



STATE REGULATORY REGISTRY LLC

2013

ANNUAL REPORT



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LETTER FROM THE SRR BOARD OF MANAGERS

May 1, 2014

The Board of Managers presents the sixth annual report of State Regulatory Registry LLC (SRR) and the Nationwide Multistate Licensing System and Registry (NMLS® or the System) operations and performance.

Over the past year, SRR's main focus for NMLS was fourfold – expanding the use of the System by other state agencies with oversight of the debt, consumer finance, and money services business industries; enhancing System operations; adding new functionality; and implementing the uniform state test (UST).

In 2003, the concept of a nationwide state licensing system was proposed by state officials through the Conference of State Bank Supervisors (CSBS). The immediate concern was the licensing of the mortgage lenders and brokers that were taking on a more substantial role in the mortgage origination process after the collapse of the savings and loan industry. Development of such a system began in 2005 and NMLS launched in January 2008 with seven state mortgage regulators.

The SAFE Act mandate to license or register all mortgage loan originators (MLOs) through NMLS became effective in 2011. The following year states began accepting applications through NMLS for licensure in the debt, consumer finance and money services business industries. At the end of 2013, 24 states were utilizing NMLS to license 68 license types in these expanded industries. Several additional state agencies are scheduled to use NMLS in these expansion industries over the coming years. SRR worked closely with AARMR, MTRA, NACCA, and NACARA¹ to develop policy and functionality related to expansion issues and requirements.

Similar to the mortgage industry, as more states license entities through NMLS in the expansion industries, SRR will be able to provide data and functionality that will improve state supervision, policy making and consumer protection.

Since the launch of NMLS in 2008, SRR has worked to add or enhance existing functionality as requested by states and the Consumer Financial Protection Bureau (CFPB), along with input from industry users. The basic licensing application and work-flow processing functionality was also expanded or improved over the years. In 2013, some major System enhancements and new functionality included: advance change notice, education management system, uniform authorized agent reporting for money transmitters, federal disciplinary actions in NMLS Consumer AccessSM, agency fee invoicing, and regulator log. All remaining functionality necessary to meet requirements in the SAFE Act for MLOs was completed in 2013.

NMLS also piloted a new analytics platform for state agencies with data from the NMLS Mortgage Call Report. This platform went live to all state mortgage regulators on March 31, 2014. The purpose of the platform is to provide better tools to state and federal regulators and the Multistate Mortgage Committee (MMC) for supervisory and policy purposes. It is anticipated that NMLS licensing and other data will be added to this platform in the coming years.

A major test development was the launch of the NMLS UST on April 1, 2013. A total of 39 state agencies adopted the UST and retired their state specific tests. The UST tests applicants on their knowledge of high level state-related content based on the SAFE Act and the CSBS/AARMR Model State Law.

The broad use of NMLS by regulatory agencies enhances communications and interactions among state regulators as they work to enhance supervision and share best regulatory practices. Industry participation is also an important part of the process. Held at the February NMLS Annual Conference and Training and the August AARMR Conference, the NMLS semi-annual Ombudsman meetings provide an opportunity for a constructive dialog between industry and state agencies relating to NMLS and policy issues. SRR is working with MTRA, NACCA, and NACARA to facilitate Ombudsman participation in the expansion industries.

We greatly appreciate the time, energy and other resources provided by regulators and industry that made new NMLS functionality and enhancements possible. We would like to thank the numerous working groups and committees that made this possible, including the NMLS Ombudsman, NMLS Policy Committee, Mortgage Testing and Education Board (MTEB), SRR Lawyers Committee, and Mortgage Advisory Council (MAC).

We are looking forward to 2014, where SRR will focus on coordinating with state and federal regulators and industry to enhance NMLS functionality, increase efficiency of operations and services, continue the expansion of NMLS into other non-depository industries, and maintain compliance with the SAFE Act.

Sincerely,
The Board of Managers
State Regulatory Registry LLC

¹ American Association of Residential Mortgage Regulators, Money Transmitters Regulatory Association, National Association of Consumer Credit Administrators, and North American Collection Agency Regulatory Association.



Left to right: Robert Entringer, Charles Cooper, Darin Domingue, William Matthews, Mark Kaufman, Doug Foster, Deb Bortner, and Tom Candon (Charles Vice and John Ryan not pictured)

FIGURE 1. SRR BOARD OF MANAGERS

Robert Entringer

Chairman and Commissioner,
North Dakota Department of Financial Institutions

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Texas Department of Savings and Mortgage Lending

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Texas Banking Department

Deborah Bortner

Manager and Director of Consumer Services,
Washington Department of Financial Institutions

Thomas Candon

Deputy Commissioner of Banking and Securities,
Vermont Department of Financial Regulation

Darin Domingue

Manager, AARMR Representative and
Deputy Chief Examiner,
Louisiana Office of Financial Institutions

Mark Kaufman

Manager and Commissioner,
Maryland Office of Financial Regulation

Charles Vice*

Manager, CSBS Chairman and Commissioner,
Kentucky Department of Financial Institutions

John Ryan*

Secretary, and CSBS President and CEO

William Matthews*

Manager, SRR President and CEO

**Non-voting ex-officio members of the SRR Board of Managers*



STATE REGULATORY REGISTRY, LLC

2013 HIGHLIGHTS

In 2013, SRR spent significant resources to modify NMLS functionality to allow state agencies to license additional non-depository financial service industries through the System, improve NMLS functionality and operations for industry and state regulators, and add functionality to meet SAFE Act requirements. Major achievements and initiatives by the states, SRR, and NMLS during the year include:

1. The National Test with Uniform State Content (UST) for MLOs was launched on April 1, 2013. By year-end, 39 state agencies had adopted the UST and no longer require a second state-specific test component to be taken by MLOs seeking licensure in those jurisdictions.
2. An additional 11 state agencies began using NMLS to license a wide range of non-depository financial services industries, resulting in a current total of 24 state agencies managing 68 non-mortgage license types in the debt, consumer finance, and money services business industries.
3. Major functionality was added to NMLS including: the ability to submit advance change notices; an education management system; uniform authorized agent reporting for money transmitters; federal disciplinary actions availability in NMLS Consumer Access; agency fee invoicing; regulator logs; and significant enhancements related to improving System usability such as specific “help” buttons linked to commonly asked Q&As.
4. Development of a nationwide pilot program testing a risk profiling tool using Mortgage Call Report data to evaluate mortgage companies conducting business in one or more states, compare them to other entities within their peer groups, and identify potential risky behavior. The Mortgage Call Report Analytics application became available for use by all state mortgage regulators in early 2014.
5. The sixth NMLS Annual Conference and Training had an attendance of over 540, including regulators from 57 state agencies. The agenda included sessions relevant to all users of NMLS as well as specific sessions for the mortgage, debt, consumer finance, and money services business industries.

ORGANIZATIONAL HISTORY AND BACKGROUND

The guiding principles and policy decisions that drive the existence and continuing evolution of SRR's operations are originated and developed through the involvement and leadership of state financial services regulators. Agency personnel spend countless hours leading and participating on boards, committees, and ad hoc working groups, and contributing their expertise and views with the common goal of continuing to make NMLS an effective regulatory tool and protecting consumers. SRR also benefits from industry input and participation on various user groups.

STATE REGULATORY REGISTRY LLC

SRR is a non-profit entity that operates NMLS on behalf of state financial services regulatory agencies. SRR is governed by an eight-member Board of Managers comprised of state banking and financial regulators and a representative of AARMR.² The SRR Board of Managers

is responsible for all development, operations and policy matters concerning NMLS (Figure 2). SRR operates as a subsidiary of CSBS.³ An organizational chart of CSBS and related entities can be found in Appendix A.

At the end of 2013, SRR had 38 full-time equivalent professionals in Washington, D.C. These professionals work under the direction of the SRR Board of Managers to develop, enhance, and operate NMLS, oversee SAFE Act compliance, administer the testing and education programs, and facilitate working groups of state and federal regulators and industry related to state licensing, federal registration, supervision, and NMLS policy. Additionally, SRR contracts with the CFPB to register MLOs through the NMLS Federal Registry, as well as with other firms to deliver various portions of NMLS functionality and program oversight.

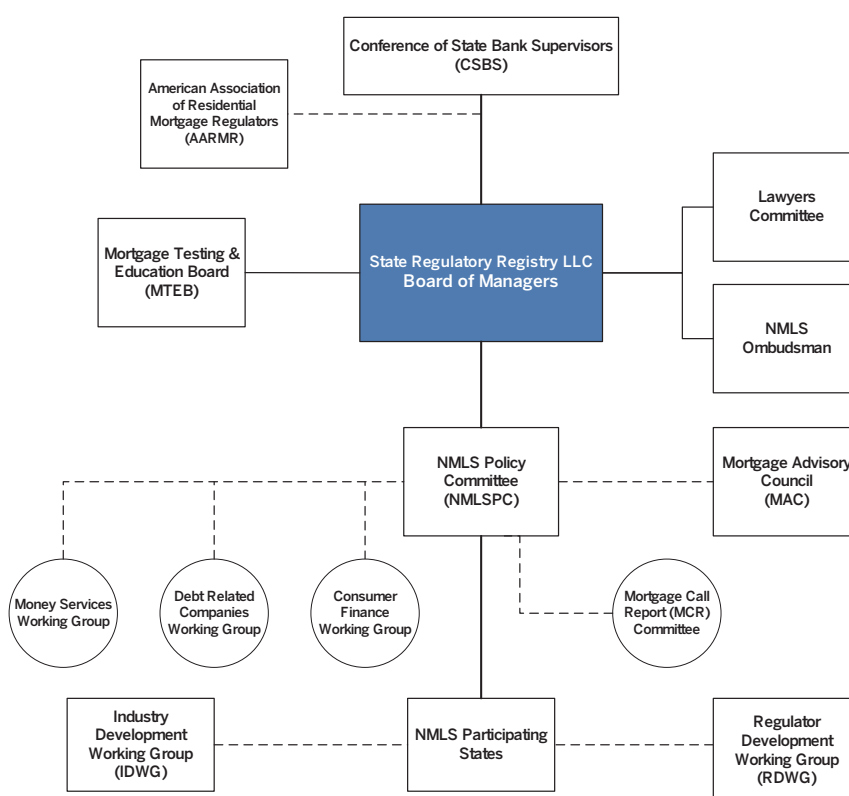


FIGURE 2. SRR-NMLS ORGANIZATION CHART

- AARMR is the national organization representing state residential mortgage regulators. AARMR's mission is to promote the exchange of information between and among the executives and employees of the various states who are charged with responsibility for the administration and regulation of residential mortgage lending, servicing and brokering.
- CSBS is the nationwide organization of banking regulators from all 50 states, the District of Columbia, Guam, Puerto Rico, and the U.S. Virgin Islands. State banking regulators supervise nearly 5,200 state-chartered financial institutions. Further, most state banking departments also regulate a variety of non-bank financial services providers, including mortgage lenders. For more than a century, CSBS has given state supervisors a national forum to coordinate supervision of their regulated entities and to develop regulatory policy. CSBS also provides training to state banking and financial regulators and represents its members before Congress and the federal financial regulatory agencies.

NMLS OMBUDSMAN

The position of [NMLS Ombudsman](#) was created in 2009 by the SRR Board of Managers to provide NMLS industry users and other interested parties with a neutral venue to discuss issues or concerns regarding NMLS operations and functionality and SRR policies governing the System. The objective of the NMLS Ombudsman is to foster constructive dialogue between industry users of NMLS and state regulators to work mutually toward the goal of modern and efficient financial services regulation.

The NMLS Ombudsman is a member of the NMLS Policy Committee and reports directly to the SRR Board of Managers. The NMLS Ombudsman in 2013 was Timothy Siwy, Deputy Secretary for Non-Depository Institutions, Pennsylvania Department of Banking.

