



## Request for Public Comments

### Proposed Fees for the Transfer of Federally Registered Mortgage Loan Originators Following Mergers, Acquisitions and Reorganizations

Proposal 2011-2

March 25, 2011

The State Regulatory Registry LLC<sup>1</sup> (SRR) invites public comments on proposed fees to be assessed by the Nationwide Mortgage Licensing System & Registry (NMLS) in connection with the transfer of federally registered mortgage loan originators (MLOs) following a corporate merger, acquisition or reorganization.

#### Background

Section 1507 of the Secure and Fair Enforcement for Mortgage Licensing Act of 2008 (“the SAFE Act”)<sup>2</sup> requires the federal banking agencies<sup>3</sup> jointly through the Federal Financial Institutions Examination Council and together with the Farm Credit Administration (“Federal Agencies”) to develop and maintain a system for registering MLOs employed by:

- Federally chartered or insured institutions; and
- Subsidiaries that are owned and controlled by said institutions and are federally regulated.

On July 28, 2010, the Federal Agencies published the “Registration of Mortgage Loan Originators Final Rule” (“Final Rule”) implementing the SAFE Act. The Federal Agencies have contracted with SRR to modify NMLS to accommodate the federal registration process. Pursuant to this contract, the NMLS Federal Registry began operation on January 31, 2011.

The SAFE Act and/or the Final Rule require federally registered MLOs and their employing institutions to:

- Register with NMLS and obtain a unique identification number (MLO requirement);
- Submit fingerprints to NMLS for a criminal background check (MLO requirement);
- Submit certain information regarding personal history and experience to NMLS (MLO requirement);
- Update and annually certify an MLO registration (MLO requirement); and
- File, maintain and annually certify information through NMLS (institution requirement).

The Federal Agencies indicated in the Final Rule that they “anticipate that the Registry will charge fees for registration, change in employment, renewal, and fingerprint processing and background checks”.<sup>4</sup> In October, 2010, SRR issued a request for public comment on proposed processing and criminal background check fees for the NMLS Federal Registry. In that request, SRR noted that “[o]ther fees may be charged to implement institution-specific requests, such as facilitating the transfer of MLO records after a merger and acquisition or producing specific reports not typically made available by NMLS.”

#### Background on Functionality

SRR will be implementing functionality that allows actively federally registered MLOs to be transferred in bulk from one entity to another following a merger, acquisition or reorganization. Under the Final Rule,

<sup>1</sup> SRR operates NMLS and is a wholly owned subsidiary of the Conference of State Bank Supervisors. Information about the State Regulatory Registry LLC can be found at: <http://www.csbs.org/mortgage/Pages/AboutSRR.aspx>

<sup>2</sup> The SAFE Act is Public Law 110-289 (PL 110-289) and information can be found at: <http://mortgage.nationwidelicencingsystem.org/safe/>

<sup>3</sup> The federal banking agencies are the Office of the Comptroller of the Currency, the Office of Thrift Supervision, the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation and the National Credit Union Administration.

<sup>4</sup> Section 1510 of the S.A.F.E. Act (12 U.S.C. 5109), expressly authorizes the NMLS Federal Registry to “charge reasonable fees to cover the costs of maintaining and providing access to information from the [Registry], to the extent that such fees are not charged to consumers for access to such [Registry].”

MLOs who change employment due to a merger, acquisition or reorganization have 60 days to update specific sections of their registration and are not subject to a new criminal background check.<sup>5</sup>

Institutions will be required to provide the NMLS Call Center Entitlement Group with information regarding the merger, acquisition or reorganization through a standardized request form. Once the Entitlement Group has reviewed and approved the acquiring institution's request, the acquiring institution will have access to the merger and acquisition functionality. The planned functionality will leverage the NMLS Federal Registry's existing batch upload process functionality to allow an acquiring institution to identify and transfer, through a modified batch upload file, those MLOs registered with the acquired institution that will henceforth be employed by the acquiring institution. Once the transfer request has been successfully processed by NMLS, the MLO will be notified that there is an existing transfer request requiring the MLO's attestation confirming that the MLO now works for the acquiring institution. When the transfer request has been attested to, the MLO's registration will reflect the acquiring institution as the current employer. SRR believes that this process will significantly reduce the burden on both institutions and MLOs following a merger, acquisition or reorganization. SRR anticipates this functionality being available in May 2011.

### **Request for Public Comments**

SRR is seeking comments from the public, including institutions and subsidiaries subject to the SAFE Act and Final Rule's registration requirement, on the proposed fees outlined below.

### **NMLS Federal Registry Merger and Acquisition MLO Transfer fees**

- **Merger & Acquisition base processing fee: \$750**  
*Standard fee paid by acquiring institution at initiation of MLO transfer.*
- **MLO transfer fee for each record successfully processed: \$10**  
*Fee for each MLO to be transferred from acquired institution, paid by acquiring institution.*

The Merger and Acquisition base process fee will be assessed at the time of the initial Merger and Acquisition upload file's submission. MLO transfer fees will be assessed when each upload file, including the initial file, is submitted.

The base processing fee is independent of how many MLOs the acquiring institution seeks to transfer through this functionality. "Successfully processed" refers to each record that NMLS is able to successfully process because the acquiring institution has provided the required information in the proper format (merger and acquisition data specifications will be available to acquiring institutions prior to beginning the transfer process). "Successfully processed" does not mean that the MLO has been successfully transferred to the acquiring institution.

As noted above, once a merger and acquisition file is processed, each MLO identified by the acquiring institution will receive a system-generated notification that he or she must attest to the employment transfer and make any other applicable updates to the registration. If the MLO fails to attest within the 60-day time period provided under the Final Rule, the MLO would need to complete the standard "change of employment" process in order to have an active registration and the \$10 fee would not be refunded.

At the time of initial development, the merger and acquisition functionality will only be available to facilitate the transfer of active federally registered MLOs between federally regulated entities. It will not be available to facilitate the transfer of state-licensed MLOs to a federally regulated entity, or between two state-licensed entities.

The SRR Board of Managers, in proposing the above fees, believed it important that the development and ongoing support costs associated with this functionality are borne by those institutions that use the functionality, as opposed to distributing those costs over all institutions.

---

<sup>5</sup> §\_103 a(4)(ii)

The SRR Board of Managers performs an annual evaluation of NMLS processing fees and solicits public comment for any proposed changes. It is contemplated that merger and acquisition functionality fees would become a part of this annual process.

Comments are requested to be limited to the proposed NMLS federal registration fees described above. All comments will be reviewed by SRR and a final decision as to the fees charged for the NMLS federal registration merger and acquisition functionality will be decided by the SRR Board of Managers and posted on the NMLS Resource Center<sup>6</sup>.

Comments received, as well as the submitter's name and company or organization (if applicable), will be posted on the NMLS Resource Center for public view. Comments received without contact information will not be considered. Please state that your comment refers to "Proposal 2011-2" so that it may be appropriately considered.

Comments can be submitted by email to: [comments@stateregulatoryregistry.com](mailto:comments@stateregulatoryregistry.com)

Comments may also be submitted in physical form to:

State Regulatory Registry  
Attn: Tim Doyle  
Federal Registration Fees - Public Comments  
1155 Connecticut Avenue, NW  
Fifth Floor  
Washington, DC 20036-4306

**Comment submission deadline: April 25, 2011**

SRR expects to publish all comments received and the final fees for the transfer of federally registered MLOs following mergers, acquisitions and reorganizations once the review and consideration of comments is completed.

---

<sup>6</sup> The NMLS Resource Center is available at <http://mortgage.nationwidelicencingsystem.org/Pages/default.aspx>