

S.A.F.E. Act Policy

Secure and Fair Enforcement for Mortgage Licensing Act

It is the policy of BANK to comply with the interagency rules implementing the Secure and Fair Enforcement for Mortgage Licensing Act of 2008 (S.A.F.E. Act, 12 CFR 365, FDIC).

All consumer purpose loans secured by a mortgage, deed of trust or other equivalent consensual security interest on a dwelling are subject to this act. This includes junior liens, home equity lines of credit and construction loans as well as purchase loans, refinances and reverse mortgages. Modifications and refinancing can be covered depending upon the actual transaction; if the individual undertakes activities of a mortgage loan originator, then the modification or refinancing will be covered by the S.A.F.E. Act.

Commercial loans are not subject to the S.A.F.E. Act.

The Director of Human Resources is appointed as S.A.F.E. Act Officer and will manage Bank compliance with the S.A.F.E. Act. The S.A.F.E. Act Officer will work with other responsible areas of the bank to ensure that all assigned roles are carried out as required by the SAFE Act and that all employees who must be registered as Mortgage Loan Originators (MLOs) are properly registered and such registrations renewed properly while that individual is an employee of BANK.

The S.A.F.E. Act Officer must also:

- Work with the Senior Lending Officer to identify all employees who meet the definition of Mortgage Loan Originator (MLO)
- Develop procedures for S.A.F.E. Act compliance including processing of background checks on new hires for MLO positions;
- Register the Bank with the Nationwide Mortgage Licensing System and Registry (Registry) according to procedures established by the Registry and banking regulators
- Register all MLOs employed by the bank after processing fingerprints and background checks, and
- Monitor for changes to personal data (change of address, etc), submitting such changes to the Registry.

The S.A.F.E. Act Officer is authorized to designate employees of the Bank, who may not act as MLOs, to assist with data entry of Bank and MLO information to the Registry and monitor for changes.

Mortgage Loan Originator means an individual who:

- Takes a residential mortgage loan application, and
- Offers or negotiates terms of a residential mortgage loan for compensation or gain.

MLO does not include:

- An individual who performs purely administrative or clerical tasks on behalf of a MLO, or
- An individual who perform real estate brokerage activities and is licensed or registered as a real estate broker under state law unless the individual acts as an MLO and is compensated by a lender, mortgage broker or other mortgage loan originator or an agent of one of these entities; or
- An individual or entity solely involved in extensions of credit related to timeshare plans.

General S.A.F.E. Act Requirements:

1. The S.A.F.E. Act OFFICER and any other Bank staff assigned roles regarding submitting information to the Registry on behalf of bank employees and the Bank may not act as a mortgage loan originators (MLO). (*Note: There is an exception to this requirement if your institution has 10 or fewer full-time or equivalent employees and is not a subsidiary of an insured institution.*)
2. All employees who are defined as Mortgage Loan Originators (MLOs) must be registered with the system designed by the federal banking regulators.
3. Newly hired MLOs cannot act as an MLO on a loan application until properly registered if they have exceeded the exception limit of 5 or fewer loans in the preceding 12 month period.
4. MLOs will provide their assigned Unique Identifier to applicants as required, following the procedures of BANK.
5. The S.A.F.E. Act Officer will develop a training program to be delivered to all MLOs upon implementation of the program and annually thereafter. Training will be required for all newly hired MLOs as part of orientation and will also be conducted when any changes are made to the law or when audits or reviews identify issues.
6. Employees who do not comply with bank policies and procedures designed to comply with the S.A.F.E Act requirements will be disciplined up to and including termination of employment. Newly hired employees whose background check is found to have a criminal background or other actions that would prevent them from acting as an MLO may not act as an MLO and are subject to disciplinary action up to and including termination of employment.
7. *The policy must provide for independent testing for compliance with this subpart to be conducted at least annually by bank personnel or by an outside party;*