



**NMLS Ombudsman
Hyatt Grand Cypress
Orlando, FL**

MEETING SUMMARY
February 7, 2011

Attendees:

Approximately 150 participants attended the NMLS Ombudsman meeting in Orlando which included representatives from 15 state mortgage regulatory agencies.

Meeting Summary (corresponding exhibits may be found on the meeting agenda):

Director Bortner called the meeting to order at 2:00 pm ET. She was joined by Tim Lange, Senior Director of Policy with the State Regulatory Registry (SRR).

Director Bortner reviewed numerous issues that had been presented during previous meetings and through the NMLS Ombudsman email box. Ms. Bortner announced resolutions to many of these issues and indicated that a summary of the decisions will be posted on the NMLS Resource Center's Ombudsman page. Also included in the document will be an overview of the Ombudsman process to further identify the information that has been readily available about the process.

Submitted Industry Issues

- 1. Guidance on Use of NMLS Unique ID** (Mark Solomon, Compliance Manager, IMPAC Funding Corporation)

Mr. Solomon raised the issue of required display and use of the NMLS Unique ID as well as the appropriate display and use of individual state license numbers, company logos, company DBAs and advertisements. Mr. Solomon asserted that states have unclear or varying rules on the use of the NMLS ID and a company's advertising and is seeking clearer and consistent direction on the issue from state regulators.

Director Bortner noted that the CSBS/AARMR Model State Law provides consistent language on the use of the NMLS Unique Identifier but also includes the ability for the Commissioner to mandate the use of the Unique Identifier as needed by rule, regulator or order. Other regulators in the room noted that their respective state laws were clear on the use of the NMLS ID and that it is possible

that state examiners may review various online and other readily available advertisements and the correct use of the NMLS Unique Identifier.

Staff noted that additional information about the NMLS Unique Identifier will be posted on the NMLS Resource Center in the next few months.

2. Guidance on Licensing of Loan Modification Employees (Mark Solomon, Compliance Manager, IMPAC Funding Corporation)

Mr. Solomon asserted that HUD will not issue guidance on the licensing of loan modification employees and without clear guidance from HUD, industry will be confused and unclear whether certain of its employees are required to be licensed at the state level.

Director Bortner mentioned that many state laws do not currently require loan modification employees to be licensed absent direction from HUD on this issue in their final rule.

3. Licensing of Off-Shore Mortgage Servicers in NMLS (Deborah Robertson, Attorney, McGlinchey Stafford PLLC)

Ms. Robertson raised several issues related to the licensing of individuals working for non –US based companies or US companies with foreign branches. These issues included the inability to obtain a credit report through the system without a valid US Social Security Number, some states' requirement that MLOs and branch managers be US Citizens and the lack of testing locations outside the US.

Tim Lange noted that the requirement to provide a US Social Security number for a credit report is the requirement of the credit bureaus and not necessarily that of NMLS.

Furthermore, Greg Oaks from the Florida Office of Financial Regulation noted that his office has been able to obtain information on non-US based persons applying for a MLO license through a credit report from the home country and a criminal background check without a US Social Security number. Mr. Oaks stated that many agencies may be able to work with the company and MLO to obtain this information to satisfy licensing requirements.

Pete Marks, Vice President of National Mortgage Testing and Education Programs with the State Regulatory Registry LLC addressed Ms. Robertson's concern that no testing locations are available outside the US. He noted that the contract with the testing providers do not require that the SAFE Act national component or any state components be offered at locations outside the US.

Director Bortner offered assistance in facilitating any further conversation that may be necessary for the subject.

4. Identification of all Affiliates in NMLS (Gus Avrakotos, Partner, K&L Gates)

Mr. Avrakotos questioned the need for all control affiliates to be identified on the MU1 (corporate licensing form) in NMLS as it may constitute a burden for companies with a world-wide reach and no readily identifiable benefit for state regulators.

The Ombudsman encouraged Mr. Avrakotos to submit his comments on this subject during the 60 day Public Comment Period for the MU Forms and the NMLS Policy Guidebook that opened January 25, 2011. The working group of state regulators will be able to assess the merits of his position and formally respond to the inquiry.

5. Agenda Items Not Discussed

Two original agenda items – NMLS Mortgage Call Report and Provisional Licensing - were not discussed due to a removal request and the speaker not in attendance at the meeting.

6. Open Question and Answer Period

During the open question and answer period, industry participants raised additional issues for the Ombudsman.

Danielle Farge Arlowe from AFSA asked that the process and timeline for obtaining resolution to questions raised to the Ombudsman be more clearly articulated. Director Bortner repeated some of the comments made earlier in the meeting regarding the posting of resolutions and policies on the website.

Several industry members raised concerns that some states are using the deficiency functionality in NMLS for consumer complaints in an inappropriate manner. They contend that consumer complaints are not licensing issues and their company license status should not be affected when a state agency receives a consumer complaint.

Director Bortner noted that NMLS is the states' system and agencies may use it as they see appropriate. She also noted that many states view consumer complaints as an issue that very much so does affect a company's license.

Furthermore, future functionality will be added for the collection of consumer complaints and routing to state regulators.

Terri Baer of Citifinancial had a state-specific issue that she will address directly with the Ombudsman offline.

John Haring of Everett Financial asked when a Spanish version of the NMLS national test would be available. Mr. Haring noted that some states have successfully deployed non-English versions of state tests. Pete Marks responded there are no plans at this time to develop a Spanish-language version of the National Test Component. A Spanish-English Puerto Rico test component is being considered because Puerto Rico publishes its statutes in Spanish.