NMLS POLICY COMMITTEE

The NMLS Policy Committee is instrumental in the decision-making process related to NMLS operations, development and policy matters. All other committees and working groups generally report recommendations and findings to the NMLS Policy Committee which makes final



FIGURE 3. ROBERT ENTRINGER, SRR CHAIRMAN AND COMMISSIONER, NORTH DAKOTA DEPARTMENT OF FINANCIAL INSTITUTIONS

decisions or recommends specific policy to the SRR Board of Managers, as appropriate. The Committee is comprised of 11 state regulators, including the NMLS Ombudsman, representatives from each of the five CSBS Districts, and representatives from AARMR, MTRA,⁴ NACCA,⁵ and the NACARA.⁶

MORTGAGE TESTING AND EDUCATION BOARD (MTEB)

The MTEB has both oversight and advisory roles in connection with a wide array of issues affecting the continued development and operation of SAFE Act testing and education requirements. The MTEB is comprised of nine state regulators representing the five CSBS Districts and at least one AARMR representative.

MORTGAGE ADVISORY COUNCIL (MAC)

The MAC provides industry input on System policies and operations. MAC members consist of mortgage lenders and brokers and industry trade associations, and the group meets periodically with the NMLS Policy Committee.

SRR LAWYERS COMMITTEE

The SRR Lawyers Committee consists of attorneys from state regulatory agencies. The committee meets to identify and analyze legal issues related to NMLS operations with the intent of helping SRR spot potential legal issues from a state agency perspective and help shape solutions before they are incorporated into the System. The SRR Lawyers Committee also helps provide a multistate perspective on issues of interpretation and offers recommendations in order to facilitate a more uniform application of law on a nationwide basis. The SRR Lawyers Committee, however, does not provide SRR with legal advice.

4 MTRA is a national non-profit organization dedicated to the efficient and effective regulation of the money transmission industry in the United States. The MTRA membership consists of state regulatory authorities in charge of regulating money transmitters and sellers of traveler's checks, money orders, drafts and other money instruments.

5 NACCA was formed in 1935 to improve the supervision of consumer financial companies and to facilitate the administration of laws governing these companies. NACCA presently has members from 49 states, the District of Columbia, Puerto Rico, and Alberta, Canada. Its members primarily license and regulate non-depository institutions such as finance companies, mortgage companies, small loan companies, pay day lenders, pawnbrokers, and other similar types of industries.

6 NACARA is comprised of the various regulatory agencies in the United States and its territories and Canada that oversee the activities of third-party debt collectors.

NMLS PARTICIPATING STATES COMMITTEE

The NMLS Participating States Committee meets to discuss NMLS policy, process, and development through the Open Forum Calls and Release Feature Meetings. The NMLS Participating States Committee consists of representatives from each state agency participating in NMLS.

REGULATOR DEVELOPMENT WORKING GROUP (RDWG)

The RDWG is comprised of state regulators representing a minimum of five states. The RDWG serves as regulatory subject matter experts on NMLS detailed requirements and development processes and meets with other ad hoc working groups when discussing specific areas of system development.

INDUSTRY DEVELOPMENT WORKING GROUP (IDWG)

The IDWG is comprised of NMLS industry users. The IDWG discusses NMLS operations, enhancements, and development issues.

LARGE INSTITUTIONS WORKING GROUP (LIWG)

The LIWG provides input on matters related to the NMLS Federal Registry's policy and functionality. The working group is comprised of large mortgage originating institutions across all charter types that are required under federal regulations to register their mortgage loan originators.

AD HOC WORKING GROUPS

SRR convenes state regulator and industry working groups and committees as needed to determine System policy and development and to set the direction for operational needs. Working groups that were convened during 2013 include:

- Mortgage Call Report Working Group
- NMLS Licensing Forms Working Group
- Advance Change Notice Working Group
- Agency Fee Invoicing Working Group
- Surety Bond Working Group
- Examination Management System Working Group
- Risk Profiling Working Group
- Data Download Working Group
- Regulator Reports Working Group
- Uniform Authorized Agent Reporting Working Group

Membership of the SRR Board of Managers, NMLS Policy Committee, MTEB, MAC, SRR Lawyers Committee, RDWG, and IDWG can be found in Appendix B.

OVERVIEW OF NMLS

At the end of 2013, NMLS contained active state licenses or federal registrations for approximately 30,000 unique companies and 535,000 individual licensed or registered MLOs. In addition, during the 2014 renewal season 9,774 federally regulated institutions and 345,626 registered MLOs renewed through NMLS along with the 33,994 licenses held by state companies and 248,195 individual MLO licenses that were eligible for license renewal.

Federally regulated depository institutions and subsidiaries are required by federal rule to register both the institution and their MLOs in NMLS. These institutions and individuals, however, are not required to separately register in each state (as are state-licensed companies and MLOs). Consequently, federal registration data does not provide any insight as to where these entities are engaging in mortgage loan originations comparable to that provided by an analysis of state-licensed entities.

Who is in NMLS?

State Licensed	Entities	Licenses
Mortgage Companies	16,145	34,994
Mortgage Branches	19,881	38,520
MLOs	130,260	331,293
Non-Mortgage Companies	3,081	4,891
Non-Mortgage Branches	3,775	4,461

Federally Registered	Entities
Institutions	10,846
MLOs	404,284

FIGURE 4. TOTAL LICENSES AND ENTITIES IN NMLS

STATE-LICENSED ENTITIES IN NMLS

As the system of record for state regulatory agencies, NMLS is able to track the number of unique companies and individuals, as well as the number of licenses they hold in each state. For example, a company licensed in three states would count as one unique entity holding three licenses. By year-end 2013, there were almost 19,000 state-licensed companies holding approximately 40,000 active state licenses, and over 130,000 individual MLOs holding more than 331,000 active state licenses. The large majority of these companies are state-licensed mortgage entities, but the numbers also include over 3,000 non-mortgage

financial services companies that hold state licenses issued through NMLS (Figure 4). It should be noted that some companies with a state mortgage-related license also hold other consumer financial services licenses so there is some overlap within the categories.

(Unless otherwise noted, all figures contain data as of December 31, 2013.)

As of year-end 2013, with regard to all state licensees, NMLS managed 18,999 unique companies, 23,464 branches, and 130,260 individuals. Those unique entities held a total of 39,885 company licenses, 42,981 branch licenses, and 331,293 individual MLO licenses.⁷

STATE MORTGAGE LICENSING

In 2013, all states, the District of Columbia, Puerto Rico, and the U.S. Virgin Islands participated in NMLS to license

Companies and Licenses

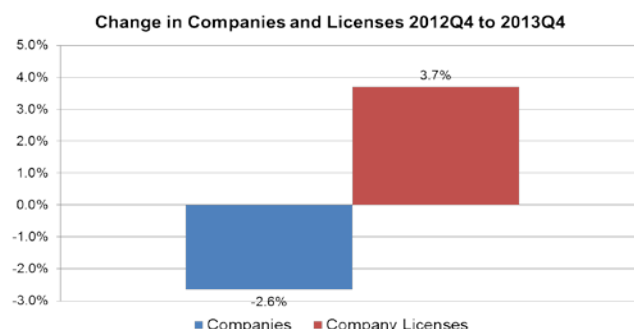


FIGURE 5. ANNUAL GROWTH – ENTITIES VS. LICENSES

mortgage companies, branches and MLOs.⁸ This full representation of the state-regulated mortgage industry in a single system makes it possible for state regulators and industry to have the information needed to identify business and licensing activities and trends. As noted in the NMLS Resources section, SRR publishes quarterly reports that compile data on state-licensed companies, branches and MLOs.

Figure 5 compares the growth in entities to the number of licenses issued throughout the year. While the total number of companies with mortgage licenses decreased by 2.6 percent during 2013, the number of state mortgage licenses held by all companies went up by almost four percent. With regard to MLOs in the System, there was strong license growth during 2013 with 113,000 new licenses being issued.

⁷ Although these figures include the non-mortgage, state-licensed entities in NMLS, at this time the only individually held license managed in the System is the mortgage loan originator license.

⁸ Three state agencies do not currently manage company licenses in NMLS: Missouri Division of Finance, Texas Office of Consumer Credit Commissioner, and Utah Department of Financial Institutions.

MLOs are Adding Licenses

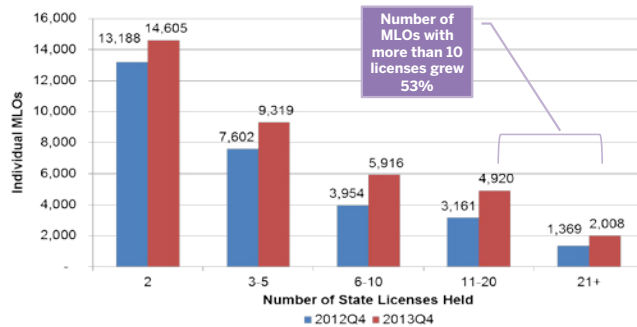


FIGURE 6. ANNUAL GROWTH – INDIVIDUALS BY LICENSES HELD

Roughly half of those new licenses were issued to individuals who never held a license prior to January 1, 2013 and, on the whole, more MLOs are becoming licensed in multiple jurisdictions than ever before. As shown in Figure 6, the average number of state licenses per MLO is 2.54 (up from 1.8 in 2011). Correspondingly, companies holding multiple licenses also increased and the number of companies that hold only one license decreased four percent (Figure 7).

FEDERAL MORTGAGE REGISTRATION

Over the course of 2013, the number of actively registered

Companies by Licenses Held

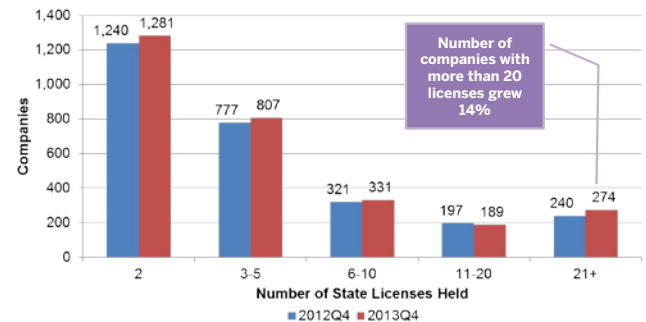


FIGURE 7. ANNUAL GROWTH – COMPANIES BY LICENSES HELD

MLOs grew to 404,000 individuals employed by roughly 11,000 institutions. Approximately 94 percent of those individual registrants required to renew did so successfully prior to the end of 2013.

NMLS also publishes quarterly reports that detail the number of federal registrants, where the MLOs are located, and a breakdown of NMLS-registered institutions by specific federal regulator. Although there have been reports of layoffs from large financial institutions during the past year, Figure 8 shows that the number of registered MLOs remains constant.

