the burden of such reporting on small business mortgage companies and believe the proposal places an unacceptable financial burden on small businesses. We believe NMLS should show their need for such reporting frequency and determine or examine any other method that would accomplish the same objective without the burdens on small business. The NMLS should show why reports required by the states in which the licensee operates cannot be utilized rather than creating a new reporting requirement and form. We believe the Paperwork Reduction Act requirements have been triggered by the NMLS proposed rule and requests such compliance or rational for the need not to comply. In addition, we believe the NMLS Call Report request should follow the Administrative Procedures Act and the Regulatory Flexibility Act in order for small business is protected.

In conclusion, NAMB believe there are several legal flaws in the proposal by the NMLS and respectfully requests the NMLS reexamine the legal authority under which the proposal was issued be explained in more detail. Lastly, NAMB believes NMLS proposal rises to the level of agency action that requires it to follow the Administrative Procedures Act and the Regulatory Flexibility Act. We note the fact that failure to comply with the proposed rule requirements will place the mortgage company or licensee in non-compliance and in jeopardy of removal from the mortgage origination industry and, as such, places the proposal in the realm of Federal action worthy of all the protections afforded those being regulated.

Respectfully,

Jim Pair  
NAMB President



K&L Gates LLP  
1601 K Street NW  
Washington, DC 20006-1600  
T 202.778.9000 www.klgates.com

May 19, 2010

Costas A. Avrakotos  
D 202-778-9075  
F 202-778-9100  
costas.avrakotos@klgates.com

State Regulatory Registry LLC  
c/o Conference of State Bank Supervisors  
Attn: NMLS Mortgage call Report Public  
Comments  
1155 Connecticut Avenue, NW  
5th Floor  
Washington, D.C.20036-4306

RE: Comments to the NMLS Proposed Mortgage Call Report

Dear Representatives of the State Regulatory Registry LLC:

We appreciate the opportunity to comment on behalf of a number of our mortgage lender, broker, and servicer clients (herein collectively, the "mortgage companies") licensed through the Nationwide Mortgage Licensing System ("NMLS") on the proposed NMLS Mortgage Call Report.

We recognize the effort and thought that has gone into developing the Mortgage Call Report. However, we have serious concerns as to the legal authority for applying the Mortgage Call Report requirement of the Secure and Fair Enforcement for Mortgage Licensing Act ("SAFE Act") to mortgage company licensees. We also have questions and issues related to the (i) policies being proposed for the Mortgage Call Report and (ii) information that needs to be reported. If adopted as proposed, the mortgage call report requirements will impose significant new burdens and challenges for licensed mortgage companies, both large and small, placing them at an even greater competitive disadvantage in the marketplace than exists today. We, therefore, are submitting these comments to share with the CSBS/AARMR SAFE Act Implementation Working Group (the "SAFE Act Working Group") some of the concerns that have been identified.

**The SAFE Act Does Not Provide Authority to Impose The Mortgage Call Report Requirement on Mortgage Company Licensees.**

We recognize that the SAFE Act provides for the submission of mortgage call reports. We also recognize that the SAFE Act Working Group has looked to the SAFE Act for authority to impose on mortgage company licensees the extensive, detailed and quarterly loan-level reporting obligations set forth in its proposal for a Mortgage Call Report. We do not believe, however, that the SAFE Act provides the authority to impose this requirement on mortgage company licensees.

State Regulatory Registry LLC

May 19, 2010

Page 2

The SAFE Act is intended to provide for the (i) registration of the loan originator employees of institutions regulated by the federal banking agencies, and (ii) the licensing of loan originators who are employees of state licensed mortgage companies. The SAFE Act does not provide for the licensing of companies engaged in any mortgage finance activities, or require that the states license or regulate the mortgage companies. Section 1505 of the SAFE Act (12 U.S.C. 5104) sets forth the requirements that must be met for an individual to be a state-licensed loan originator. Subsection (e) of Section 1505 of the SAFE Act (12 U.S.C. 5104(e)) provides:

MORTGAGE CALL REPORTS-- Each mortgage licensee shall submit to the National Mortgage Licensing System and Registry reports of condition, which shall be in such form and shall contain such information as the Nationwide Mortgage Licensing System and Registry may require.

The SAFE Act does not require or otherwise suggest that mortgage company licensees are subject to the Mortgage Call Report obligation. Despite the SAFE Act providing only for the licensing of individuals acting as loan originators, and Section 1505 of the SAFE Act being limited to the requirements to license individuals acting as loan originators, the SAFE Act Working Group has proposed to apply the Mortgage Call Report provision of the SAFE Act to reach mortgage company licensees. The SAFE Act Working Group takes this position because "the term 'mortgage licensee' is used only in this section of the Act [section 1505 of the SAFE Act], is undefined, and appears to be distinct from the term 'loan originator' which is clearly defined in 12 USCA 5102," and because the phrase "reports of condition" is drawn from banking supervision of federally insured depository institutions. Therefore, the SAFE Act Working Group concluded that the Mortgage Call Report "is intended to be a statement of condition on the company that employs licensed mortgage loan originators and its operations, including financial statements and production activity volumes reported per state."

There is nothing in the SAFE Act that supports such a broad extension of the Mortgage Call Report requirement. Indeed, the express language of the SAFE Act reinforces our view that the Mortgage Call Report provision applies to state-licensed loan originators and not to licensed mortgage companies. In reaching for some justification to impose the Mortgage Call Report provision on a licensed mortgage company's entire operation, the SAFE Act Working Group disregards the most relevant provisions of the SAFE Act for defining the scope and limitations of the Mortgage Call Report provision. The Mortgage Call Report language provides that each "mortgage licensee" shall submit reports of condition to the "Nationwide Mortgage Licensing System and Registry." The term "Nationwide Mortgage Licensing System and Registry" is an expressly defined term under the SAFE Act. The term "Nationwide Mortgage Licensing System and Registry" is limited for SAFE Act purposes to the system for licensing and registration of loan originators. Specifically, the SAFE Act provides that "[t]he term 'Nationwide Mortgage Licensing System and Registry' means a

State Regulatory Registry LLC

May 19, 2010

Page 3

mortgage licensing system developed and maintained by the Conference of State Bank Supervisors and the American Association of Residential Mortgage Regulators for the State licensing and registration of State-licensed loan originators and the registration of registered loan originators or any system established by the Secretary [of HUD] under section 1509."

