

January 25, 2010

The Nationwide Mortgage Licensing System and Registry (NMLS) Announces Federal Criminal Background Check Processing for Mortgage Loan Originators

The Nationwide Mortgage Licensing System and Registry (NMLS) - a mortgage licensing system owned and operated by state financial regulators - will begin processing federal criminal background checks for mortgage loan originators starting January 25, 2010. All individuals applying for a mortgage loan originator license through NMLS on or after this date will be required to submit fingerprints to NMLS and request a national criminal history background check with the Federal Bureau of Investigation (FBI) as part of the application process. Additionally, all existing state-licensed mortgage loan originators must provide fingerprints to NMLS and request a national criminal background check prior to a date established by their state regulator.

Providing criminal background check processing through NMLS fulfills one of the mandates of The Secure and Fair Enforcement for Mortgage Licensing Act of 2008, or "the SAFE Act".¹ The SAFE Act requires all mortgage loan originators to submit fingerprints to NMLS in order for state mortgage regulators to obtain criminal history information. The SAFE Act also mandates minimum criminal history standards be incorporated into state law.

Consistent with the goal of NMLS to improve mortgage supervision through the sharing of information between state regulators, the SAFE Act authorized the Conference of State Bank Supervisors (CSBS) to be a channeller with the FBI so that a single background check can be received on a mortgage loan originator and reviewed by all states that regulate this individual. This process is more cost effective and greatly improves upon the current system of criminal background check review which relies on each state requesting a separate background check - often at different timeframes and through various processes that left states reviewing different information on the same individual. Through NMLS, all state regulators that supervise a mortgage loan originator or are considering an application for licensure will have access to the most up-to-date criminal history records check from the FBI.

As part of the functionality in NMLS to process criminal history background checks, NMLS contracted with a firm to establish a national network of NMLS-approved electronic fingerprint capture sites. NMLS has partnered with Business Information Group's Fieldprint unit to deliver this nationwide coverage. On January 25, 2010, Business Information Group (B.I.G.) will be making over 700 NMLS-approved electronic fingerprint capture sites available for mortgage loan originators to schedule an appointment through their NMLS account.

¹ The SAFE Act is Title V of the Housing and Economic Recovery Act of 2008, Public Law 110-289.

Fingerprints captured electronically are cleaner and have a much lower error rate which will greatly reduce the need for mortgage loan originators to have prints retaken if they cannot be read by the FBI. Mortgage loan originators not located within a reasonable commuting distance to an NMLS approved fingerprint capture site will have the option to have prints taken in card format and submitted to B.I.G. for manual scanning.

The cost of processing a “live scan” federal criminal background check through NMLS will be \$39.00. This cost is inclusive of electronic fingerprint capture through an NMLS-approved site and regardless of the number of states in which a mortgage loan originator is applying for a license. Thus, mortgage loan originators will save money by applying for multiple licenses at one time rather than submitting applications over time. Additionally, mortgage loan originators transitioning in multiple states should submit their MU4 forms in all states in which they hold a license and then request a criminal background check through NMLS. Mortgage loan originators using the paper fingerprint card option will be charged additional fees for manual processing and are more likely to find prints rejected by the FBI necessitating the taking of new prints.

Mortgage loan originators can initiate the process of submitting fingerprints and requesting a federal criminal history background check by logging into their NMLS account on or after January 25, 2010 and following the instructions in the system.

For more information about federal criminal background check processing in NMLS, visit the NMLS Resource Center at <http://mortgage.nationwidelicencingsystem.org> and look under “Professional Requirements.”

State regulators, through CSBS and the American Association of Residential Mortgage Regulators, launched NMLS in January 2008. To date, 45 states and territories license mortgage companies, branches and individuals through the system. All states and territories are anticipated to be on NMLS by the end of 2010.