



The Maryland Office of Financial Regulation is launching the Mortgage Licensing News as a tool to improve communication with mortgage lender and mortgage originator licensees and to update them on significant changes in the licensing process that will be taking place in the coming months.

TRANSITIONING TO NMLS



Pursuant to the Secure and Fair Enforcement for Mortgage Licensing Act ("SAFE") which was signed by President Bush on July 30, 2008, all states will be joining in the Nationwide Mortgage Licensing System and Registry ("NMLS"). This national system provides one common, unique identifier license number and record for each mortgage originator and lender. In Maryland, we have committed to begin transitioning to NMLS beginning in mid-2009.

We are confident that NMLS will deliver significant benefits to our licensees. These benefits include:

- Single, unified record for each lender and originator nationwide
- Greater simplicity in multi-state licensing and change processing
- Increased consistency in standards
- Superior visibility with 24/7 access and view to historical license and filing data
- Enhanced convenience with ability to communicate with regulators by email
- Elevated professionalism with increased accountability for lenders and originators

For more information on NMLS, visit the website at <http://www.stateregulatoryregistry.org/NMLS>

This transition will be a complex process with changes to license timing, requirements and other key elements. Some of these elements will require changes to state law that will be considered in the coming legislative session. Others require implementation processes that are currently being developed and must be approved by the Department of Housing and Urban Development.

As a result, while we as your regulators are dedicated to working with you to implement this transition, there will be challenges. We intend to use this newsletter to provide you with new information regarding the transition as it becomes available and to address common questions that we receive.

Key Next Steps

WE WILL BEGIN ISSUING LICENSES WITH 12/31 EXPIRATIONS ON 1/1/09

The most immediate hurdle to implementing NMLS transition involves the timing and duration of licenses. Pursuant to Federal law, all licenses on NMLS are for one year and expire on December 31st. As a result, our current system of two year, staggered licensing will need to be replaced. Beginning January 1, 2009, all new and renewal licenses for mortgage lenders and originators will expire on December 31, 2009. For existing licensees 2009 renewal dates, you will receive a license for the period through December 2009 and your licensing fee will be pro-rated accordingly.

WE WILL NOT BEGIN ISSUING LICENSES UNDER NMLS UNTIL MID-2009

Other than aligning the expiration dates, we will NOT begin participating in NMLS until mid-2009. This timing is designed to allow the Maryland legislature to consider relevant changes to Maryland law and to accommodate implementation processes that are currently being designed. Therefore, licensees completing renewals in the first half of 2009 will not be impacted by any NMLS-related requirements other than the revised license expiration.

MORTGAGE ORIGINATOR RENEWALS

The Office of Financial Regulation is aware that a preponderance of mortgage originator licenses will be renewed in early 2009. Our next mailing of this newsletter is scheduled for early November and will include detailed instructions for completing the renewals on our electronic licensing system.

MORTGAGE LICENSING FEES

The Office of Financial Regulation is charged with establishing mortgage lender and originator fees that are reasonable and set in a manner that produce funds sufficient to cover the actual direct and indirect costs of licensing and regulating the licensees. The current fees do not currently cover those costs due to the increased cost of regulation, the increased complexity of mortgage origination and difficulties associated with the mortgage crisis. While a declining base of licenses has resulted in a reduction in revenues, the Office's Examination Unit only recently reached sufficient size to meet its statutory examination requirement and the Complaint and Enforcement Units are facing increasing volumes with mortgage related complaints up more than 60% in 2008 over the prior year. Likewise, the transition to NMLS requires a cumulative contribution for Maryland of approximately \$500,000 toward the development costs of establishing the system. Finally, the mortgage lender license fee, in particular, has not been changed since 1991.

In a regulatory proposal that will be published and detailed later this month, the Office of Financial Regulation is proposing to implement the following new ANNUAL fees beginning January 1, 2009. ALL other Maryland fees (including investigation fees, interim change fees, exam fees etc) are unchanged.

- Mortgage Lender - \$1,000 for one year
- Mortgage Originator - \$225 for one year

The Office of Financial Regulation is aware of the burden that fees place on licensees and working to manage costs, particularly in this difficult market environment. The Office is operating under a hiring freeze and continues to reduce headcount through attrition. At the same time, we are dedicated to working with you to protect Maryland consumers, implementing this transition to a national licensing system and elevating the mortgage industry for the future.

MEET YOUR REGULATORS EVENT



The Office of Financial Regulation is holding regular “Meet Your Regulator” events at its offices on 500 N. Calvert Street in Baltimore. These half-day sessions provide an regulatory overview for mortgage origination and include presentations by key personnel from the Office’s Licensing, Compliance, Complaint and Enforcement units. While the program is designed for new licensees, it is open to all Maryland mortgage licensees and we would welcome your participation. Please e-mail us at mtgnews@dlr.state.md.us for further information.



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