For SAFE Act purposes, the term "Nationwide Mortgage Licensing System and Registry" is limited to the system for licensing or registering individuals as loan originators, and is not intended to represent the system for licensing mortgage companies. The Nationwide Mortgage Licensing System was created by regulators in advance of the SAFE Act to license companies as mortgage lenders and brokers. The Nationwide Licensing Mortgage Licensing System was in operation in 2007 when Congress first considered legislation to license individuals as loan originator and in August 2008 when it enacted the SAFE Act. Yet, Congress chose to use a new term for the system through which individuals would be licensed, and to expressly limit the definition of "Nationwide Mortgage Licensing System and Registry" for purposes of the SAFE Act to the system for licensing or registering individual as loan originators, but not mortgage companies. While the "Nationwide Mortgage Licensing System and Registry" and the Nationwide Mortgage Licensing System may be commonly thought of as the same system, for SAFE Act purposes they are two different creations, and the system for licensing mortgage companies does not factor into the definition of the "Nationwide Mortgage Licensing System and Registry" under the SAFE Act. Indeed, in setting forth the purposes for establishing the "Nationwide Mortgage Licensing System and Registry," Congress specifically provided that it wanted to accomplish a number of objectives, including that the "Nationwide Licensing System and Registry" provide "uniform license applications and reporting requirements for State-licensed loan originators." See Section 1502 of the SAFE Act, codified at 12 U.S.C.5101.

Therefore, as the Mortgage Call Report provision requires each "mortgage licensee" to submit reports of condition to the "Nationwide Mortgage Licensing System and Registry," and as the "Nationwide Mortgage Licensing System and Registry" for purpose of the SAFE Act is the system for licensing and reporting on State-licensed loan originators, and not licensed mortgage companies, the reference to a "mortgage licensee" in the Mortgage Call Report provision can only mean licensed loan originators.<sup>1</sup> There is no statutory basis under the SAFE Act to extend the Mortgage Call Report provision to require each mortgage company licensee to submit to each state a quarterly financial statement and a quarterly report on its residential mortgage loan activity. To do so would be inconsistent with the intent of Congress. The SAFE Act Working Group should reconsider its Mortgage Call Report proposal, and scale back the proposal to that which Congress intended.

---

<sup>1</sup> In enacting their state measures to implement the SAFE Act, some states appear to have applied the Mortgage Call Report requirement to the individual licensed loan originators.

State Regulatory Registry LLC  
 May 19, 2010  
 Page 4

Although we believe that the SAFE Act does not provide authority to extend the Mortgage Call Report requirement to mortgage company licensees and should be reconsidered, we also want to take this opportunity to comment on the Mortgage Call Report as proposed, as some of our comments would be generally appropriate for any such report.

### **Many of the Provisions of the Mortgage Call Report are Written Ambiguously and Need to be Clarified.**

There are a number of sections in the Mortgage Call Report that do not clearly identify who is covered or the information required. We set forth the key questions that are raised, the sections of the proposed Mortgage Call Report that prompt such inquiries, and the concerns and uncertainty that exist.

### **Which Companies are Required to Submit a Mortgage Call Report?**

#### **The Proposed Mortgage Call Report—**

The first bullet point on page 3 regarding the general recommendations of the SAFE Act Working Group indicates "[t]he NMLS Mortgage Call Report is intended to be a statement of condition on the company that employs licensed mortgage loan originators and its operations..." Bullet point two states "[a]ll companies state-licensed or state-registered through NMLS, that employ state-licensed mortgage loan originators, will be required to complete the NMLS Mortgage Call Report." The first sentence on page 4 under the heading "NMLS Mortgage Call Report" provides that that the Report is a report of condition submitted through the NMLS by an entity with at least one licensed mortgage loan originator. Policy # 7 of the NMLS Mortgage Call Report Policies (individually, the "Policy," collectively, the "Policies") on page 5 provides that "companies must submit residential mortgage loan activity data that reflects the company's operations within a state for each state in which they are licensed or registered through NMLS. Policy # 7 makes no mention of the reporting obligation being triggered by having a licensed loan originator in the state.

#### **Issues Raised--**

The provisions on who must file a Mortgage Call Report are somewhat inconsistent, and therefore, a number of concerns have arisen as to the licensees who will be subject to the Mortgage Call Report requirements as proposed.

- Does having one licensed mortgage loan originator in one state require the licensee to file a mortgage activity report in each state in which it may be licensed irrespective of whether the licensee (i) originated loans in the other state or (ii) is licensed or exempt in the other state? Alternatively, must the licensee only report in the states in which it is

State Regulatory Registry LLC

May 19, 2010

Page 5

licensed and has a person licensed as a loan originator? This issue is of particular concern to servicers who may not be subject to licensing in some states. The servicer should not be required to report in each state simply because it employs a licensed loan originator in one state.

- Some servicers who only collect payment and do not modify loans, but contract out the modification functions, may have no licensed loan originators. Some states, however, may require a servicer to employ a licensed loan originator as a condition of licensing, regardless of whether the entity originates or modifies mortgage loans. The NMLS should clearly provide that the Mortgage Call Report does not apply to a licensee who does not originate mortgage loans despite being required to employ a licensed loan originator as a condition of licensing.
- The third bullet on page 3 of the proposed Mortgage Call Report provides that “[c]ompanies exempt from licensure in a state, but employing state-licensed mortgage loan originators, should be provided the opportunity by the state regulator to create a record in the NMLS and complete the mortgage call report on behalf of their mortgage loan originators.” The same point is reiterated on page 4 in Policy # 2 for companies not licensed in a state. In arriving at its decision to require mortgage company licensees to submit a quarterly statement of condition on the licensee and on its operations, the SAFE Act Working Group determined, as discussed above, that the term “mortgage licensee” is “distinct from the term loan originator,” and is intended to reach mortgage company licensees. As the SAFE Act Working Group concluded that the SAFE Act’s call for a Mortgage Call Report is intended for mortgage company licensees, then the licensed mortgage loan originators of companies exempt from licensing should not be subject to a Mortgage Call Report obligation. The SAFE Act Working Group should not interpret the undefined term “mortgage licensee” to exclude loan originators and then include loan originators when convenient to do so. If the SAFE Act Working Group believes that individual loan originators are subject to the SAFE Act’s Mortgage Call Report requirement, then the SAFE Act should not be used as justification for imposing the quarterly Mortgage Call Report requirement on mortgage company licensees.
- Undoubtedly, some exempt entities will not want to submit a Mortgage Call Report. As the SAFE Act Working Group believes that licensed mortgage loan originator employees of such exempt entities will need to submit a quarterly Mortgage Call Report, what form will such an individual mortgage loan originator call report take? The proposal offers no suggestion as to the mortgage loan activity that an individual licensed loan originator will need to report. Of course, to be consistent with the SAFE Act, the information should be limited to that which the licensed loan originator knows, for the loans the person originated, and should not involve company-wide information.

State Regulatory Registry LLC

May 19, 2010

Page 6

- Some companies will be licensed under state mortgage finance licensing laws, despite being subsidiaries of depository institutions. Their mortgage loan originator employees, however, will be registered under the rules of the applicable federal banking agency, once the banking agencies' registration system is functional. As those licensed subsidiaries of depository institutions will not have any licensed mortgage loan originators, they should not have a Mortgage Call Report requirement, and the Mortgage Call Report Policies should clearly provide as much.