MLO Registration Applications by Quarter

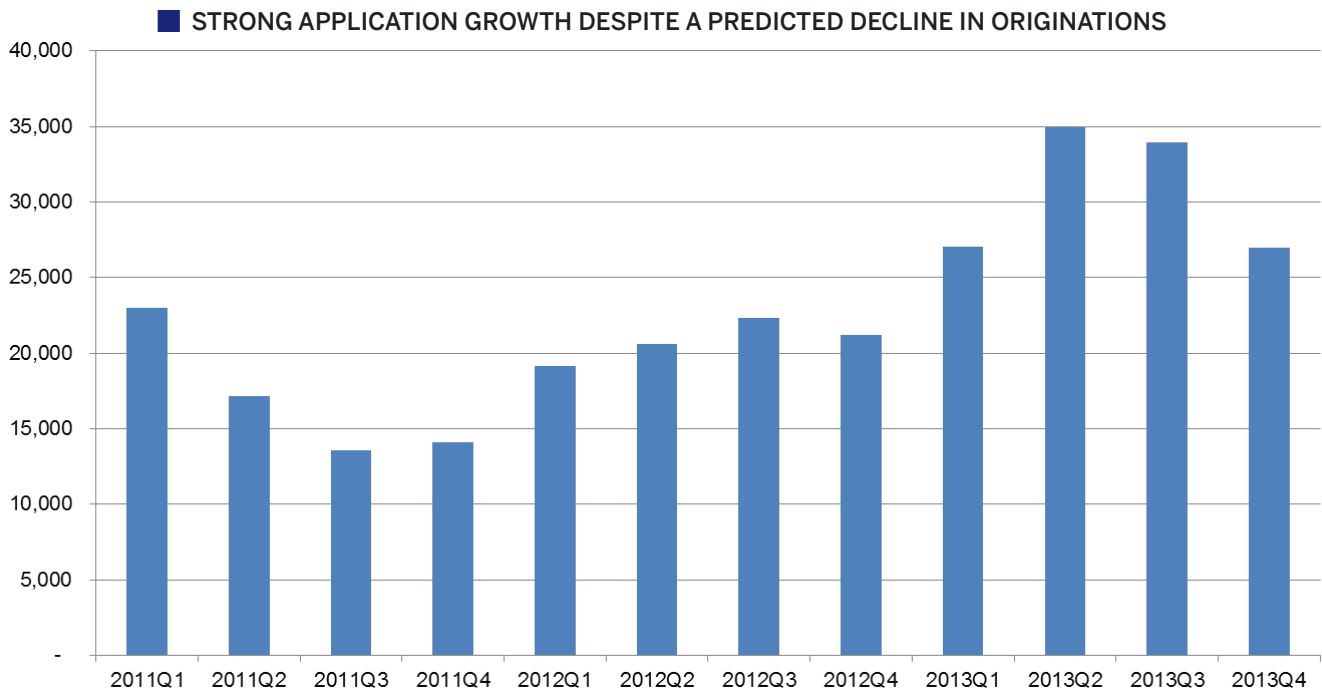


FIGURE 8. FEDERAL MLO REGISTRATION APPLICATIONS BY QUARTER

STATE FINANCIAL SERVICES INDUSTRIES (NON-MORTGAGE)

As of year-end 2013, 24 state agencies in 22 states (Idaho, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maryland, Massachusetts, Michigan, Minnesota, Nebraska, New Hampshire, North Dakota, Oklahoma, Pennsylvania, Rhode Island, Tennessee, Utah, Vermont, Washington, Wisconsin, and Wyoming) were managing 68 non-mortgage license authorities in NMLS. In 2014, at least 14 additional state agencies are scheduled to expand their use of NMLS, resulting in 38 state agencies managing more than 100 non-mortgage license types in NMLS (Figure 9). Figure 10 illustrates the specific business activities of those licensees.

NMLS ACTIVITIES

NMLS processes a variety of transactions for System users. NMLS assists state regulators in supervising their licensed entities and enables licensees to apply for and maintain a license and allows federally regulated depository institutions and subsidiaries to manage their registered MLOs through one system. The most common transactions performed through NMLS are new applications, amendments, and renewals. An amendment occurs each time a licensee or registrant's record is updated, whereas renewals are submitted annually. NMLS serves as the vehicle for testing and education scheduling and maintains all state-licensed MLO test and course completion records. The System receives and processes licensee and registrant requests for criminal background checks and credit reports for state licensees. During 2013, over 65,000 authorizations for credit reports and over 227,000 requests for criminal background checks were submitted to NMLS. NMLS collects state fees from licensed entities and disburses such funds to the state agency.

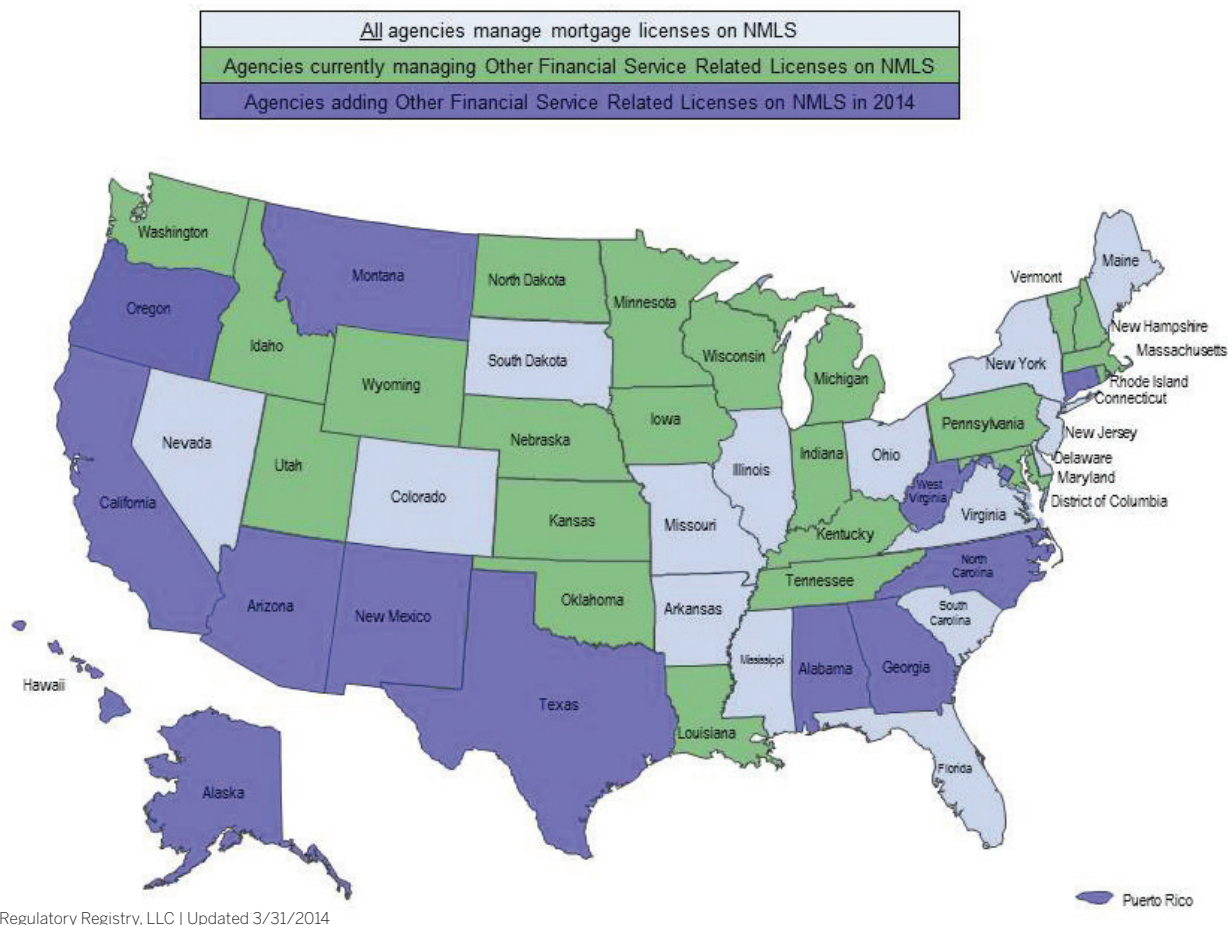


FIGURE 9. EXPANDED STATE AGENCY USE OF NMLS

Using NMLS

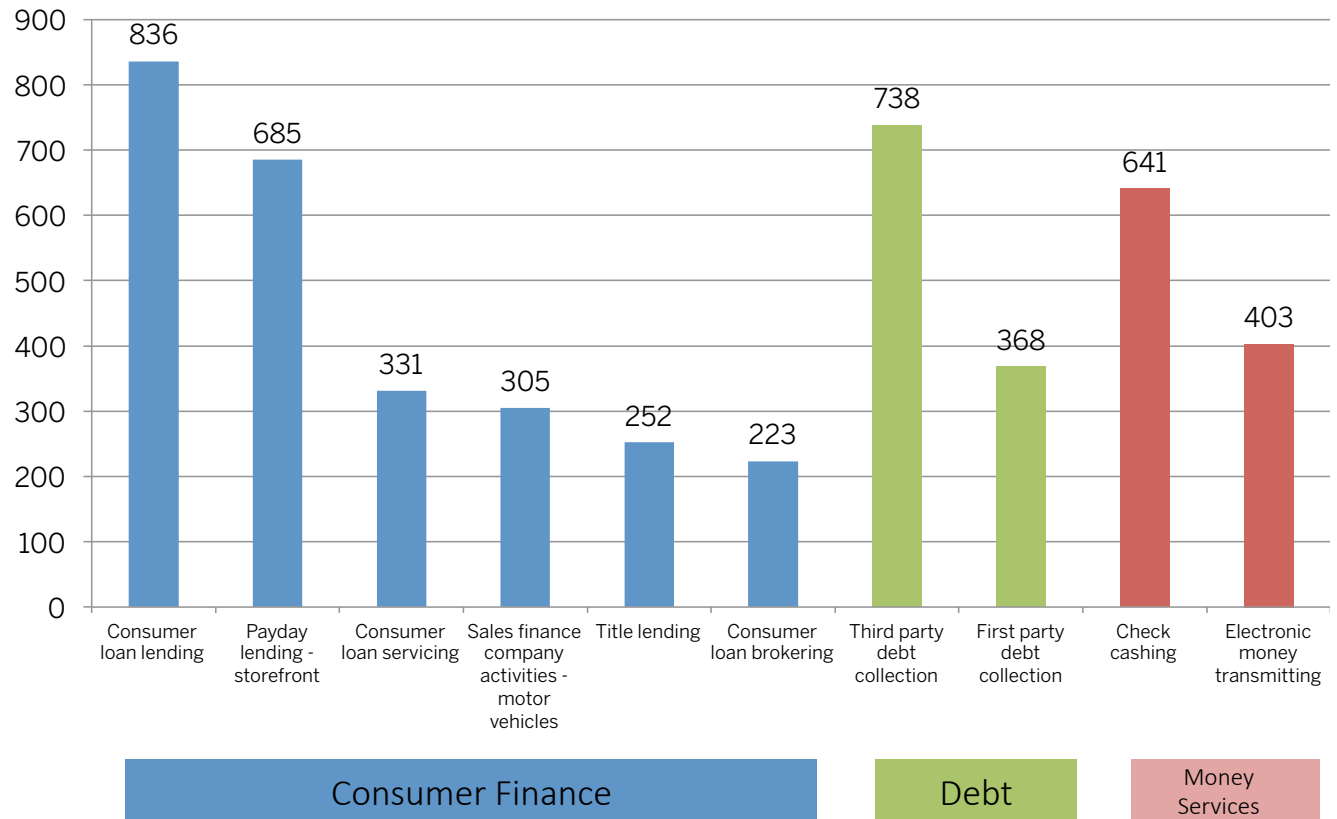


FIGURE 10. EXPANSION INDUSTRIES IN NMLS

NMLS RESOURCES

NMLS RESOURCE CENTER

The [NMLS Resource Center](#) website serves as the gateway to NMLS (Figure 11). The NMLS Resource Center is continually updated with System news and events as well as state agency news items that affect licensees. It provides NMLS users with resources and materials to assist in the navigation of NMLS. State regulators also post their license descriptions and requirements checklists on the site to allow applicants to research and understand all prerequisites for licensure before applying through NMLS. To serve a similar purpose for federally regulated depository institutions and federally registered individuals, the [Federal Registry Resource Center](#) is also available to provide updated information regarding the federal registration process and requirements.

In 2013, the two resource centers had over 2.5 million unique visitors who viewed over 14 million pages.

NMLS CALL CENTER

The NMLS call center provides industry users a live support system available to answer questions and provide real time help in navigating the System. Call center representatives are trained in all aspects of System use and policy. Also, teams are assigned to provide more specialized support in specific areas such as questions on the Mortgage Call Reports or Federal Registry issues. The call center responds directly to queries regarding any System use issues, and directs all specific regulatory, registration, or licensing questions to the appropriate state or federal agency. The call center staff is available to NMLS users Monday through Friday from 9:00 am to 9:00 pm (EST). The call center received a total of 683,353 calls in 2013 compared to 761,681 calls in 2012. Call volume declined significantly after functionality was added in October 2013 that allowed users to reset their passwords on-line.

The call center transitioned to a new service provider in 2013, which provided opportunities for expanded service to System users. With the change, a toll free number is now offered along with expanded hours to support the large volume of users on the west coast. From September through December 2013, the previous and the new call centers ran concurrently as new representatives were trained. This also allowed better management of volumes and wait times that individuals could experience during the annual renewal season.

