

Sample Credit Union S.A.F.E. Act Policy
(Draft Version: 9/13/10)

Developed by CUNA to provide a framework for credit unions to use in developing a general S.A.F.E. Act policy to comply with the October 1, 2010 effective date of NCUA's regulations.

It is the policy of _____ Credit Union to comply with the requirements of the Secure and Fair Enforcement for Mortgage Licensing Act (S.A.F.E. Act) and the statute's implementing regulations. The S.A.F.E. Act requires any credit union employee who acts as a residential "mortgage loan originator" (as defined in this policy) to register with the Nationwide Mortgage Licensing System and Registry ("Registry"), to use the Registry's unique identifier as required, and maintain this registration. _____ Credit Union requires all mortgage loan originators to follow its written policies and procedures to ensure compliance with these requirements.

_____ Credit Union's [compliance officer, mortgage manager/supervisor, or human resource manager] will be designated as "Account Administrator" - the individual who will have full access to credit union and employee data. The Account Administrator will coordinate with appropriate staff to ensure that the credit union establishes and maintains procedures to:

- Register the credit union, keep registration information updated, and renew the information on an annual basis.
- Identify new and existing employees who meet the definition of "mortgage loan originator" (MLO) and ensure that they are registered before performing any MLO duties.
- Train new mortgage lending department staff on S.A.F.E. Act requirements prior to registration, and review requirements with existing staff prior to renewal.
- Confirm the adequacy and accuracy of employee registrations, including updates and renewals, by comparisons with the credit union's own records.
- Develop systems for monitoring compliance with employees' registration and renewal requirements and procedures.
- Review employee criminal history background reports received through the Registry and maintain records of these reports and any actions taken with respect to applicable employees.

- Ensure that any third parties involved in mortgage loan origination have policies and procedures to comply with the S.A.F.E. Act, including appropriate licensing and/or registration of individuals acting as mortgage loan originators.
- Conduct an independent audit for compliance with the S.A.F.E. Act's requirements at least annually by credit union personnel outside of the mortgage department or by an outside party.

Mortgage Loan Originator

A mortgage loan originator or MLO is an employee who takes a residential mortgage loan application; and offers or negotiates the terms of a residential mortgage loan for compensation or gain. This definition does not include employees who perform purely administrative or clerical tasks in behalf of a MLO.

Employees in the following positions are required to be registered mortgage loan originators on the national Registry:

- Mortgage loan manager/supervisor
- Mortgage loan officer
- One designated credit committee member (who can be the loan officer) [if the credit union has a credit committee]
- Any other employee [or volunteer -- *CUNA is discussing with NCUA under what circumstances, if any, a volunteer should ever have to register*] who acts as a MLO for more than 5 residential mortgage loans in the preceding 12-month period.

Any MLO who fails to comply with the credit union's S.A.F.E. Act policies and procedures will be prohibited from originating residential mortgage loans, may be transferred to another department, or face disciplinary action (up to and including termination).

Registration

Any employee who has been identified as a MLO must register on the Nationwide Mortgage Licensing System and Registry, maintain and renew that registration and obtain a unique identifier (the number used by the Registry to identify the MLO, track mortgage loan origination, and provide public access to the employment history and any disciplinary or enforcement actions against the MLO). Following the initial registration, the MLO must renew his/her registration annually between Nov. 1 and Dec. 31 of each year.

A MLO must provide the following information to the Registry as well as any additional information required by the Registry:

- Identifying information, including: name and any other names used; home address and contact information; principal business location address and business contact information; Social Security number; gender; and date and place of birth.
- Financial services-related employment history for the 10 years prior to the date of registration or renewal, including the date the MLO became an employee of the credit union.
- Any criminal convictions involving dishonesty, breach of trust, or money laundering; civil judicial actions in connection with financial services-related activities; or disciplinary actions or orders by a state or federal regulatory agency.
- Any suspension or revocation of an individual's professional license (e.g., attorney, accountant, state or federal contractor).
- Fingerprints in digital form (if practicable) for submission to the Federal Bureau of Investigation. Fingerprints provided to the Registry that are less than 3 years old may be used to satisfy this requirement.

Authorization and attestation: Any employee registering, renewing or updating registration as a MLO must authorize the Registry to obtain information related to any administrative, civil, or criminal actions; attest to the correctness of the information whether submitted by the employee or by the credit union on the employee's behalf; and authorize the Registry to make available to the public information regarding employment history and any disciplinary or enforcement acts that have been initiated against the MLO.

Unique Identifier: The MLO must provide the unique identifier to a member upon request, before acting as a MLO, and through the MLO's initial written (or electronic) communication with a member.