### **What Needs have the States Identified for a Quarterly Report on Mortgage Loan Activity?**

#### **The Proposed Mortgage Call Report--**

The two most surprising and excessively burdensome requirements of the proposed Mortgage Call Report is that mortgage company licensees will be required to submit a report on residential mortgage loan activity quarterly, and that they will be required to submit a report "that reflects the company's operations within a state for each state in which they are licensed or registered through NMLS."

#### **Issues--**

From a licensee's perspective with respect to policy, we fail to see any justification for requiring quarterly reports in each state in which a licensee is licensed. The Background section of the proposed Mortgage Call Report provides that many states require licensees to submit annual reports for a number of reasons. For the reasons given in the Background section, annual reports on mortgage loan activity appear appropriate and reasonable, and have been customary for years in many states. Only a few states at this time require licensees to submit quarterly reports on mortgage loan activity. All other states have not identified a need for quarterly loan activity reports. We question why a state would now require a quarterly loan activity report if the state has not previously required a quarterly report. Has each state determined that it must now have a quarterly report on mortgage loan activity to regulate its licensees, or are the states expected to accept these reports because a handful of states have started to use them? The proposed Mortgage Call Report provides no basis, rationale, or explanation as to why the SAFE Act Working Group believes there is a need for every state to receive a quarterly Mortgage Call Report, or what purpose would be served by require quarterly reporting of mortgage loan activity. The SAFE Act Working Group is looking to impose an obligation on mortgage company licensees that would cause a fundamental change in the manner in which they manage and track their mortgage loan activity without providing any justification as to the need for quarterly reporting or the purpose that would be served by reporting such information so frequently.

State Regulatory Registry LLC

May 19, 2010

Page 7

Further, we question what use will be made of this information by many state offices that regulate mortgage company licensees. We know that offices of many state mortgage regulators are short-staffed and under-funded. We recognize that they are making their best efforts to keep up with all the filings, but for many states, there are more filings than ever before. Despite a state being on the Nationwide Mortgage Licensing System, we have found that it is taking some states an inordinately long time to review and approve applications for corporate licenses or branches, change in names, d/b/as, new officers or directors, or change in ownership. Is there any realistic expectation that the Mortgage Call Reports will be reviewed each quarter by each state? Mortgage company licensees will need to assemble and report mortgage loan activity quarterly that may not be reviewed or considered. We do not believe that the SAFE Act Working Group should arbitrarily require quarterly reporting of mortgage loan activity (i) unless there is a clear demonstrated need of state regulators to have a mortgage loan activity reported every 90 days to fulfill their regulatory responsibilities, and (ii) until mortgage company licensees can review and comment on a finding that quarterly reporting is necessary.

With respect to the actual quarterly Mortgage Call Report obligation, we also have these specific procedural questions.

- A quarterly Mortgage Call Report for each state in which a company is licensed or registered is unnecessary and may prove to be overly taxing and burdensome for some licensees, particularly the smaller licensees who are not Fannie Mae or Freddie Mac approved seller/servicers. The smaller mortgage company licensees may not have sophisticated systems to provide the loan activity reports or employ financial officers to provide accounting reports. Although reports may be generated electronically for some companies, systems will need to be programmed to generate the reports with the information specifically required, and the reports will need to be reviewed before being submitted.
- As the reports will need to be submitted through the NMLS, it is unclear if, each time a report is submitted, the person submitting the report will need to make a "completeness attestation" that the information submitted in the call report is true, accurate, and complete. Licensing staff may not be qualified to fill in and attest to the extremely detailed information required in the Financial Condition Report. Will a new user authority be created to allow accounting persons to log into NMLS and complete and attest to this information? Will all state activity reports need to be submitted through the NMLS or will paper reports outside the system still be acceptable.
- Questions also have arisen as the timing for such reporting and how the quarterly Mortgage Call Report requirement fits in with other state reporting obligations. The proposal does not clarify whether a quarterly report is based on a calendar year or a fiscal year basis. What will be expected of licensees without a calendar year-end fiscal year?

State Regulatory Registry LLC

May 19, 2010

Page 8

The proposal does not indicate whether the mortgage loan activity data must be submitted to each state at the same time, or can be submitted to a state independent of one another. The proposal also does not indicate whether the quarterly reports will displace the annual reports. Will licensees submitting quarterly reports still need to submit annual reports to state regulators as they currently may be required to do under many state laws? Will licenses need to prepare a fourth quarter report and an annual loan activity report in the first quarter the year?

- Policy # 6 of the Policies on page 4 provides that companies that "are required to submit a self-prepared financial statement on an annual basis as part of maintaining a license or registration may use the NMLS Mortgage Call Report to meet this requirement." Policy # 4 of the NMLS Mortgage Call Report Policies, page 4, provides that "financial information should be reported on Year-to-Date (YTD) basis." We want to make sure what is intended by this policy, as we see problems arising when the quarter end coincides with the entity's fiscal year end for two reasons: (i) the year-end financial data may not be available within 45 days of the fiscal year end, and (ii) a licensee will be reluctant to post internally prepared financial data that may vary from the audited figures. Because the Mortgage Call Report Policy requires that financial information be reported on a YTD basis, does this mean that the financial statement prepared for the last quarter will take the place of the annual financial statement requirement of each state that has such a requirement? If so, then are we to understand that every state participating in the NMLS that requires an annual financial statement has agreed to this Policy? The Policies should be clear as to what is required and what will be accepted by the states, so that a licensee is not later cited for not submitting a statutorily required annual financial statement.
- The Policies also should be amended to ease the quarterly financial statement filing for those licensees that are required to submit an annual audited financial statement in some states. Policy # 6, on page 4, provides that companies that "are required to submit a Compiled, Reviewed or Audited financial statement must complete and submit such financial statements through the NMLS in addition to the NMLS Mortgage Call Report." With respect to the quarterly financials required, it is often difficult to obtain an income statement and balance sheet at the end of a company's fiscal year-end, as companies are preparing their audited statements. As the annual audited financial statement prepared in the first quarter will cover the prior fourth quarter, why must a licensee that is required to submit an annual audited financial statement also be required to submit a balance sheet statement with the Mortgage Call Report for the last quarter? It seems reasonable that the last quarter financial statement requirement should be waived in such a situation. This would be consistent with the Policy in place for states that require unaudited financial statements.

State Regulatory Registry LLC

May 19, 2010

Page 9

- Policy 5, on page 4 clearly states that "Consolidated financial information will not be accepted for the NMLS Mortgage Call Report." This may be problematic for some licenses. HUD and some states accept consolidated statements provided that there is a break out balance sheet and income statement (but not statement of cash flows) for the approved entity.
- Draconian penalties are in store for a mortgage company licensee that does not submit a timely Mortgage Call Report. Policy # 4 on page 4 provides that "failure to submit the report within 45 days of the end of the quarter will result in a deficiency placed on licenses or registrations held by the company and may result in a state regulatory action. Such deficiencies will prevent license or registration renewal." Thus, sanctions, including suspension or revocation of a license, could be imposed if reporting is not completed quarterly within the 45-day window. As state statutes may only call for annual reports, we question whether states have the authority to impose such sanctions against a company that has not filed quarterly reports if the state clearly requires only annual reports?