The staffing levels for the call center are closely monitored to ensure adequate coverage, and can be adjusted to meet changing demands. The call center is funded through NMLS processing fees and operates at no additional charge to System users.

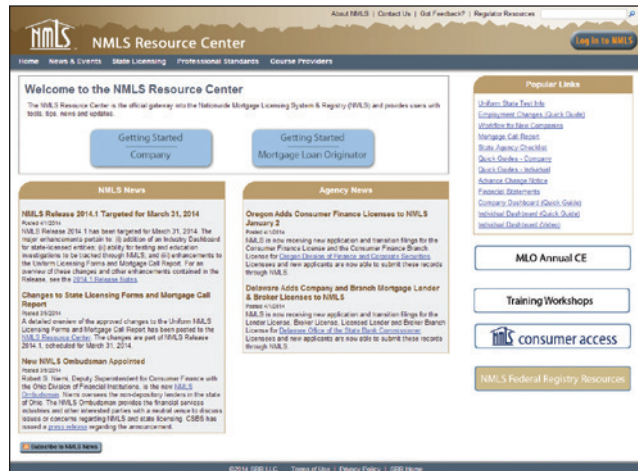


FIGURE 11. NMLS RESOURCE CENTER WEBSITES

NMLS CONSUMER ACCESS

[NMLS Consumer Access](#) is a fully searchable website that allows consumers to view information concerning companies, branches and individuals that are state-licensed or federally registered in NMLS. This free service is an invaluable consumer resource containing information on virtually all MLOs operating in the United States as well as any state-licensed or federally registered companies in NMLS. Consumers can consult the website to ensure that the company or mortgage loan originator they are working with is authorized to conduct business in a particular jurisdiction and can also use the service to directly contact a state agency with a complaint against a state-licensed entity. In addition to containing information on all mortgage loan originators and mortgage entities, NMLS Consumer Access also contains administrative and licensing information on the over 3,000 state-licensed non-mortgage financial services companies in NMLS. By year-end 2013, 1,858,202 visitors had viewed almost 62 million pages on the NMLS Consumer Access website. SRR launched NMLS Consumer Access in 2010.

NMLS B2B ACCESS

SRR offers a subscription service that provides a subset of NMLS Consumer Access data in a business-to-business (B2B) format that is updated on a daily basis. This service gives compliance firms, government agencies, lenders, investors, and other eligible parties the ability to check a license or registration status in an automated manner. [NMLS B2B Access](#) helps drive greater compliance and fight fraud by allowing industry to integrate license and registration compliance checks into their origination and quality control systems.

NMLS ANNUAL CONFERENCE AND TRAINING

The sixth NMLS Annual Conference and Training was held February 18 – 21, 2014, in Miami, Florida, with over 540 registrants in attendance (Figure 12). The 2014 NMLS Conference included general sessions relevant to all users of NMLS and breakout sessions relevant to industry users (mortgage, debt, consumer finance, and money service businesses). General sessions included remarks from the SRR Board of Managers and CFPB representatives Cheryl Parker Rose (Office of Intergovernmental Affairs) and Holly Petraeus (Office of Servicemember Affairs), as well as a panel on consumer complaints. As in past years, the SRR Board of Managers approved a scholarship program to allow each state agency in NMLS to send at least one representative to this training conference. Agencies that have expanded their use of NMLS (or plan to do so) to license non-mortgage industries were given a second scholarship so that regulators focused on those other industries could also attend. State regulators from 57 state agencies and federal regulators from four agencies joined licensees from a range of industries, education providers, law firms, and consultants to engage on a variety of topics concerning NMLS and state and federal regulation.



FIGURE 12. MEET THE REGULATOR SESSION AT THE NMLS ANNUAL CONFERENCE

NMLS TRAINING

In 2013, the NMLS training team delivered instruction to a wide variety of audiences on several different topics. The past year saw continued growth and excellence in the training provided for both new and experienced NMLS users. In-person sessions, webinars, user guides, and how-to videos were made available to state regulators, state-licensed and federally registered individuals, trade groups, and various vendors. The training team presented demonstrations of System enhancements before and after each release. In order to ensure the quality of service offered by the NMLS Call Center, the training team coordinated training sessions for call center representatives. As NMLS expanded its services beyond the mortgage industry, training was provided for other financial services industries, as well. Training topic highlights included: Advance Change Notice (ACN), Uniform Authorized Agent Reporting (UAAR), Agency Fee Invoicing, Uniform State Test, Education Management System, Regulator Log, License Item Dashboard, and Renewal. In 2013, over 3,000 individuals attended a total of 56 training sessions.

NATIONWIDE VIEW OF STATE-LICENSED AND FEDERALLY REGISTERED MORTGAGE ENTITIES REPORT

Each quarter, SRR publishes the [Nationwide View of State-Licensed Mortgage Entities Report](#) which compiles NMLS data on state-licensed companies, branches, and MLOs. The report includes numerous charts and graphs detailing information about the business activities of licensed companies, locations and numbers of licenses obtained, and a state-by-state breakdown of license application activity, including the number of new license applications, approvals, denials, revocations, and suspensions (Figures 13 and 14). This year the report included aggregate MCR data submitted by state-licensed companies, which gave a picture of loan origination activity by state.

SRR also publishes the [NMLS Federal Registry Quarterly Report](#). This report provides state-by-state data on the number of federally registered mortgage loan originators and depository institutions. The reports are published every quarter and are posted on the NMLS Resource Center.

NMLS UNIQUE IDENTIFIER

As required by Section 1503 of the SAFE Act, an [NMLS Unique Identifier](#) (NMLS ID) is permanently assigned by NMLS to each state-licensed or federally registered MLO. NMLS also assigns an NMLS ID to each company, branch, and control person that maintains a single account in NMLS. Once assigned, an entity's NMLS ID cannot be changed. The NMLS ID granted to loan originators and companies allows regulators to monitor licensed entities and individuals across state lines to ensure a provider will not escape regulatory supervision in one state, simply by crossing into another state. The NMLS ID also allows consumers and the industry to easily identify and research specific originators' histories and qualifications through NMLS Consumer Access.

When a company or individual creates an account in NMLS, an NMLS ID is automatically assigned and reserved for use by the applying entity. However, the NMLS ID is not valid until either a state license or registration (or the denial of a state license or registration) or a federal registration

MLO License Applications by Quarter

■ STRONG APPLICATION GROWTH DESPITE A PREDICTED DECLINE IN ORIGINATIONS

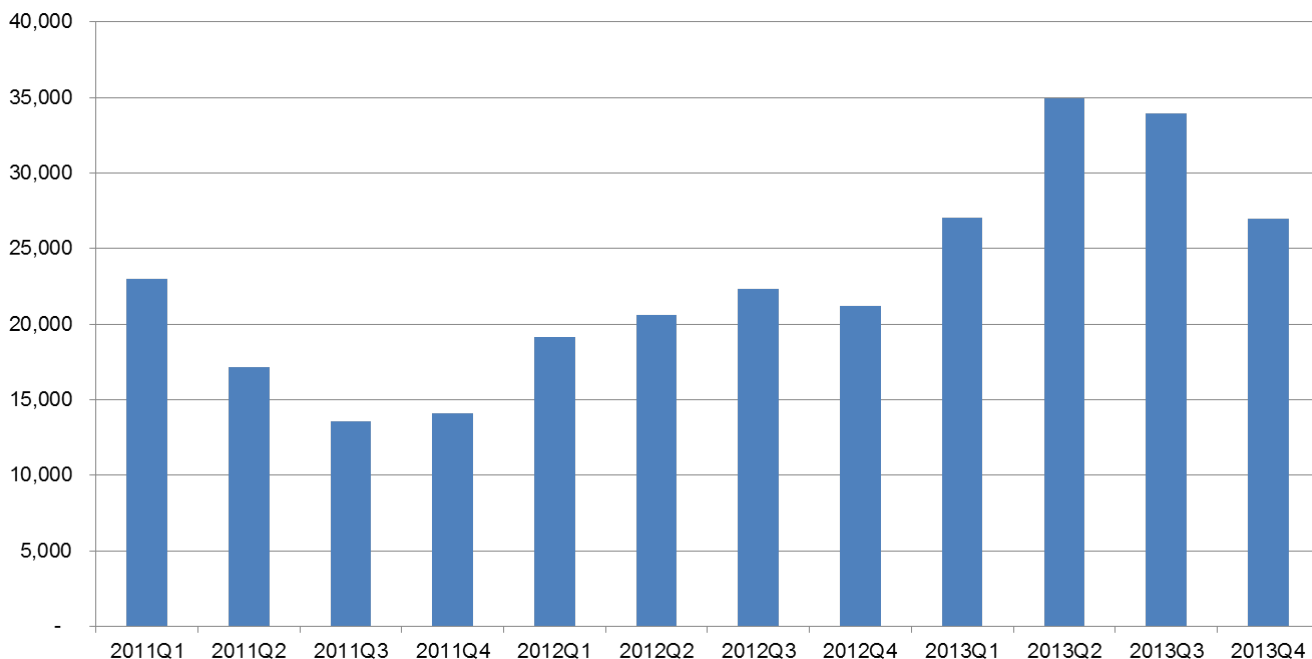


FIGURE 13. MLO APPLICATIONS BY QUARTER

has been issued. The NMLS ID can be verified for a state-licensed company, branch or MLO, or a federally registered institution or MLO through NMLS Consumer Access.

The benefit of the NMLS ID has been recognized by the CFPB, the Federal Housing Finance Agency (FHFA) and the U.S. Department of Housing and Urban Development (HUD). Provisions contained in the CFPB's 2013 rule on loan originator qualifications require that any loan document that is provided to a consumer must include the NMLS ID of the originating organization and of the individual MLO with primary responsibility for the origination. Both FHFA and HUD require that any loan purchased or securitized by Fannie Mae and Freddie Mac or submitted for insurance by the Federal Housing Administration (FHA) must include the NMLS ID for the company and individual MLO that originated the mortgage loan.

Additionally, the FHA collects the NMLS ID of all individuals and entities participating in the origination of FHA loans. The NMLS ID is also widely used by the private sector, particularly investors and compliance management providers, to ensure that purchased loans are being made in compliance with federal and state laws and to track performance levels of originators.

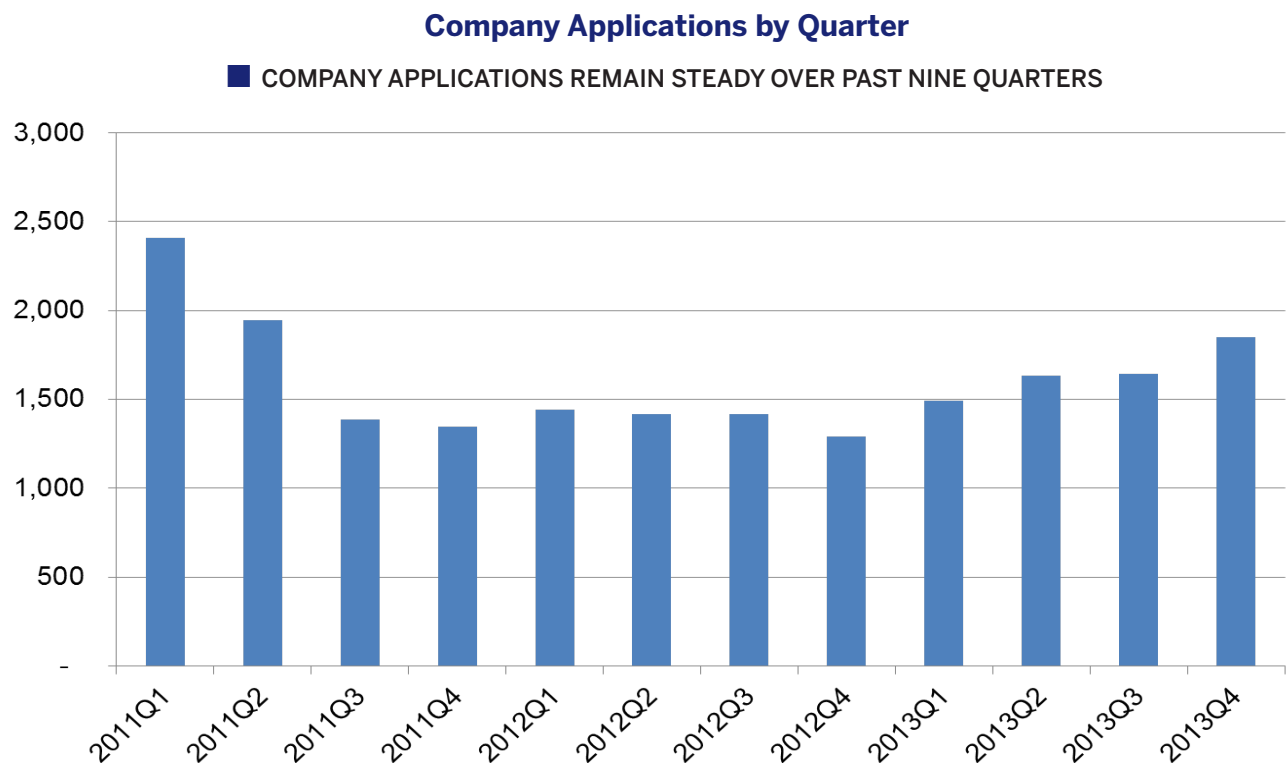


FIGURE 14. COMPANY APPLICATIONS BY QUARTER

NMLS POLICY

REGULATOR OPEN FORUM

Regulator Open Forum calls are regularly conducted with all state regulators using NMLS. The calls are designed to provide regulators with an opportunity to present and discuss System-related topics with other regulators to obtain feedback on work processes, supervisory policies and best practices. The Regulator Open Forum calls allow for participating state agencies to develop more uniform practices and policies related to NMLS and also serve as a spring board to identify and prioritize proposed System enhancements and development.

