

# Nationwide Mortgage Licensing System

A meeting was held at the Arizona Department of Financial Institutions headquarters on June 11<sup>th</sup>. Shannon Ade attended to represent ASEA accompanied by Sheryl Stone of Great American Title coming as an interested party.

The purpose of the meeting was a demonstration of the Nationwide Mortgage Licensing System (NMLS) owned and operated by state regulators through the Conference of State Bank Supervisors and the American Association of Residential Mortgage Regulators. The presenter was Tim Doyle, a mortgage-company owner in four states.

The use of the NMLS has been mandated by Congress through the Federal Housing Finance Regulatory Reform Act of 2008.

## Facts:

- 38 states currently license individual loan officers
- 17 states currently require testing prior to being licensed
- 33 states require educational hours prior to being licensed
- 41 states do criminal background checks prior to being licensed

Part of the new NMLS will require use of a uniform loan officer/mortgage broker application form throughout the fifty states. Twenty states have currently adopted use of this application form; Arizona is one of them.

The NMLS will record and maintain a permanent record of all loan officers and mortgage broker/lender companies throughout the country in a secure data base covering licensing applications, license maintenance, fee collection, life-time employment records, agency work questions and reports.

At this time, there are 8 states using the NMLS system with an additional 6 to being on board by July 1<sup>st</sup>. Five more states are scheduled to be on board sometime this Fall. Fully one-third of the states are expected to be using the NMLS system by the end of 2008. Currently there are 12,000 loan officers being tracked in the system.

Not only will individual loan officers be tracked through the system, records will trace and track mortgage brokers/banker companies through the use of DBAs across state lines. The owners will be listed by their individual social security numbers and will no longer be able to hide behind EIN's.

In 2009 the system will include processing of criminal histories for individual loan officers and require tracking of continuing education hours and pass/fail grades on testing.

The purpose of this nationwide tracking system is self-policing to avoid proposed federalization of all banking and mortgage supervision by a government bureaucracy.