### **What Information Needs to be Reported in the Mortgage Activity Report?**

#### **The Proposed Mortgage Call Report--**

The Residential Mortgage Loan Activity Report (the "Loan Activity Report") requires licensees to report on the first- or subordinate-lien mortgage loans, reverse mortgage loans, or manufactured home loans, originated, funded, serviced, modified, foreclosed on, or in delinquent status. These categories are further divided in subcategories for reporting purposes, with certain loans to be reported based on their characteristics, and modifications to be reported in 12 subcategories. The Financial Condition Report requires a licensee to complete on an unconsolidated basis a (i) Balance Sheet, (ii) Income Statement, and (iii) Cash Flow Statement, accompanied by schedules for each.

#### **Issues--**

The purpose in requiring some of the detailed information is unclear. If the Loan Activity Report is intended to obtain an accurate picture of the YTD mortgage activity of a licensee's activities, or to calculate an assessment, it strikes us that, as the Loan Activity Report is structured, it may not produce the portrait being sought. Some loans will be counted in more than one category. As a result, the loan numbers may be double-counted or triple-counted in the categories seeking information on loans originated, funded and serviced. If information is to be reported on a YTD basis, then if loans or servicing are sold midyear, should the YTD numbers include or exclude the sold loans or servicing?

State Regulatory Registry LLC

May 19, 2010

Page 10

Some of the information requested also seems extraneous. In regulating the mortgage finance industry, is there a pressing state need for the states to know on a quarterly basis the number of "closed and funded" loans that have been held with the servicing retained, held with servicing assigned, or sold with the servicing? Is there a reason to know the number of first- or subordinate-lien mortgage loans assigned to Fannie Mae or Freddie Mac each quarter? Perhaps the states have reason to require such detailed reporting of the mortgage loans originated by licensees. If so, the reasons for the detailed breakdown of information is not stated in the NMLS Mortgage Call Report proposal. The NMLS should not be seeking loan-level activity information for no reason. There must be some use and purpose for imposing such a detailed loan-level reporting obligation on licensees.

Certain parts of the proposed Mortgage Call Report are unclear, inconsistent, or undefined as to what specifically needs to be reported. We believe the following sections need to be clarified.

- Policy Number 7 of the Mortgage Call Report, page 5, states that "[c]ompanies must include all mortgage origination activity of their licensed loan originators on the NMLS Mortgage Call Report. Activity is to be reported on a Year-To-Date (YTD) basis." This appears to be the only part of the proposed Mortgage Call Report where this is stated. The information leading up to the Policies and the *"Discussion Draft version of the Mortgage Call Report"* do not make it clear that YTD numbers must be reported. Indeed, the actual categories of information suggest otherwise, seemingly providing that the information is to be presented for each quarterly period. Because companies are filing quarterly, it would not be unreasonable for the individuals completing the Mortgage Call Report to conclude that the Report is only looking for numbers for a specific quarter. The Loan Activity Report should clearly and on each page indicate that numbers are to be provided on a YTD basis, if that is what is being required.
- The Financial Condition Report is accompanied by an extensive set of definitions. The only terms defined in the Loan Activity Report are (i) "closed and funded," and (ii) "brokered," and these are somewhat unclear. No other terms are defined and no instructions are provided for purposes of completing the Loan Activity Report. A number of the terms used have varied definitions depending on the source. With respect to reporting on originations, does origination mean (i) the activity under the SAFE Act as the state's have enacted their loan originator laws to reach either the taking of an application or the offering or negotiating of a residential mortgage loan, or (ii) some other activity? What if a company no longer employs or sponsors a mortgage loan originator that was compensated during the most recent quarter? Will companies be required to file a Mortgage Call Report for loan originators that they no longer employ or sponsor in the reporting period?

State Regulatory Registry LLC

May 19, 2010

Page 11

- Moreover, a licensee is required to report on certain actions involving applications. There are a number of different definitions of the term application with respect to a mortgage loan. Does the term application mean the standard Fannie Mae or Freddie Mac forms, RESPA's, ECOA's, or HMDA's definition, or the all-encompassing definition of application that HUD has proposed in its SAFE Act rule? Will a licensee need look to see how each state in which it will be reporting defines the term application. If the Mortgage Call Report is intended to be a uniform system of reporting mortgage loan activity among licensed mortgage companies across state lines, then one set of definitions of terms and instructions should be set out and used for purposes of completing the Loan Activity Report. Detailed instructions would help ensure a "uniform" understanding between companies and all state regulatory agencies in the completion of the Mortgage Call Report.
- Policy # 10 on page 5, indicates that "[c]ompanies will only be required to complete sections and questions that are relevant to the company's activities and/or authorities. Those areas of the form that are not applicable to the company are not required to be completed." Will Companies have the ability to put "N/A" or some form of comments into the Mortgage Call Report to indicate why they are not completing specific sections? If not, will states assign deficiencies to Companies for incomplete reports?<sup>2</sup>
- The Financial Condition Report also raises certain issues that merit further review and/or discussion. Smaller companies unaccustomed to such financial report may have problems in completing the report. We trust the SAFE Act Working Group has asked auditors to comment on its Proposal.

## Conclusion

We strongly urge the SAFE Act Implementation Working Group to reconsider the Mortgage Call Report as called for in its proposal. Primarily, the SAFE Act does not provide authority to require Mortgage Call Report for mortgage company licensees. In addition, as proposed, the Mortgage Call Report will require licensed mortgage companies to report a far more extensive set of mortgage loan activity and financial information, in a far more detailed manner, far more frequently than any state has required such mortgage activity and financial information to be reported by a licensee. The Mortgage Call Report will create confusion and uncertainty as to the mortgage loan activity that will need to be reported, and trust that its

---

<sup>2</sup> In the "Other Business" section of NMLS, companies cannot clarify in which states they perform specific activities. Thus, a state cannot rely on this information in NMLS to determine why a particular section has been left blank on the Mortgage Call Report.

K&L|GATES

State Regulatory Registry LLC

May 19, 2010

Page 12

application to mortgage company licensees, and the information required to be reported will be reconsidered.

We hope our comments are of some help in considering the issues raised with respect to the proposed Mortgage Call Report. We would welcome the opportunity to answer any questions that the SAFE Act Working Group may have with respect to our comments. Please call me at 202-778-9075 should any questions arise. Thank you for the opportunity to present our comments for consideration.

Sincerely,

A handwritten signature in cursive script, reading "Costas A. Avrakotos", with a horizontal line extending from the end of the signature.