In 2013, topics discussed included: expanded use of NMLS by other state agencies with oversight of other financial services industries, advanced change notification process, uniform state test implementation, agency fee invoicing and the education management system.

NMLS OMBUDSMAN

The [NMLS Ombudsman](#) provides a resource for System users with the goal of assisting in the resolution of NMLS policy and operational issues. The NMLS Ombudsman is available to discuss matters publicly or in a confidential manner and assists with the resolution of these matters by identifying options for resolving the issue and by directing the issue to the appropriate SRR personnel or state agency.

The NMLS Ombudsman held two public meetings in 2013, one in conjunction with the NMLS Annual Conference and Training in February and the other in connection with the AARMR Annual Regulatory Conference in August (Figures 15 and 16). A variety of issues were raised during these meetings, including:

- Licensing requirements for lead generators and loan processors.
- State adoption of the UST.
- Registration by companies not required to be licensed.
- Usability issues with the NMLS Document Upload functionality.
- MLO self-reported employment history in NMLS Consumer Access.
- Licensing disclosure requirements.
- Branch licensing requirements.
- Pre-Notification Amendments.
- Mortgage Call Report modifications.

Additionally, the NMLS Ombudsman received 70 emails from individuals around the country seeking assistance. A summary of all public meetings and general issues received outside of meetings, as well as any resolution to these matters, is posted on the NMLS Ombudsman page on the NMLS Resource Center.



Left to right Robert Niemi, Ohio Division of Financial Institutions and 2014 NMLS Ombudsman, Sue Clark, Vermont Department of Financial Regulation and NMLS Policy Committee Chair

FIGURE 15. NMLS OMBUDSMAN MEETING



FIGURE 16. NMLS OMBUDSMAN MEETING PARTICIPANTS

PUBLIC COMMENT REQUESTS

Significant policy concerns or System functionality are issued for public comment, as determined by the SRR Board of Managers or the NMLS Policy Committee. Three requests for comment were issued in 2013:

Uniform Authorized Agent/Delegate Reporting-Proposed NMLS Processing Fee

Issued: March 30, 2013

Number of Commenters: 11

Uniform NMLS Licensing Forms and Mortgage Call Report

Issued: April 12, 2013

Number of Commenters: 31

Proposed Changes to Uniform NMLS Licensing Forms and Mortgage Call Report

Issued: October 11, 2013

Number of Commenters: 1

Active and archived proposals issued for public comment, comments received, and SRR's response to comments are available on the [NMLS Resource Center](#).

NMLS POLICY GUIDEBOOK AND HELP DOCUMENTS IN NMLS

In 2013, SRR continued work to incorporate specific help documents to each page in NMLS. The primary purpose of these documents is to provide an easily accessible method to review relevant policy, instructions and helpful tips while a system user is in the System. The [NMLS Policy Guidebook](#) was incorporated into these help documents.

NMLS DEVELOPMENT AND NEW ENHANCEMENTS

NMLS FUNCTIONALITY ENHANCEMENTS

NMLS design and development, including the Uniform NMLS Licensing Forms, is accomplished through various working groups, task forces, and committees populated by state regulators, industry experts, and SRR staff. Countless volunteer hours are devoted to this process and have been crucial to NMLS' design and smooth operation. In 2013, there were three System releases, which occurred in March, June, and October.

Highlights of functionality enhancements for 2013 include:

1. RELEASE 2013.1

- a. **Agency Fee Invoicing.** Enables state agencies to invoice licensees for various fees through NMLS. Licensees can pay agency invoices through the current NMLS payment process.
- b. **Uniform Authorized Agent Reporting.** Gives money transmitters the ability to submit periodic reports regarding authorized agents to regulators. This functionality also assists regulators with the supervision and monitoring of money transmitters and their authorized agents.
- c. **Implementation of Uniform State Test Content.** Allows state regulators to adopt the newly created UST in lieu of existing state-specific tests to satisfy the SAFE Test State requirement. The functionality also allows MLOs to enroll for and take the SAFE Mortgage Loan Originator Test – National Test with Uniform State Content and the SAFE Mortgage Loan Originator Test – Stand-alone Uniform State Content.
- d. **NMLS Consumer Access.** Now includes the display of self-reported disciplinary actions for federally registered MLOs. Disciplinary action information is comprised of details provided by a mortgage loan originator regarding 'Yes' responses to Disclosure Questions on an application for registration in the Federal Registry of NMLS. The addition of federal disciplinary actions in NMLS Consumer Access fulfills the final SAFE Act requirement of the Federal Registry.
- e. **Help Button.** Implements a page specific help document for each area of the System to provide licensees with the relevant policy, instructions and helpful tips while a user is in the System.

2. RELEASE 2013.2

- a. **Advance Change Notice.** Provides the ability for state-licensed companies and branches to submit advance notice to state regulators on certain amendments to their record such as change in ownership or location.
- b. **NMLS Education Rules Engine:**
 - **Evaluating and Enforcing Education Compliance.** Education compliance functionality was reconfigured to allow NMLS to assess both federal and state-specific pre-licensure education (PE) and continuing education (CE) compliance. Compliance status and course information will display in NMLS Composite View on a single Course Completion and Compliance Record and allow regulators to enforce state-specific education requirements through NMLS.
 - **Education Course Completion Data Migration.** The Course Completion and Compliance data ensures federal PE and CE compliance and creates corresponding state-specific PE and CE compliance record.
 - **Education – Administration.** Administrative tools were developed giving users the capability to post or retract courses in order to simplify record maintenance.
- c. **Education Management System.** Allows for credit banking of state CE hours in order to streamline the renewal process.

3. RELEASE 2013.4

- a. **Regulator Log.** State regulators now have one centralized place to enter and maintain log entries (notes) regarding review activities managed both inside and outside of NMLS.
- b. **Implementation of SAFE Test Expiration Policy.** In order to implement provisions contained in the SAFE Act, this change ensures that an MLO who has not held an approved state license or active federal registration for a period of five years must take and pass the SAFE Test again before obtaining a new license.
- c. **Renewal Enhancements.** Improves the renewal process based on 2013 renewal survey feedback. Changes include improvements to the company, individual and regulator renewal workflow, allowing state regulators to approve renewal requests prior to the removal of the ACH license item and a streamlined process to remove individuals from auto-renewal who had new instances of criminal or credit items made available through the System.

The NMLS development release schedule can be found in Appendix C.

MORTGAGE CALL REPORTS

The [MCR](#) was successfully launched in May 2011, meeting a major SAFE Act mandate. The MCR collects quarterly mortgage activity and either quarterly or annual financial data from all state-licensed or registered companies. Some states have eliminated their unique annual state reports because the MCR collects sufficient information to satisfy their reporting needs, while other states are evaluating their current reporting requirements in conjunction with the MCR. Furthermore, the MMC reviews MCR data.

In order to help state regulators review and analyze MCR data, SRR developed NMLS MCR Analytics. This tool allows regulators and the Multistate Mortgage Committee to view dashboards, risk profiles and reports that will help them monitor their licensees. In 2013, a pilot program was instituted to test the risk profiling tool using MCR data to measure institutions, compare them to companies within their peer groups, and identify data that suggest a potential risk. The MCR Analytics application became available for use by all state regulators in early 2014. Future development plans include adding functionality that will analyze mortgage servicers and reverse mortgage lenders.

THE SAFE ACT

OVERVIEW

On July 30, 2008, President George W. Bush signed into law The Housing and Economic Recovery Act of 2008. Title V of this Act, entitled The Secure and Fair Enforcement for Mortgage Licensing Act of 2008, or the SAFE Act, contained provisions to enhance consumer protection and reduce mortgage fraud by requiring states to establish minimum standards for the licensing or registration of all MLOs. The law provided that MLOs who work for an insured depository, for an owned or controlled subsidiary regulated by a federal banking agency, or for an institution regulated by the Farm Credit Administration, must be registered. All other MLOs must be licensed by the states. All MLOs must be licensed or registered through NMLS.

CONSUMER FINANCIAL PROTECTION BUREAU

Under the provisions of the SAFE Act, HUD was given oversight authority for the states to determine that each jurisdiction's MLO licensing standards meet the federally mandated minimums and that each licensing agency participates in NMLS. Effective July 21, 2011, the Dodd-Frank Act transferred HUD's SAFE Act oversight authority as a regulator of the System, and as the arbiter of state law consistent with the mandates of the SAFE Act, to the CFPB. Additionally, CFPB took over responsibility for the NMLS development contract between SRR and the federal agencies for use of the NMLS to register depository MLOs.

STATE SAFE ACT REQUIREMENTS AND COMPLIANCE

The SAFE Act requires state-licensed MLOs to pass a written qualified test, to complete pre-licensure education courses, and to take annual continuing education courses. The SAFE Act also requires registered and licensed MLOs to submit fingerprints to NMLS for submission to the Federal Bureau of Investigation (FBI) for a criminal background check, and state-licensed MLOs to provide authorization for NMLS to obtain an independent credit report.

State legislation must also establish financial responsibility standards and require that all MLOs are covered by a surety bond, net worth requirements, or recovery fund. Additionally, all states must license MLOs through NMLS. CFPB must determine that each state's MLO licensing standards meet the federally mandated minimums and that the state is participating in NMLS.

If CFPB determines that a state's MLO licensing standards are not in compliance with federally mandated minimums, then CFPB must implement a system to license MLOs in that state in accordance with the SAFE Act. CFPB's regulation would be in addition to any state licensing requirements.

The implementing federal rules under the SAFE Act, Regulations G and H, clarify and expand upon the SAFE Act

provisions, and CFPB will base its determination of state compliance on the language contained rules. The rules stipulate that a supervisory authority that is accredited under the CSBS/AARMR Mortgage Accreditation Program will be presumed by CFPB to be compliant with required performance standards. The following state agencies have been accredited under the mortgage accreditation program: Idaho, Iowa, Kentucky, Louisiana, Massachusetts, Mississippi, New Hampshire, North Carolina, Pennsylvania, Tennessee, Texas (Department of Saving and Mortgage Lending), Vermont, Washington, and Wyoming.