Costas A. Avrakotos



# Associated Mortgage Group, Inc.

EST. 1989

Licensed Mortgage Brokers: OR License #ML190 WA License #510-MB-19043

5441 SW Macadam Ave., Suite 208 • Portland, OR 97239 • Phone: (503) 221-0064 • Fax: (503) 221-0396

May 24, 2010

Subject: NMLS Mortgage Call Report Public Comments

Conference of State Bank Supervisors  
1155 Connecticut Ave NW – Fifth Floor  
Washington, DC , 20036-4306

As an introduction, I am Thomas R Hendrickson, CMB. I am a mortgage broker doing business in the states of Oregon and Washington. I am a member of the SRR Mortgage Advisory Council (MAC), the immediate past president of the Oregon Association of Mortgage Professionals, a past president of the Oregon Mortgage Bankers Association (now Oregon Mortgage Lenders Association) and a past member of the Board of Governors of the Mortgage Bankers Association of America.

I am writing to address two important areas of concern. First, the frequency and timing of the reports. Nowhere in the SAFE ACT is the report described as quarterly. In fact, the entire subject of the report is addressed with only one title, and one sentence of description:

“MORTGAGE CALL REPORTS. Each Mortgage licensee shall submit to the Nationwide Mortgage Licensing System and Registry reports on condition, which shall be in such form and shall contain such information as the Nationwide Mortgage Licensing System and Registry may require [12 USCA : 5104 (e)].”

Congress, therefore, provided virtually no guidance on the structure, content, timing or any other critical aspects of the reports, other than to leave it up to the NMLS (SRR) to devise and implement a system of their own choosing. The frequency of reports was not mentioned. Someone decided on quarterly reports, per the proposal. Choosing quarterly reports due 45 days after the close of each quarter would create an extremely difficult compliance problem for most firms.

The proposal offered by the committee outlines two reports : one on financial condition and one on mortgage lending activity. That is good and reasonable. The first section will provide regulators with key information on whether mortgage lending firms have sufficient fiscal strength to be able to continue operating without interruptions that could be damaging to consumers. The second provides information on what volume and types of loan products are being originated, and would provide a basis of comparison from one year to the next, or disclose changes in the makeup of product usage.

So, the reports themselves with some corrections to the latter report, which will be addressed later, are fine. The frequency of the reports is not. Most businesses, and most regulated mortgage origination

firms who have filed reports with regulators in the past, provide their information annually, not quarterly. And, most recipients of that data allow at least 90 days (not 45) for these financial and activity reports to be provided. The IRS allows up to April 15 (and even allows extensions thereafter). The same degree of professional preparation required for a tax filing will be needed to complete the financial sections of the call reports. They should be required to be filed at a date not sooner than April 01 of each year. Coordinating with IRS filings and using April 15 as a due date would be even more logical, and workable, since most of the same data will be reflected in both filings. To file in 45 days would be very difficult for most lenders, if possible at all.

The activity report should also be filed annually. It's a big job, the way most regulators now require it, filed once per year, in the Spring, for the previous year ended 12/31. To do it quarterly would be an even bigger job, with little gained in terms of useful information. Small and big firms face different challenges in accumulating the information required to complete the reports. Both would find it very expensive to convert to quarterly reports.

Other than the advisable use of Annual Reports (to co-inside with NMLS Annual Years) and 90-105 days to comply (rather than the almost impossible 45 day period suggested), I also have suggestions to improve and correct the Loan Activity Report. I am addressing these issues from the perspective of my current firm (a small non-servicing originator who brokers out every loan) but the suggestions apply to all originating firms.

Page 10 of the draft breaks down Conventional loans into "Loans Assigned (sic) to Federal National Mortgage Corp (sic)," and "Loans Assigned (sic) to Federal Home Loan Mortgage Corp" as well as listing USDA RD loans. Those loans should simply be listed as "Conventional Fixed Rate Loans" or "Conventional ARM Loans." Loans eventually sold to and serviced on behalf of Fannie Mae and Freddie Mac are not actually "assigned" to them. Furthermore, it's often not known whether loans closed have gone to Fannie, Freddie or elsewhere. Particularly on brokered loans the originators virtually never know that. And on all other channels, it may also be unknown as well, at time of origination and closing, when data is being earmarked for future reports. Correspondents may be selling loans or packages or pools of loans to large lenders who may subsequently sell them to and service them for Fannie or Freddie, or may not. Even on their own production, those mega lenders will not always know where the loan is going, when originated.

The "brokered" section has a category titled "Refinance of Loan Held by Licensee" Brokers don't service. And, more important, the section calling for itemization of "No/Reduced Documentation Loans" (not defined, but probably just including loans such as the FHA Streamlined Refis, since stated income and "no doc" conventional loans are generally things of the past) is too unclear, and should be dropped.

The Activity Report, wherever possible, should allow originators to group responses in those six categories that are available for sorting in the loan origination software systems: Conventional Fixed Rate, Conventional ARMS, FHA Fixed, FHA ARMS, VA Loans, Home Equity/HELOC/2TD Loans. These are categories that are generally collectable in all systems. Their use would simplify the process.

The report will NOT take the place of skilled, experienced state regulatory examiners doing on site exams in originators' offices. That's where the details come in. That's where the problems of some will hopefully be found, and where the good work of others will shine.

In conclusion, I have two recommendations:

1. Make both Reports Annual, with due dates on/before April 15 for years ending 12-31.
2. Clean up the Activity Report section on loan types. Convert Fannie Mae and/or Freddie Mac to one category of Conventional Fixed Rate Loans or Conventional ARM Loans.

Adoption of these improvements would make the reporting process much easier, and less expensive. With the myriad of new regulations and near-doubling of consumer disclosures and paperwork to comply with them, that we're now facing, we don't need to also triple the work of reporting at the same time, as the quarterly reports would do. Let's just get regulators the information that's needed, and allow originators to focus on providing affordable financing for the consumer public.

Thanks for taking the time to review this. Call if you have any questions.



Thomas R Hendrickson, CMB.  
Executive Vice President  
NMLS # 89926

# COMMUNITY MORTGAGE BANKING PROJECT

---

---

May 28, 2010

Conference of State Bank Supervisors  
Attn: NMLS Mortgage Call Report Public Comments  
1155 Connecticut Avenue, NW  
Fifth Floor  
Washington, DC 20036-4306

Dear Sir or Madam:

These comments are being submitted on behalf of the Community Mortgage Banking Project (CMBP), a public policy organization that represents the views of independent mortgage banking companies that engage in residential mortgage lending throughout the United States.

Our comments are divided into three parts: comments regarding the legal basis of the proposed Nationwide Mortgage Licensing System's (NMLS) Call Reports; comments on the frequency of the reports, and comments on the scope of information being requested – on lending activities as well as financial information.

## **Legal Basis for NMLS Call Reports**

We question the legal basis for the proposed NMLS Call reports. The NMLS notice cites 12 USCA Sec. 5104(e) as the authority for the imposition of the Call reports. A careful reading of this section authorizes NMLS to require reports of condition from mortgage licensees in such form and manner, as NMLS shall prescribe. Focusing on the ambiguous (undefined) phrase “mortgage licensee”, which is not used elsewhere in the act, NMLS theorizes that Congress could not have meant the individuals who are licensed loan originators, which is the stated purpose of the law, but instead the companies that employ the licensed loan originators. Using that definition of mortgage licensee as a foundation, the NMLS has constructed a requirement for companies that employ licensed loan originators to submit quite detailed quarterly reports, not just of their lending activities in each of the states they operate in, but detailed reports of their financial condition.

The statutory section in question, 12 USCA Sec. 5104(e) was part of the Secure and Fair Enforcement for Mortgage Licensing Act of 2008, commonly referred to as the S.A.F.E. Act. Section 1502 of the S.A.F.E. Act lists ten purposes for the act. Each one of the ten is directly related to the licensing of individuals as loan originators. None of the ten refers, directly or indirectly, to the employers of those licensed loan originators. In fact throughout the various provisions of the S.A.F.E. Act, dealing with creation of the licensing system, the authorization for the Department of Housing and Urban Development (HUD) to create a backup licensing system, the background checks of loan originators, HUD's enforcement authority, the State's examination authority and the confidentiality of the information that is gathered through NMLS, there is not one single mention of the companies that employ licensed loan originators and certainly nothing to suggest that such companies are “mortgage licensees”. Nor is there any direct or indirect indication that such companies are subject to licensing or jurisdiction under the Act.

**108 NORTH PAYNE STREET, ALEXANDRIA VA 22314**

# COMMUNITY MORTGAGE BANKING PROJECT

---

---

In fact the very term “mortgage licensee” does not lend itself to the definition that NMLS claims. The S.A.F.E. Act creates a system to license individuals as loan originators, not companies. There is no national system to license mortgage lending companies nor was it the intent of the S.A.F.E. to create such a licensing system. Therefore the word licensee, which modifies the term mortgage in the phrase cited by NMLS can really only have one meaning – the individuals who are licensed as loan originators under the statutory provisions contained in the S.A.F.E. Act, those same individuals who are the sole object of the S.A.F.E. Act’s various provisions. There is no basis within the statute for concluding otherwise, and certainly no basis for concluding that Congress, in its use of the phrase “mortgage licensee” meant the companies that employ licensed loan originators.

At best, since Section 5104(e) refers to “reports of condition”, together with the phrase “mortgage licensee”, which is not used elsewhere in the statute, the authorization in the statute is ambiguous and confusing and NMLS should request Congressional clarification, before proceeding to construct a requirement for detailed quarterly reports from privately owned, independent mortgage banking companies.

## **Frequency of Reports**

Beyond our concerns that there is no statutory basis for the proposed reports to NMLS we have serious concerns regarding the frequency of the requested data. Currently the states that do request financial/activity data from independent mortgage banking companies do so on an annual basis. We believe that annual data requests comport with the public policy objectives of mortgage banking regulation. There is no risk exposure for deposit insurance funds as there is for banks, nor is there any risk exposure for the investing public, as there is for the stock of publicly traded companies, both of which are required to submit financial reports quarterly. Mortgage banking companies are privately owned and the funds at stake are private funds, not public. Hence there does not appear to be a regulatory need for quarterly submissions.

In addition we question whether the individual states have the resources to examine the data that will be submitted quarterly. We believe a more efficient system, for the state regulators as well as for mortgage banking companies, would be an annual submission requirement, supplemented by a year-to-date report that the mortgage banking company could prepare just prior to an examination.

We also believe that a cost benefit analysis should be conducted to determine if the benefits of quarterly reporting outweigh the costs. We do not believe that would be the case. The information, particularly the loan application data as well as the data on loan sales, goes well beyond what is currently required in bank call reports.

## **No Distinction between Mortgage Brokers and Mortgage Bankers**

We note that that the NMLS Call Report does not draw a distinction between Mortgage Brokers, who do not close and fund loans, and Mortgage Bankers who do close and fund loans. While there is some overlap in the business activities of Mortgage Brokers and Mortgage Bankers, there is a significant difference in the business operations in terms of scale and complexity. Mortgage

***108 NORTH PAYNE STREET, ALEXANDRIA VA 22314***

# COMMUNITY MORTGAGE BANKING PROJECT

---

---

Banking companies take loan applications, process those applications, draw on either self-generated or borrowed monies to fund those loans and then sell those loans in the secondary market. Mortgage Brokers perform one of those functions – taking applications.

To treat these two types of businesses alike in terms of financial information required seems very shortsighted. Even the smallest mortgage banking company is a more complex financial operation than the largest mortgage brokerage. We suggest that NMLS give consideration to creating a simpler, shorter Call Report for Mortgage Brokers.

For Mortgage banking companies, as we explain further in this letter, we suggest if it is determined that there is a regulatory basis for a report other than an annual report that the NMLS consider accepting the Fannie/Freddie/GNMA quarterly form (Fannie Mae Form 1002, Freddie Mac Form 1055, Ginnie Mae Form HUD 11750), henceforth referred to as the “GSE Combined Form”.

Our review and analysis indicates that there is a great deal of overlap between the information required for the GSE Combined form and the draft NMLS Call Report put out for comment. The major differences between the GSE Combined form and the draft NMLS Call Report are as follows:

1. The NMLS Call Report asks for more detailed information on loan applications and on loans funded than the GSE Combined Form. Further on in this comment letter we have a suggestion for how to deal with this data difference.
2. The GSE Combined Form asks for more detailed information on Mortgage Servicing, than the NMLS Call Report, while the reverse is true for information on loan modifications.
3. The NMLS Call Report questions on Outside Sources of Applications and Originations, Recipients of Applications and Originations and Mortgage Loan Originator Information have no counterpart in the GSE Combined Form.
4. The GSE Combined form asks more detailed Balance Sheet information and more detailed income statement information.
5. The NMLS Call Report requests more detailed information on cash flow. We question the need for such detailed information on cash flow, especially since the three Federal/quasi-Federal agencies that utilize the GSE Combined Form are usually credit counterparties to the mortgage banking companies submitting the form. So if credit counterparties, with actual funds at risk, do not require such detailed cash flow information why would any state regulators need such information?
6. With respect to the Balance Sheet and Income Statement schedules there is a great deal of overlap and similarity between the two forms. In general the GSE Combined Form requests similar, but more detailed information than the NMLS Call Report.
7. For the cash flow statement schedules on the NMLS Call Report, the information requested by the GSE Combined form is less detailed. Again, we raise the issue of why state regulators, regulating privately held companies with no public or deposit insurance funds at stake, need such detailed cash flow information.