NMLS SAFE ACT REQUIREMENTS AND COMPLIANCE

In addition to requiring state laws and regulations to meet certain minimum requirements, the SAFE Act contained specific mandates for NMLS. Those mandates are generally reflected in other sections of this report. They include:

- Establishing protocols for the issuance of NMLS Unique Identifiers.
- Receiving and processing of fingerprints for federal criminal history background checks for all MLOs.
- Developing and administering a qualified written test.
- Reviewing and approving pre-licensure and continuing education courses.
- Providing public access to licensing information on all residential mortgage licensed loan originators.
- Developing and implementing the NMLS Mortgage Call Report.
- Making publicly adjudicated disciplinary and enforcement actions available to the public. State actions started being posted in 2012, and in 2013, self-reported disciplinary actions for federally registered MLOs were able to be displayed in NMLS Consumer Access. As of year-end 2013, 40 state agencies had posted more than 3,100 public regulatory actions and federally registered MLOs had reported 529 actions.

The last NMLS mandate is to facilitate the collection and disbursement of consumer complaints on behalf of regulators. In 2013, the CSBS-CFPB Complaint Information Sharing work group, a working group of the CSBS Regulatory Committee, continued to pursue efforts to foster effective complaint information sharing between the CFPB and state regulators. The work group developed a user agreement with the CFPB to allow a pilot group of states access to the CFPB's Government Portal, which is a gateway to the CFPB's consumer complaint data base. Eleven state agencies participated in this pilot, which allowed authorized users to search, filter and extract CFPB consumer complaint information related to the state agency's jurisdiction.

TESTING AND EDUCATION

OVERVIEW

In 2013, there were significant developments in both the testing and education operations functionality contained in NMLS. Highlights of 2013 include:

- The launch of the UST and its adoption by 39 state agencies.
- Development and launch of the Education Management System (EMS).
- Development and launch of new course completion and education compliance reporting in NMLS.
- Continued maintenance of the national test component and state test components.
- Administration of more than 127,000 test components, bringing the total administered since July 2009 to over 785,000.
- Supervision of 127 approved course providers who delivered almost 1.9 million hours of education through 1,300 NMLS-approved courses.

The rest of this section describes these accomplishments.

BACKGROUND

The SAFE Act established a number of testing and education requirements to ensure that all state-licensed MLOs demonstrate a basic level of industry and regulatory knowledge. Under the SAFE Act, NMLS must:

- Develop and administer a qualified written test which all state-licensed MLOs must take and pass with a minimum passing score of 75 percent.
- Approve all courses which state-licensed MLOs must take to satisfy their PE education and CE requirements.

TEST DEVELOPMENT

The major test development activity in 2013 was the launch of a UST. The development process, which began in 2011, was completed in late 2012. On April 1, 2013, 20 state agencies adopted the new National Test with Uniform State Content and retired their state specific tests. By January 1, 2014, another 19 agencies adopted the UST, bringing the total to 39 state agencies.

The UST content tests applicants on their knowledge of high-level state-related content based on the SAFE Act and the CSBS/AARMR Model State Law. None of the UST questions involve state-specific content.

The UST is now part of the national test component. The section includes 25 questions, bringing the length of the national component to 125 questions (115 scored and 10 unscored). For a limited time period (through March 31, 2014), there was also a Stand-alone UST which could be taken by individuals who had already passed the national component of the SAFE Test. Candidates who passed the Stand-alone UST satisfy the test requirements of any state agency that has adopted or will adopt the UST. In the Stand-alone UST, all of the 25 questions are scored; there are no unscored questions.

Both the UST and the Stand-alone UST were very well received by applicants and MLOs. From April 1 through December 31, 2013 nearly 26,000 individuals took the UST and over 17,000 MLOs took the Stand-alone UST. Many states adopting the UST reported heavy MLO application activity following their adoption dates.

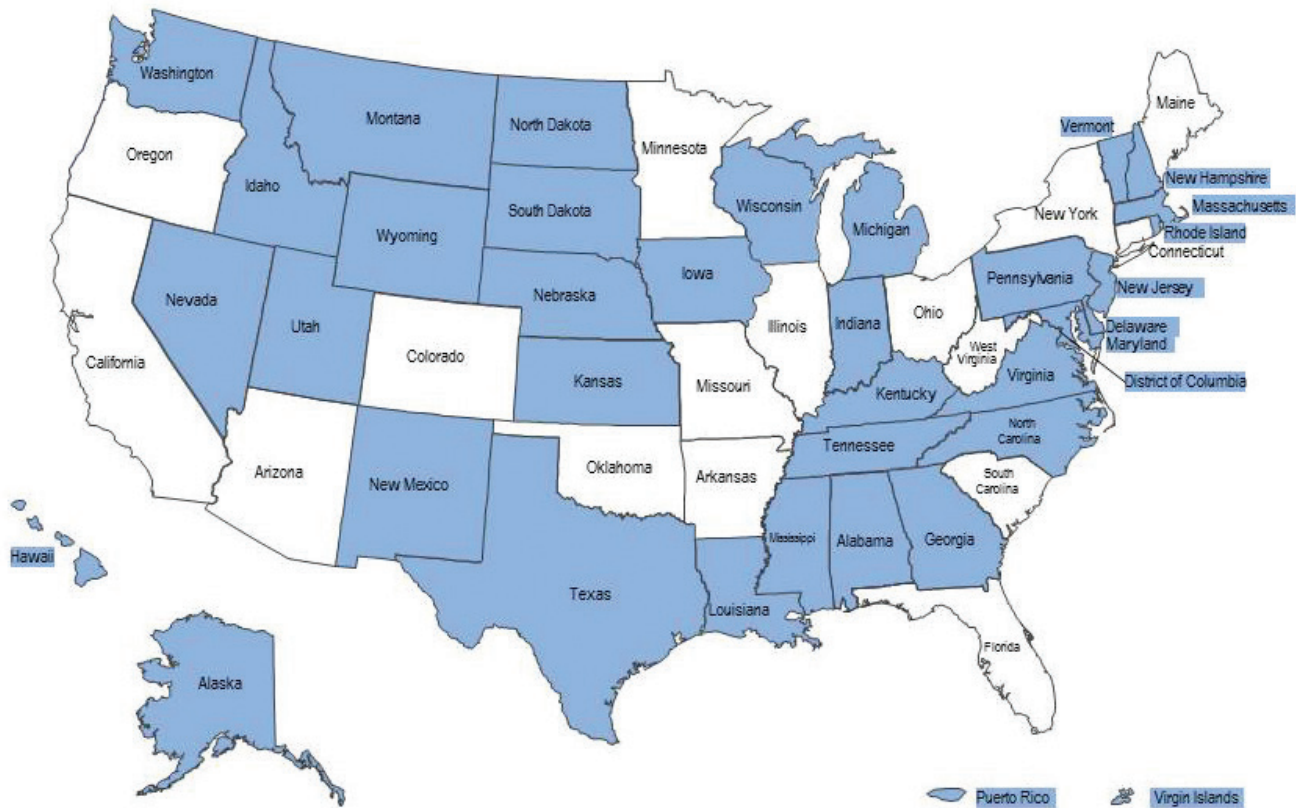
Each state can choose to adopt the UST, at which time it will replace that state's state-specific test. Twenty state agencies adopted the UST on April 1, 2013, nine agencies adopted it on July 1, 2013, and four more adopted it on January 1, 2014. The remaining state agencies have the option to adopt the UST. Figure 17 is a map of the states and agencies that have adopted the UST.

TEST MAINTENANCE

On January 1, 2013, SRR began its contract with a vendor for the development, maintenance and administration of SAFE MLO Tests. The vendor continued the existing test maintenance activities which include convening test maintenance committees to review test content outlines and the content of test items (questions), along with evaluating item performance data. In 2013, formal maintenance activities were completed for seven state test components and the national test component. In addition to the maintenance activities, SRR regularly monitors tests to ensure they are accurate and performing appropriately. SRR and the state agencies conduct regular legislative reviews of state and federal components to ensure that test questions are accurate and up-to-date.

Through test maintenance, item performance analysis, and other means, SRR identifies and removes questions that are no longer appropriate, resulting in a test being revised and republished. In instances where candidates' results have been negatively impacted, SRR notifies candidates and corrects their NMLS testing records. Part of the maintenance effort includes the "Test Content Comments and Challenges" process which is outlined on the NMLS Resource Center in the MLO Testing Handbook. In 2013, SRR formally responded to 58 challenges that were submitted under this process.

State Adoption of Uniform State Test



State Regulatory Registry, LLC | As of 1/1/2014

FIGURE 17. STATE ADOPTION OF UNIFORM STATE TEST

April 1, 2013 through December 31, 2013

	TESTS TAKEN	TESTS PASSED	PASS RATE
1st Time	21,770	14,451	66.4%
Subsequent Attempts	4,144	2,170	52.3%
Overall	25,914	16,621	64.1%
	CANDIDATES	CANDIDATES PASSED	PASS RATE BY INDIVIDUAL
All Attempts	21,770	16,621	76.4%

FIGURE 18. NATIONAL TEST WITH UST PASS RATE BY ATTEMPT

TEST ADMINISTRATION

The national and 53 state components of the SAFE MLO Test were available in 2013. Approximately 127,000 test components were administered in 2013. MLOs were able to take any of the test components at more than 270 high-stake test centers throughout the United States.

TEST PERFORMANCE

SRR regularly monitors the performance of the SAFE MLO Tests and posts quarterly test administration and performance information on the NMLS Resource Center. An example of the information collected and reviewed is found in Figure 18 that shows the pass rates by attempt for the UST since its implementation on April 1, 2013. In

addition, Figure 19 illustrates the first time pass rates by month through 2013.

EDUCATION

In 2013, 141,717 state-licensed MLOs and MLO applicants completed almost 1.9 million hours of education (869,353 hours of PE and 1,013,717 hours of CE). As has been the case in previous years, 75 percent of MLOs completed CE education by taking an online self-study course. Of the 115,920 MLOs who were required to complete CE in 2013, 86 percent did so by December 31, 2013.

At the end of 2013, there were 127 NMLS approved course providers. In addition, 43 providers went into inactive status

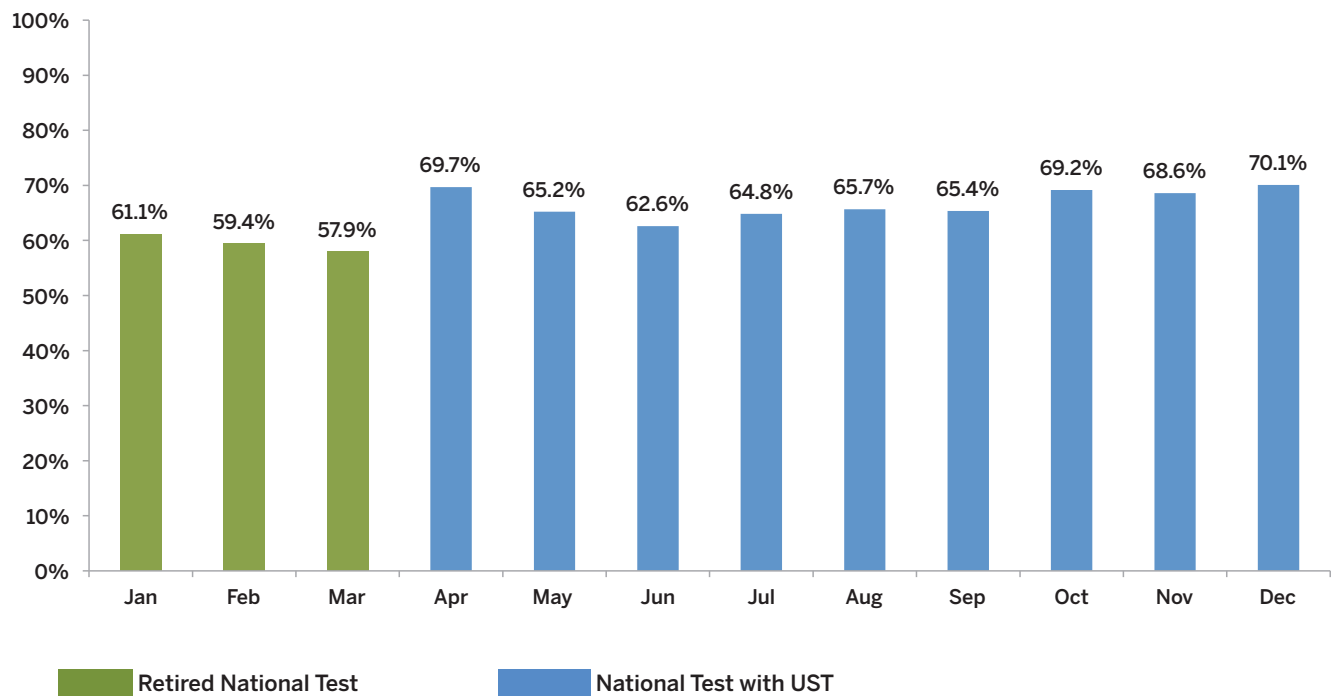


FIGURE 19. NATIONAL TEST FIRST ATTEMPT PASS RATE BY MONTH

in 2013 due to failure to renew and 23 providers were placed in a suspended status due to failure to submit for approval and maintain at least one course in an approved status. Throughout the year, MLOs had a choice of approximately 1,300 NMLS approved PE and CE courses (nearly 100 more courses than were available the previous year). In response to the UST, additional state-specific courses became available to meet new PE and CE requirements in Hawaii, Michigan, Montana, Tennessee, Texas, Vermont, and Washington.

SRR staff spent the first half of 2013 working with vendors to develop and launch a new EMS. Critical and strategic objectives of the EMS included bringing the functionality and MLO education data into NMLS and linking them to the System's compliance tracking functionality. This ensured that NMLS is the central repository of all education information associated with state-licensing. Launched on June 22, 2013, the EMS also enabled automation of compliance tracking of state-specific education requirements for 24 state agencies, and enabled comprehensive reporting capabilities that can be delivered or requested in a manner already familiar to state agencies. The EMS also has a number of administrative capabilities that has reduced the time it takes to update education records in support of licensing from several days to a few minutes.

In addition to tracking MLO education compliance, the EMS provides enhanced services for course providers to include a customized web portal for interacting with SRR, the ability to pay fees by either credit card or ACH, and an activity status dashboard.

SRR continued to invest in and build out a robust strategy to monitor and validate that NMLS-approved education is being delivered in accordance with provisions of the SAFE Act and NMLS policies. In 2013, SRR fully implemented a risk-based approach to prioritize and conduct course examinations. SRR also institutionalized a scorecard approach to measuring performance that looks at how course providers are performing in the areas of instructor knowledge, course delivery, administration, and overall student satisfaction. Measures are derived from end-of-course surveys that are sent to students at the end of each course. SRR sends on average 20,000 surveys a month and receives a response rate close to 22 percent. In addition to feeding the scorecards, the survey results assist SRR in identifying problems and working with course providers to remedy them in a timely manner. SRR also expanded its resources to conduct field examinations of online and classroom courses: 112 such examinations were completed during the calendar year.

Active Course Providers	127
PE and CE Courses	1,300
MLOs Completing Courses	141,717
Hours PE Completed	869,353
Hours CE Completed	1,013,717
CE Completed Online	75%
MLOs Completing CE by 12/31	86%
Course Compliance Exams Completed	112

FIGURE 20. OVERVIEW OF 2013 NMLS-APPROVED EDUCATION

MORTGAGE TESTING AND EDUCATION BOARD (MTEB)

In September 2009, the SRR Board of Managers created MTEB. MTEB has both oversight and advisory roles. MTEB is comprised of nine state regulators representing each of the five CSBS Districts and at least one AARMR representative.

MTEB has administrative responsibility regarding the Rules of Conduct that apply to test candidates and the Standards of Conduct that apply to approved course providers and applicants. MTEB has authority to investigate alleged violations of the Rules and Standards of Conduct and can discipline course providers by denying applications or withdrawing approvals. In cases involving test candidates, it may find that an applicant or licensee violated the Rules of Conduct and will notify the appropriate state agencies of its findings. In 2013, MTEB initiated investigations into 27 cases of reported violations of the Rules of Conduct for test takers. It made findings of violations in twenty cases, and five cases were still ongoing at the end of 2013. It initiated two investigations into a reported violation of the Standards of Conduct for course providers.

MTEB also serves in an advisory role by providing guidance and recommendations to the SRR Board of Managers and staff on policies about a range of issues affecting the implementation and operations of SAFE Act testing and education requirements.

A roster of MTEB members can be found in Appendix B.

NMLS FEES

SYSTEM FEES

To fund NMLS operations, functionality and enhancements, as well as to achieve the objectives of the SAFE Act, NMLS charges various fees for services provided. Section 1510 of the SAFE Act authorizes NMLS to “charge reasonable fees to cover the costs of maintaining and providing access to information from the Nationwide Mortgage Licensing System and Registry.” NMLS fees are paid for, in the majority of cases, by the licensed entity or, in some instances, by the state.

A summary of NMLS fees for entities by type includes:

- NMLS processing fees for company, branch and MLO licenses and registrations managed in the System.
- Test fees for the national, uniform and state test components.
- Education fees related to the:
 - Banking of course hours taken by licensed MLOs.
 - Approval and renewal of course providers and pre-licensure and continuing education courses.
- Criminal background check fee for the collection of fingerprints and distribution of the FBI’s criminal history record information to authorized recipients.
- Credit report fee for the pulling of single-bureau report for use by state regulators.
- Two-factor subscription fee for the provision of dual-factor authentication of all institution users who have access to more than one MLO’s personal identifying information.
- Uniform Authorized Agent Reporting (UAAR) functionality user fees.

Other NMLS services, such as the NMLS Call Center, System access, updating a licensee’s record, System reports and NMLS Consumer Access are provided at no charge to the user.

The SRR Board of Managers annually reviews NMLS fees by type to determine the appropriateness of each fee. SRR solicits public comment on any fees that the SRR Board of Managers has under consideration for change. During 2013 that process was followed prior to the institution of the NMLS processing fee for uniform authorized delegate reporting. Also during 2013, new functionality was developed to allow state agencies to invoice licensees for various fees through NMLS such as annual assessments, examination costs and enforcement fees. All NMLS fees are listed on the NMLS Resource Center.

NMLS PROCESSING FEES

NMLS users pay various processing fees as listed below. These processing fees are unchanged since the System launched in January 2008.

- **Initial Set-up Fee.** Charged each time a mortgage company, institution, branch, or individual loan originator uses NMLS to apply for a new license or new registration. For state license applicants, the initial set-up fee is “per state/per license.”
- **Annual Processing Fee.** Charged annually at the time of renewal when a company, institution, branch, or individual loan originator, renews a license or registration.⁹ For state licensees, the annual processing fee is a “per state/per license” fee.
- **MLO Change of Sponsorship Fee.** Charged each time NMLS processes a company’s request to have an MLO’s license affiliated with that company. The Mortgage Loan Originator Change of Sponsorship Fee is a “per state/per license” fee.
- **MLO Change of Employment Fee.** Charged each time an institution requests to have a registered MLO associated with their institution.
- **Reactivation Fee.** Charged when a federal MLO’s registration status is changed from inactive to active. This active registration status is maintained through the end of the calendar year the reactivation request occurs in.

All NMLS processing fees are listed on the NMLS Resource Center.

NMLS TEST AND EDUCATION FEES

NMLS test fees are payable by an individual who is enrolling to take the MLO SAFE Act national test and state components or by the company which may be enrolling its MLOs for the test components. 2013 test fees by component are as follows:

- National component. \$92 (contains 100 questions with an appointment time of three hours).
- UST. \$110 (contains 125 questions with an appointment time of three hours and 45 minutes).
- Stand-alone UST. \$33 (contains 25 questions with an appointment time of one hour and 15 minutes).
- Each unique state component. \$69 (contains 55-65 questions with an appointment time of two hours).

⁹ NMLS Processing Fees are charged only at renewal (not at application or transition) for license authorities that do not include the ability to originate, fund, or service mortgages.

Fees are charged for the approval and renewal of education courses and course providers, and each NMLS-approved course provider is charged a “credit banking fee” of \$1.50 per course hour taken by an MLO. “Credit banking” is the process where the course provider records a candidate’s or licensee’s SAFE Act required education hours in NMLS. Fees paid by an MLO to take an NMLS-approved course are set by the NMLS-approved course provider.

NMLS CRIMINAL BACKGROUND CHECK FEES

NMLS provides functionality within the System to process fingerprints for the purpose of obtaining a federal criminal background check through the FBI. The criminal history record information check response from the FBI will be attached to the MLO’s NMLS record and is viewable by the state regulator who is issuing the MLO a license or by the employing institution for registered MLOs. In 2013, these fees were reduced to mirror a reduction made by the FBI for such services. Fees associated with a criminal background check are as follows:

- Live Scan (electronic). \$36.25.
- Paper Card Capture (if Live Scan is not selected). \$46.25.

NMLS CREDIT REPORT FEES

NMLS provides state-licensed MLOs, qualifying individuals, branch managers, or control persons the ability to provide a single repository credit report and score to the state(s) where the individual is filing an application. The credit report and score are attached to the individual’s NMLS record, and the single credit report and score may be viewed by state regulators where the individual is licensed or seeking licensure without the need for multiple credit reports and charges. The functionality provided through the System also enables an individual to use that same credit report for subsequent licensure requests for up to 30 days and does not negatively impact his or her credit score. The fee associated with a credit report and credit score is \$15.

NMLS TWO FACTOR AUTHENTICATION FEES

In order to satisfy federal requirements for online government services, NMLS uses a two-factor authentication system for all NMLS Federal Registry institution users who have access to more than one MLO’s personal identifying information. The \$55 annual subscription fee is charged to each institution user.

UNIFORM AUTHORIZED AGENT REPORTING FEES

The UAAR functionality allows licensees to meet Authorized Agent reporting requirements for multiple states directly through NMLS using a single file, a uniform set of information and a uniform process. Fees associated with the Uniform Authorized Agent Functionality are based on an annual per agent fee as follows:

- Per Active Agent: \$0.25.
- Capped at \$25,000 per licensee.
- No charge for licensees with less than 100 active agents.

The fees are scheduled to be assessed by the end of 2014. More information about NMLS fees can be found on the [NMLS Resource Center](#).

NMLS LEGAL AND ADMINISTRATIVE ISSUES

SECURITY, PRIVACY, AND BREACH POLICIES

The Federal Registry portion of NMLS (a) complies with Federal Information Security Management Act (FISMA) standards and guidelines set by NIST; (b) meets the moderate baseline security controls contained NIST Special Publication 800-53, Recommended Security Controls for Federal Information Systems; and (c) has been fully accredited (Certification and Accreditation) by the CFPB. The most recent inspection was completed in December 2013.

The NMLS Privacy, Data Security and Security Breach Notification Policy is available on the [NMLS Resource Center](#).

NMLS LEGAL AGREEMENTS

To use NMLS or access specific types of data or functionality within the System, a user must agree to one or more of the following online agreements:

- Industry Terms of Use.
- State Agency Terms of Use.
- Federal Agency Terms of Use.
- Criminal History Record Information (CHRI) Terms of Use.
- Credit Terms of Use (Industry and Agency).
- Payment Terms of Use.

The Industry, State Agency, and Federal Agency Terms of Use are general System user agreements that an industry or regulator user must agree to as part of the NMLS log in process.

There are two Credit Terms of Use agreements: one for state-licensed MLOs and control persons; and one for state regulators. State-licensed MLOs and control persons must push their credit reports to the appropriate state agencies where they are seeking to be licensed or renewing a license and acknowledge in NMLS that his or her credit report will

be made available to one or more state regulators. State regulator users are required to accept restrictions on the dissemination of an individual's credit information before accessing their credit data within NMLS. State regulators use this information as one tool to determine an individual's financial responsibility as required by the SAFE Act or corresponding state laws or regulations.

The CHRI Terms of Use must be agreed to by an authorized user and restricts the dissemination of CHRI to only authorized recipients and requires state agencies and financial institutions to provide reasonable opportunity for applicants or licensees to respond to inquiries based on information contained in the CHRI.