**108 NORTH PAYNE STREET, ALEXANDRIA VA 22314**

# COMMUNITY MORTGAGE BANKING PROJECT

---

---

As for the differences between the NMLS Call Report and the GSE Combined form we suggest the following to deal with the differences:

1. For the more detailed information NMLS is seeking on loan applications and funded loans, we suggest that NMLS require Mortgage Banking companies to submit HMDA data sorted by state. This data would only be available annually at the same time as the HMDA data is provided to HUD. Furthermore in our discussions with our members it is clear that quarterly submission of the detailed data requested in the NMLS form, on a state-by-state basis, is unduly burdensome. In addition we question why this information, which if it is submitted at all to state regulators, is only submitted now on an annual basis, is it needed quarterly.
2. For the loan modification information that the NMLS Call Report requests in greater detail than the GSE Combined form, we suggest NMLS reduce its request to the Information required on the GSE Combined form. Since the SAFE act is ostensibly the legal authority for this requested information and since the SAFE act deals exclusively with loan originations, we question the legal authority for state regulators to request such detailed information on how those mortgage bankers that service loans are handling the assets of the private parties that have contracts with the mortgage bankers to manage those assets. Further we would suggest that loan servicers participating in the Home Affordable Modification Program (HAMP) be exempted from this requirement, since the HAMP activities are comprehensively regulated and reviewed by the Federal Government.
3. For the cash flow statements we suggest that NMLS drop its request for this information. If it is not requested by credit counterparties we cannot understand why a regulator, with no public funds or deposit insurance funds at stake, needs such detailed cash flow information.

## **Other issues**

There are three other issues we would like to discuss with you regarding the NMLS Call Report. First, while the confidentiality provisions in the S.A.F.E. act are welcome, we are concerned with the confidentiality of this information from state-level FOIA requests, particularly since it is sensitive competitive information for lenders. In addition some of the loan level information being sought has privacy considerations for borrowers. We think this issue has to be addressed by the state regulators through affirmative administrative requests to exempt this information from FOIA requests and/or the state regulators should seek changes in the state's FOIA law if they do not possess the requisite administrative authority to exempt this information.

Second, we question whether there should be a higher minimum threshold for requiring submission of this Call Report than simply employing one licensed loan originator. That low a threshold captures some very small businesses and we question whether businesses of that size should be required to submit quarterly activity and financial information, particularly on the basis of an ambiguous provision in the SAFE act.

**108 NORTH PAYNE STREET, ALEXANDRIA VA 22314**

# COMMUNITY MORTGAGE BANKING PROJECT

---

---

Third we suggest that whatever information is finally decided upon for the NMLS Call Report that the report itself be in an Excel spreadsheet format so that it can be easily uploaded into the NMLS system.

Thank you for the opportunity to comment on the proposed NMLS Call Report. We would be happy to expand upon these comments and to meet with NMLS staff to answer any questions or provide additional information.

Sincerely,



Glen Corso  
Managing Director

**108 NORTH PAYNE STREET, ALEXANDRIA VA 22314**



## Colorado Mortgage Lenders Association

7000 E. Belleview Avenue , Suite 203 • Greenwood Village, Colorado 80111 • Phone: (303) 773-9565 • Fax: (303) 773-8746

May 28, 2010

Conference of State Bank Supervisors  
Attn: NMLS Mortgage Call Report Public Comments  
1155 Connecticut Avenue, NW  
Fifth Floor  
Washington, DC 20036-4306

Re: Proposed NMLS Mortgage Call Report

Dear Sir or Madam:

The Colorado Mortgage Lenders Association would like to endorse the comment letter on the proposed NMLS Mortgage Call Report recently submitted to you by the Community Mortgage Banking Project (CMBP). A copy of the CMBP letter is attached. We agree with the points raised by CMBP in their comment letter and urge you to incorporate those views in the final version of the NMLS Mortgage Call Report.

Sincerely,



Robert Montoya  
Executive Director



# COMMUNITY MORTGAGE BANKING PROJECT

---

---

May 28, 2010

Conference of State Bank Supervisors  
Attn: NMLS Mortgage Call Report Public Comments  
1155 Connecticut Avenue, NW  
Fifth Floor  
Washington, DC 20036-4306

Dear Sir or Madam:

These comments are being submitted on behalf of the Community Mortgage Banking Project (CMBP), a public policy organization that represents the views of independent mortgage banking companies that engage in residential mortgage lending throughout the United States.

Our comments are divided into three parts: comments regarding the legal basis of the proposed Nationwide Mortgage Licensing System's (NMLS) Call Reports; comments on the frequency of the reports, and comments on the scope of information being requested – on lending activities as well as financial information.

## **Legal Basis for NMLS Call Reports**

We question the legal basis for the proposed NMLS Call reports. The NMLS notice cites 12 USCA Sec. 5104(e) as the authority for the imposition of the Call reports. A careful reading of this section authorizes NMLS to require reports of condition from mortgage licensees in such form and manner, as NMLS shall prescribe. Focusing on the ambiguous (undefined) phrase “mortgage licensee”, which is not used elsewhere in the act, NMLS theorizes that Congress could not have meant the individuals who are licensed loan originators, which is the stated purpose of the law, but instead the companies that employ the licensed loan originators. Using that definition of mortgage licensee as a foundation, the NMLS has constructed a requirement for companies that employ licensed loan originators to submit quite detailed quarterly reports, not just of their lending activities in each of the states they operate in, but detailed reports of their financial condition.

The statutory section in question, 12 USCA Sec. 5104(e) was part of the Secure and Fair Enforcement for Mortgage Licensing Act of 2008, commonly referred to as the S.A.F.E. Act. Section 1502 of the S.A.F.E. Act lists ten purposes for the act. Each one of the ten is directly related to the licensing of individuals as loan originators. None of the ten refers, directly or indirectly, to the employers of those licensed loan originators. In fact throughout the various provisions of the S.A.F.E. Act, dealing with creation of the licensing system, the authorization for the Department of Housing and Urban Development (HUD) to create a backup licensing system, the background checks of loan originators, HUD's enforcement authority, the State's examination authority and the confidentiality of the information that is gathered through NMLS, there is not one single mention of the companies that employ licensed loan originators and certainly nothing to suggest that such companies are “mortgage licensees”. Nor is there any direct or indirect indication that such companies are subject to licensing or jurisdiction under the Act.

***108 NORTH PAYNE STREET, ALEXANDRIA VA 22314***

# COMMUNITY MORTGAGE BANKING PROJECT

---

In fact the very term “mortgage licensee” does not lend itself to the definition that NMLS claims. The S.A.F.E. Act creates a system to license individuals as loan originators, not companies. There is no national system to license mortgage lending companies nor was it the intent of the S.A.F.E. to create such a licensing system. Therefore the word licensee, which modifies the term mortgage in the phrase cited by NMLS can really only have one meaning – the individuals who are licensed as loan originators under the statutory provisions contained in the S.A.F.E. Act, those same individuals who are the sole object of the S.A.F.E. Act’s various provisions. There is no basis within the statute for concluding otherwise, and certainly no basis for concluding that Congress, in its use of the phrase “mortgage licensee” meant the companies that employ licensed loan originators.

At best, since Section 5104(e) refers to “reports of condition”, together with the phrase “mortgage licensee”, which is not used elsewhere in the statute, the authorization in the statute is ambiguous and confusing and NMLS should request Congressional clarification, before proceeding to construct a requirement for detailed quarterly reports from privately owned, independent mortgage banking companies.