No changes to the State Agency and Industry Terms of Use were made in 2013, but the significant changes that were effective in October 2012 were implemented allowing for the expanded use of NMLS by other state agencies with oversight of other financial services industries.

Copies of these Industry, State Agency, and Credit Terms of Use agreements are available on the [NMLS Resource Center](#).

LITIGATION

SRR was not subject to any significant litigation in 2013.

REQUESTS FOR PROPOSALS

NMLS Call Center

On February 13, 2013, SRR posted a Request for Statement of Qualifications (RFSQ) for NMLS Call Center Services. Interested parties were given until February 27th to respond. Once responses were reviewed, a Request for Proposal (RFP) was issued to the qualified parties.

SRR completed a thorough review of all submissions, conducted on-site visits to a number of vendors, and selected a Minnesota-based firm.

SRR FINANCIAL PERSPECTIVE

OVERVIEW

Organizational, SRR is structured as a single member limited liability corporation (LLC) with CSBS being the sole member. For tax reporting purposes, SRR is considered a part of CSBS and is therefore a 501(c)(3) tax exempt entity. Annually, an audit of SRR is performed by an independent accounting firm. At the time of this printing, the annual audit for the year ending December 31, 2013 was underway, but the final report had not been presented. When available, a copy of the final audit report will be posted on the [SRR website](#).

OUTLOOK

Looking ahead, 2014 includes significant items, including new and enhanced System functionality, and the expanded use of NMLS by other state agencies with oversight of other financial services industries. The level of adoption by state agencies and financial impact of the expansion is unknown. SRR's long-range plan has forecast that an appropriate financial reserve is essential in funding the ongoing development, operation and maintenance of NMLS as mandated by the SAFE Act, as well as to prudently position SRR to ensure continued operations in the event of variations in revenue given the cyclical nature of entities in the financial services industries that are registered or licensed through NMLS.

TABLES AND FIGURES

1. SRR Board of Managers
2. SRR-NMLS Organization Chart
3. Robert Entringer, SRR Chairman and Commissioner, North Dakota Department of Financial Institutions
4. Total Licenses and Entities in NMLS
5. Annual Growth – Entities vs. Licenses
6. Annual Growth – Individuals by Licenses Held
7. Annual Growth – Companies by Licenses Held
8. Federal MLO Registration Applications by Quarter
9. Expanded State Agency Use of NMLS
10. Expansion Industries in NMLS
11. NMLS Resource Center Websites
12. Meet the Regulator Session at NMLS Annual Conference
13. MLO License Applications by Quarter
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15. NMLS Ombudsman Meeting
16. NMLS Ombudsman Meeting Participants
17. State Adoption of the Uniform State Test Map
18. National Test with UST - Pass Rates by Attempt
19. National Test First Attempt Pass Rate by Month
20. Overview of 2013 NMLS-Approved Education

APPENDICES

Appendix A: CSBS Organization Chart

Appendix B: Rosters

SRR Board of Managers

NMLS Policy Committee

Mortgage Advisory Council

Mortgage Testing and Education Board

SRR Lawyers Committee

Regulator Development Working Group

Industry Development Working Group

Appendix C: NMLS Development Schedule

APPENDIX A: ORGANIZATIONAL CHART

CONFERENCE OF STATE BANK SUPERVISORS

CSBS is the nationwide organization of banking regulators from all 50 states, the District of Columbia, Guam, Puerto Rico, and the U.S. Virgin Islands. State banking regulators supervise nearly 5,200 state chartered financial institutions. Further, most state banking departments also regulate a variety of non-bank financial services providers, including mortgage providers. For more than a century, CSBS has given state supervisors a national forum to coordinate supervision of their regulated entities and to develop regulatory policy. CSBS also provides training to state banking and financial regulators and represents its members before Congress and the federal financial regulatory agencies.

CSBS EDUCATION FOUNDATION

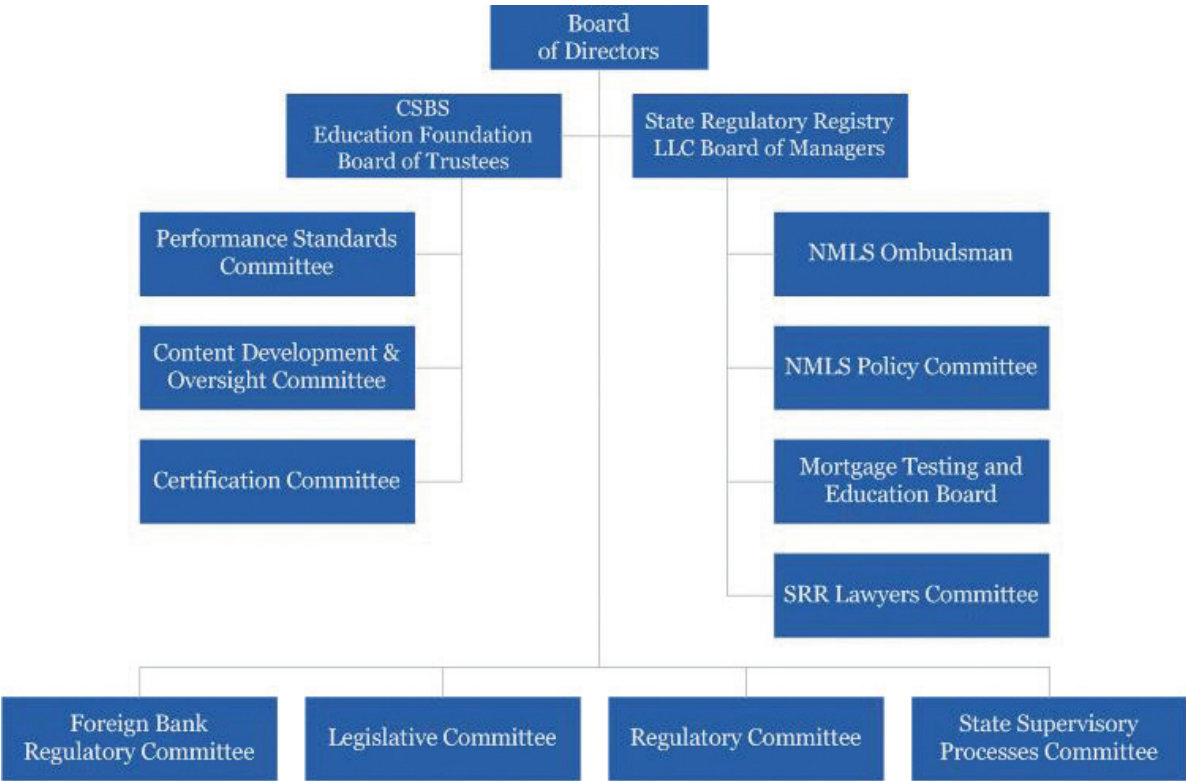
Under the direction of the CSBS Education Foundation, the Professional Development Division of CSBS offers a wide range of on-site and online professional development and training programs, ranging from basic examiner training, continuing education, to executive programs for senior department personnel. CSBS also collaborates directly

with state banking departments to develop, deliver, and manage all aspects of professional development and training programs that can be customized, held in-state or regionally and competitively priced to keep training costs as affordable as possible. Services provided by CSBS include program development, instructional design, and production of materials, participant support, program delivery, on-site administration, evaluation, and follow-up. Through work with members, CSBS strives to be recognized as the primary provider of high quality, flexibly delivered, and cost effective professional development and training services.

STATE REGULATORY REGISTRY LLC

A subsidiary of CSBS, SRR is a non-profit entity that operates NMLS on behalf of state financial services regulatory agencies. SRR is governed by an eight-member Board of Managers comprised of state banking and financial regulators and a representative of the American Association of Residential Mortgage Regulators (AARMR). The SRR Board of Managers is responsible for all development, operations, and policy matters concerning NMLS.

CONFERENCE OF STATE BANK SUPERVISORS



APPENDIX B: ROSTERS

SRR BOARD OF MANAGERS | 2013 ROSTER

Chairman

Mr. Robert Entringer
Commissioner
North Dakota Department of Financial Institutions

Vice Chairman

Mr. Doug Foster
Commissioner
Texas Department of Savings & Mortgage Lending

Treasurer

Mr. Charles Cooper
Commissioner
Texas Department of Banking

Secretary

Mr. John Ryan*
President & CEO
Conference of State Bank Supervisors

Managers

Mr. Charles Vice*
CSBS Chairman
Commissioner
Kentucky Department of Financial Institutions

Mr. Darin Domingue (AARMR Representative)
Deputy Chief Examiner
Louisiana Office of Financial Institutions

Mr. Thomas Candon
Deputy Commissioner
Vermont Department of Financial Regulation

Mr. Mark Kaufman
Commissioner
Maryland Office of Financial Regulation

Ms. Deborah Bortner
Director, Non Depository Division
Washington Department of Financial Institutions

Mr. William Matthews*
President & CEO, SRR
Conference of State Bank Supervisors

**Non-voting ex-officio members of the SRR Board of Managers*

NMLS POLICY COMMITTEE | 2013 MEMBERS

Chairman

Ms. Sue Clark
Director, Regulatory and Consumer Affairs,
Banking Division
Vermont Department of Financial Regulation

Members

Mr. Tim Siwy (Ombudsman)
Deputy Secretary, Non-Depository Institutions
Pennsylvania Department of Banking

Mr. Rodney Reed
Finance Bureau Chief
Iowa Division of Banking

Mr. James Payne
Director of Licensing
Kansas Office of the State Bank Commissioner

Ms. Tiffany Fowlie (NACARA Representative)
Deputy Commissioner
Massachusetts Division of Banks

Ms. Stephanie Newberg (MTRA Representative)
Deputy Commissioner
Texas Department of Banking

Ms. Sue Toth
Administrator, Licensing Services Bureau
New Jersey Department of Banking and Insurance

Mr. Mike Igney
Assistant Commissioner, Compliance Division
Tennessee Department of Financial Institutions

Ms. Louisa Broudy
Deputy Commissioner
California Department of Corporations

Ms. K.C. Schaler (AARMR Representative)
Supervising Examiner
Idaho Department of Finance

Ms. Leslie Pettijohn (NACCA Representative)
Commissioner
Texas Office of Consumer Credit Commissioner

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Associated Mortgage Group, Inc.
Mr. Thomas Hendrickson
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Creative Mortgage Group
Mr. Michael D'Alonzo
Washington, DC

Massachusetts Mortgage Association
Ms. Denise Leonard
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Vice Chairman

Mr. Clifford Charland
Financial non-Depository Lead Examiner Maryland Office
of Financial Regulation

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Ms. DiAun Burns
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APPENDIX C: NMLS 2013 DEVELOPMENT SCHEDULE AND FEATURES

DATE:

03/18/2013
(2013.1 Release)

PRIMARY FEATURES:

- Agency Fee Invoicing
- Uniform Authorized Agent Reporting (UAAR)
- Uniform State Test Content Implementation
- Consumer Access – Federal Disciplinary Actions

06/24/2013
(2013.2 Release)

- Advance Change Notice for State-Licensed Entities
- NMLS Educations Rules Engine:
 - Evaluating and Enforcing Education Compliance
 - Education Course Completion Data Migration
 - Education – Administration
- Education Management System: Credit Banking

10/21/2013
(2013.4 Release)

- Regulator Log
- Five-year SAFE Test Expiration Policy Implementation
- Renewal Functionality Enhancements

PLANNED FUTURE ROADMAP ENHANCEMENTS

Features:

- Annual/Call Report for Non-Mortgage Industries
- Biennial Uniform Licensing Form and Mortgage Call Report Updates
- CFPB as System User
- Consumer Complaint Tracking
- Exempt Company and Branch Registration Form
- Location-Specific Sponsorship
- Merger & Acquisition Functionality for State to Federal MLOs
- Merger and Acquisition Functionality for State to State MLOs
- NMLS Data Analytics and Delivery Platform
- Examination Management Tool Suite
- Payment Processing Updates
- Renewal Functionality Enhancements
- Report Delivery for Regulators
- State Agency Data Download Enhancements
- State Industry Dashboard
- Surety Bond Tracking and Integration
- Test Enrollment Improvements
- Testing and Education Investigation Tracking



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