## **Frequency of Reports**

Beyond our concerns that there is no statutory basis for the proposed reports to NMLS we have serious concerns regarding the frequency of the requested data. Currently the states that do request financial/activity data from independent mortgage banking companies do so on an annual basis. We believe that annual data requests comport with the public policy objectives of mortgage banking regulation. There is no risk exposure for deposit insurance funds as there is for banks, nor is there any risk exposure for the investing public, as there is for the stock of publicly traded companies, both of which are required to submit financial reports quarterly. Mortgage banking companies are privately owned and the funds at stake are private funds, not public. Hence there does not appear to be a regulatory need for quarterly submissions.

In addition we question whether the individual states have the resources to examine the data that will be submitted quarterly. We believe a more efficient system, for the state regulators as well as for mortgage banking companies, would be an annual submission requirement, supplemented by a year-to-date report that the mortgage banking company could prepare just prior to an examination.

We also believe that a cost benefit analysis should be conducted to determine if the benefits of quarterly reporting outweigh the costs. We do not believe that would be the case. The information, particularly the loan application data as well as the data on loan sales, goes well beyond what is currently required in bank call reports.

## **No Distinction between Mortgage Brokers and Mortgage Bankers**

We note that that the NMLS Call Report does not draw a distinction between Mortgage Brokers, who do not close and fund loans, and Mortgage Bankers who do close and fund loans. While there is some overlap in the business activities of Mortgage Brokers and Mortgage Bankers, there is a significant difference in the business operations in terms of scale and complexity. Mortgage

***108 NORTH PAYNE STREET, ALEXANDRIA VA 22314***

# COMMUNITY MORTGAGE BANKING PROJECT

---

Banking companies take loan applications, process those applications, draw on either self-generated or borrowed monies to fund those loans and then sell those loans in the secondary market. Mortgage Brokers perform one of those functions – taking applications.

To treat these two types of businesses alike in terms of financial information required seems very shortsighted. Even the smallest mortgage banking company is a more complex financial operation than the largest mortgage brokerage. We suggest that NMLS give consideration to creating a simpler, shorter Call Report for Mortgage Brokers.

For Mortgage banking companies, as we explain further in this letter, we suggest if it is determined that there is a regulatory basis for a report other than an annual report that the NMLS consider accepting the Fannie/Freddie/GNMA quarterly form (Fannie Mae Form 1002, Freddie Mac Form 1055, Ginnie Mae Form HUD 11750), henceforth referred to as the “GSE Combined Form”.

Our review and analysis indicates that there is a great deal of overlap between the information required for the GSE Combined form and the draft NMLS Call Report put out for comment. The major differences between the GSE Combined form and the draft NMLS Call Report are as follows:

1. The NMLS Call Report asks for more detailed information on loan applications and on loans funded than the GSE Combined Form. Further on in this comment letter we have a suggestion for how to deal with this data difference.
2. The GSE Combined Form asks for more detailed information on Mortgage Servicing, than the NMLS Call Report, while the reverse is true for information on loan modifications.
3. The NMLS Call Report questions on Outside Sources of Applications and Originations, Recipients of Applications and Originations and Mortgage Loan Originator Information have no counterpart in the GSE Combined Form.
4. The GSE Combined form asks more detailed Balance Sheet information and more detailed income statement information.
5. The NMLS Call Report requests more detailed information on cash flow. We question the need for such detailed information on cash flow, especially since the three Federal/quasi-Federal agencies that utilize the GSE Combined Form are usually credit counterparties to the mortgage banking companies submitting the form. So if credit counterparties, with actual funds at risk, do not require such detailed cash flow information why would any state regulators need such information?
6. With respect to the Balance Sheet and Income Statement schedules there is a great deal of overlap and similarity between the two forms. In general the GSE Combined Form requests similar, but more detailed information than the NMLS Call Report.
7. For the cash flow statement schedules on the NMLS Call Report, the information requested by the GSE Combined form is less detailed. Again, we raise the issue of why state regulators, regulating privately held companies with no public or deposit insurance funds at stake, need such detailed cash flow information.

**108 NORTH PAYNE STREET, ALEXANDRIA VA 22314**

# COMMUNITY MORTGAGE BANKING PROJECT

---

---

As for the differences between the NMLS Call Report and the GSE Combined form we suggest the following to deal with the differences:

1. For the more detailed information NMLS is seeking on loan applications and funded loans, we suggest that NMLS require Mortgage Banking companies to submit HMDA data sorted by state. This data would only be available annually at the same time as the HMDA data is provided to HUD. Furthermore in our discussions with our members it is clear that quarterly submission of the detailed data requested in the NMLS form, on a state-by-state basis, is unduly burdensome. In addition we question why this information, which if it is submitted at all to state regulators, is only submitted now on an annual basis, is it needed quarterly.
2. For the loan modification information that the NMLS Call Report requests in greater detail than the GSE Combined form, we suggest NMLS reduce its request to the Information required on the GSE Combined form. Since the SAFE act is ostensibly the legal authority for this requested information and since the SAFE act deals exclusively with loan originations, we question the legal authority for state regulators to request such detailed information on how those mortgage bankers that service loans are handling the assets of the private parties that have contracts with the mortgage bankers to manage those assets. Further we would suggest that loan servicers participating in the Home Affordable Modification Program (HAMP) be exempted from this requirement, since the HAMP activities are comprehensively regulated and reviewed by the Federal Government.
3. For the cash flow statements we suggest that NMLS drop its request for this information. If it is not requested by credit counterparties we cannot understand why a regulator, with no public funds or deposit insurance funds at stake, needs such detailed cash flow information.

## **Other issues**

There are three other issues we would like to discuss with you regarding the NMLS Call Report. First, while the confidentiality provisions in the S.A.F.E. act are welcome, we are concerned with the confidentiality of this information from state-level FOIA requests, particularly since it is sensitive competitive information for lenders. In addition some of the loan level information being sought has privacy considerations for borrowers. We think this issue has to be addressed by the state regulators through affirmative administrative requests to exempt this information from FOIA requests and/or the state regulators should seek changes in the state's FOIA law if they do not possess the requisite administrative authority to exempt this information.

Second, we question whether there should be a higher minimum threshold for requiring submission of this Call Report than simply employing one licensed loan originator. That low a threshold captures some very small businesses and we question whether businesses of that size should be required to submit quarterly activity and financial information, particularly on the basis of an ambiguous provision in the SAFE act.

**108 NORTH PAYNE STREET, ALEXANDRIA VA 22314**

# COMMUNITY MORTGAGE BANKING PROJECT

---

---

Third we suggest that whatever information is finally decided upon for the NMLS Call Report that the report itself be in an Excel spreadsheet format so that it can be easily uploaded into the NMLS system.

Thank you for the opportunity to comment on the proposed NMLS Call Report. We would be happy to expand upon these comments and to meet with NMLS staff to answer any questions or provide additional information.

Sincerely,



Glen Corso  
Managing Director

**108 NORTH PAYNE STREET, ALEXANDRIA VA 22314**